

5/3/95 Motion to override
Governor's Veto
5/3/95 Motion Lost
P. 1606

1-26-95 Do Pass
H- 1-30-95 Woy & means
FILED JAN 26 1995
P. 288 H- 2/6/95 Amend/Do Pass w/
H- 3030

SENATE FILE 69
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO LSB 1610XC)

Passed Senate, Date 1-26-95 (P. 194)
Vote: Ayes 49 Nays 0
Passed House, Date 2/28/95 (P. 645)
Vote: Ayes 65 Nays 33

4/27/95 Re-passed
Vote 50-0
(P. 1463)

Approved Jan 2, 1995
Item
Vetoed

Passed 4-27-95
Vote 69-1

A BILL FOR

1 An Act relating to county expenditures of property taxes for
2 mental health and developmental disabilities costs by
3 providing for reduction of property taxes, making
4 appropriations, and providing an effective date.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 69

1 Section 1. NEW SECTION. 331.424A MENTAL HEALTH, MENTAL
2 RETARDATION, AND DEVELOPMENTAL DISABILITIES SERVICES FUND.

3 1. For the purposes of this chapter, unless the context
4 otherwise requires, "services fund" means the county mental
5 health, mental retardation, and developmental disabilities
6 services fund created in subsection 2.

7 2. For the fiscal year beginning July 1, 1996, and
8 succeeding fiscal years, county revenues from taxes and other
9 sources designated for mental health, mental retardation, and
10 developmental disabilities services shall be credited to the
11 mental health, mental retardation, and developmental
12 disabilities services fund of the county. The board may make
13 appropriations from the fund for payment of services provided
14 under the county management plan approved pursuant to section
15 331.439.

16 3. For the fiscal year beginning July 1, 1996, and
17 succeeding fiscal years, receipts from the state or federal
18 government for such services shall be credited to the services
19 fund, including moneys allotted to the county from the state
20 payment made pursuant to section 331.439 and moneys allotted
21 to the county for property tax relief pursuant to section
22 426B.1.

23 4. For the fiscal year beginning July 1, 1996, and for
24 each subsequent fiscal year, the county may certify a levy for
25 payment of services. Unless otherwise provided by state law,
26 for each fiscal year, county revenues from taxes imposed by
27 the county credited to the services fund shall not exceed an
28 amount equal to the amount of base year expenditures for
29 services in the fiscal year beginning July 1, 1993, and ending
30 June 30, 1994, as defined in section 331.438 less the amount
31 of property tax relief to be received pursuant to section
32 426B.2, subsections 1 and 3, in the fiscal year for which the
33 budget is certified.

34 5. Appropriations specifically authorized to be made from
35 the mental health, mental retardation, and developmental

1 disabilities services fund shall not be made from the general
2 fund of the county.

3 Sec. 2. Section 331.438, subsection 1, paragraph b, Code
4 1995, is amended to read as follows:

5 b. "State payment" means the payment made by the state to
6 a county determined to be eligible for the payment in
7 accordance with section 331.439.

8 1A. Except as modified based upon the actual amount of the
9 appropriation for purposes of state payment under section
10 331.439, the amount of the state payment for a fiscal year
11 shall be calculated as fifty one hundred percent of the amount
12 by which the county's qualified expenditures during the
13 immediately preceding fiscal year were in excess of the amount
14 of the county's base year expenditures. Any state funding
15 received by a county for property tax relief in accordance
16 with section 426B.2, subsections 1 and 3, is not a state
17 payment and shall not be included in the state payment
18 calculation made pursuant to this subsection.

19 Sec. 3. Section 331.438, subsection 3, paragraph c, Code
20 1995, is amended by adding the following new subparagraph:

21 NEW SUBPARAGRAPH. (15) On or before December 1, 1995,
22 submit to the governor and the general assembly any
23 recommended changes in the formula for distributing property
24 tax relief moneys to counties under section 426B.2,
25 subsections 1 through 3.

26 Sec. 4. Section 331.439, Code 1995, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 5. The county's mental health, mental
29 retardation, and developmental disabilities assistance
30 expenditures are limited to a fixed budget amount. The amount
31 of the fixed budget shall be the total of the county's base
32 year expenditures plus state moneys paid to the county for
33 such assistance.

34 Sec. 5. NEW SECTION. 426B.1 PROPERTY TAX RELIEF FUND.

35 1. For the purposes of this chapter, unless the context

1 otherwise requires, "property tax relief fund" means the
2 property tax relief fund created in section 8.57A.

3 2. There is appropriated to the property tax relief fund
4 for the indicated fiscal years from the general fund of the
5 state the following amounts:

6 a. For the fiscal year beginning July 1, 1995, seventy-
7 five million dollars.

8 b. For the fiscal year beginning July 1, 1996, one hundred
9 million dollars.

10 c. For the fiscal year beginning July 1, 1997, one hundred
11 twenty-five million dollars.

12 d. For the fiscal year beginning July 1, 1998, one hundred
13 fifty million dollars.

14 e. For the fiscal year beginning July 1, 1999, and
15 succeeding fiscal years, one hundred seventy-five million
16 dollars.

17 3. In each fiscal year, the amount appropriated pursuant
18 to subsection 2 shall be reduced by the amount of the moneys
19 in the property tax relief fund which were carried forward
20 from the previous fiscal year.

21 Sec. 6. NEW SECTION. 426B.2 PROPERTY TAX RELIEF FUND
22 DISTRIBUTIONS.

23 Moneys in the property tax relief fund shall be utilized in
24 each fiscal year as follows in the order listed:

25 1. The first seventy-five million dollars plus the amount
26 paid pursuant to subsection 3 in the previous fiscal year in
27 the property tax relief fund shall be paid to each county for
28 property tax relief in the same proportion that the county's
29 base year expenditure bears to the total of all counties' base
30 year expenditures as defined in section 331.438.

31 2. Payment of moneys to eligible counties of the state
32 payment in accordance with the provisions of sections 331.438
33 and 331.439.

34 3. The department of human services shall estimate the
35 amount of moneys required for the state payment pursuant to

1 subsection 2. Moneys remaining in the expenditure relief fund
2 following the payment made pursuant to subsection 1 and the
3 estimated amount of the state payment pursuant to subsection 2
4 shall be paid to counties for property tax relief in the same
5 manner as provided in subsection 1. These payments shall
6 continue until the combined amount of the payments made under
7 this subsection and subsection 1 are equal to fifty percent of
8 the total of all counties' base year expenditures as defined
9 in section 331.438. The amount of moneys paid to a county
10 pursuant to this subsection shall be added in subsequent
11 fiscal years to the amount of moneys paid under subsection 1.

12 4. Moneys remaining in the property tax relief fund
13 following the payments made pursuant to subsections 1, 2, and
14 3 shall be transferred to the homestead credit fund created in
15 section 425.1. This transfer shall continue until the
16 homestead credit is fully funded.

17 5. Moneys remaining in the property tax relief fund
18 following the payments made pursuant to subsections 1, 2, and
19 3, and the transfer made pursuant to subsection 4, shall be
20 transferred to the low-income tax credit and reimbursement
21 fund created in section 425.40. This transfer shall continue
22 until the low-income credit is fully funded.

23 6. Moneys remaining in the property tax relief fund
24 following the payments made pursuant to subsections 1, 2, and
25 3, and the transfers made pursuant to subsections 4 and 5,
26 shall be transferred to the agricultural land credit fund
27 created in section 426.1. This transfer shall continue until
28 the agricultural land credit is fully funded.

29 7. The director of revenue and finance shall draw warrants
30 on the property tax relief fund, payable to the county
31 treasurer in the amount due to a county in accordance with
32 subsections 1 and 3 and mail the warrants to the county
33 auditors in September and March of each year. Warrants for
34 the state payment in accordance with subsection 2 shall be
35 mailed in January of each year. The director shall initiate

1 the transfers required by this section.

2 Sec. 7. NEW SECTION. 426B.3 NOTIFICATION OF MENTAL
3 HEALTH AND DEVELOPMENTAL DISABILITIES EXPENDITURE RELIEF FUND
4 PAYMENT.

5 1. Before June 1, 1995, and before June 1 of each
6 succeeding fiscal year, the director of revenue and finance
7 shall notify the county auditor of each county of the amount
8 of moneys the county will receive from the property tax relief
9 fund pursuant to section 426B.2, subsections 1 and 3, for the
10 succeeding fiscal year. The county auditor shall reduce the
11 certified budget amount received from the board of supervisors
12 for the succeeding fiscal year by an amount equal to the
13 amount the county will receive and the auditor shall determine
14 the rate of taxation necessary to raise the adjusted amount.
15 On the tax list, the county auditor shall compute the amount
16 of taxes due and payable on each parcel before and after the
17 amount received from the expenditure relief fund is used to
18 reduce the county budget.

19 2. The amount of property tax dollars reduced on each
20 parcel as a result of the moneys received from the property
21 tax relief fund pursuant to section 426B.2, subsections 1 and
22 3, shall be noted on each tax statement prepared by the county
23 treasurer pursuant to section 445.23.

24 Sec. 8. NEW SECTION. 426B.4 RULES.

25 The director of revenue and finance shall prescribe forms
26 and adopt rules pursuant to chapter 17A to administer this
27 chapter.

28 Sec. 9. FUNDING OF SESSION LAW REQUIREMENTS. If the
29 appropriations in section 426B.1, subsection 2, as created in
30 this Act, are enacted by this Act, the requirements of 1994
31 Iowa Acts, chapter 1163, section 8, subsection 2, to fully
32 fund provisions of sections 331.438 and 331.439 shall be
33 considered to be met and the repeals contained in 1994 Iowa
34 Acts, chapter 1163, section 8, subsection 2, shall be void.

35 Sec. 10. PILOT PROJECT FOR A MANAGED SYSTEM OF

1 INDIVIDUALIZED SERVICES.

2 1. The department of human services, in cooperation with a
3 county or consortium of counties, shall develop, test, and
4 evaluate a pilot project for a managed system of
5 individualized services and support for individuals with
6 mental retardation and developmental disabilities in at least
7 two areas of the state. One area shall be urban and one
8 rural. The system shall be designed to provide the
9 individuals being served with a choice of services and other
10 support that will assist the individuals to be as independent,
11 productive, and integrated into the community as possible.

12 2. In implementing the managed system pilot project, the
13 department and the county or consortium of counties may
14 directly manage the system and contract with service providers
15 and others for needed services or support after identifying
16 the type and level of services and support needed by the
17 individual. The pilot project shall provide a reasonable rate
18 of reimbursement. If costs are equal or less than providing
19 vouchers or cash payments to the individuals and the
20 individuals served so desire, vouchers or cash payments may be
21 provided to the individuals to allow them to arrange for their
22 own services or support. The department and the county or
23 consortium of counties may enter into a contract with a
24 private entity to manage this individualized system provided
25 all pilot project requirements are met through the private
26 entity.

27 3. The department and the county or consortium of counties
28 shall seek the advice of persons with mental retardation and
29 disabilities and their family members in designing the pilot
30 project. The state-county management committee created in
31 section 331.438 shall also have an opportunity to make
32 recommendations regarding the pilot project.

33 4. The department shall apply for all necessary federal
34 waivers so that in addition to state and county funds, federal
35 moneys available for these services may also be flexibly used

1 in the pilot project. The planning for the pilot project
2 shall be completed prior to January 1, 1996, and the pilot
3 project shall commence on or before March 1, 1996.

4 Sec. 11. EFFECTIVE DATE. This Act, being deemed of
5 immediate importance, takes effect upon enactment.

6 EXPLANATION

7 This bill relates to county expenditures of property taxes
8 for mental health and developmental disabilities costs,
9 provides for reduction of property taxes, makes
10 appropriations, and provides an immediate effective date.

11 New section 331.424A creates a county mental health, mental
12 retardation, and developmental disabilities services fund.
13 Beginning with fiscal year 1996-1997 all county revenues and
14 expenditures for such services are to be deposited and
15 expended from this fund.

16 The provisions of current law in sections 331.438 and
17 331.439 are modified. Current law requires the state to
18 annually pay counties which comply with various requirements
19 to contain the cost of mental health, mental retardation, and
20 developmental disabilities assistance a state payment amount
21 according to a formula. The formula establishes fiscal year
22 1993-1994 as a base year for county expenditures for mental
23 health, mental retardation, and developmental disabilities
24 (MH/MR/DD) assistance. The state payment amount is calculated
25 as 50 percent of the amount by which the county expenditures
26 in the previous fiscal year exceeded the base year
27 expenditures. The bill amends section 331.438 to provide 100
28 percent rather than 50 percent payment. The current statute
29 requires this payment to begin in fiscal year 1996-1997. In
30 addition, section 331.439 is amended to require counties
31 receiving the state payment to provide this assistance under a
32 fixed budget.

33 The state-county management committee is to submit any
34 recommended changes in the funding formula provided in the
35 bill to the governor and the general assembly by December 1,

1 1995.

2 New section 426B.1 provides requirements for a property tax
3 relief fund under the authority of the director of revenue and
4 finance and makes standing limited appropriations to the fund.
5 This fund is created in a different bill.

6 New section 426B.2 outlines requirements for making
7 payments from the property tax relief fund.

8 A three-part formula is incorporated in the permanent
9 statute for the property tax relief fund. The first \$75
10 million is to be distributed to counties for property tax
11 relief based upon a county's proportion of the total of county
12 base year expenditures for MH/MR/DD assistance in fiscal year
13 1993-1994. Next, remaining moneys are distributed for the
14 state payment described above. The third part of the formula
15 requires any other remaining moneys to be distributed for
16 property tax relief for MH/MR/DD expenditures until the relief
17 is equal to 50 percent of the total of county base year
18 expenditures. The bill then provides for funding of other
19 property tax credits in the following order: homestead, low-
20 income, and agricultural land credit.

21 New section 426B.3 requires the director of revenue and
22 finance to notify counties of the amount the counties will
23 receive from the fund for property tax relief in the next
24 fiscal year. The county auditor is required to reduce the
25 property tax dollars requested for the county's certified
26 budget in the succeeding fiscal year by the amount the county
27 will receive for property tax relief. In addition, the county
28 auditor is to compute the reduction in property taxes for each
29 parcel as a result of the state funding and to note the
30 reduction amount in the tax statement for that parcel.

31 New section 426B.4 authorizes the director of revenue and
32 finance to adopt administrative rules to implement the
33 codified provisions in the bill.

34 Included in 1994 Iowa Acts, chapter 1163, which provided an
35 extension in the property tax limitations on counties for

1 fiscal years 1995-1996 and 1996-1997, were contingent repeal
2 provisions of the extensions in the event the state does not
3 enact appropriations to fulfill statutory funding obligations
4 included in that Act. The bill specifies that, if enacted,
5 the appropriations in the bill fulfill those statutory funding
6 obligations and the contingent repeals do not apply, so the
7 property tax limitations would continue for the 1996-1997
8 fiscal year.

9 The department of human services is to implement a pilot
10 project for managed care for persons with mental retardation
11 or a developmental disability.

12 The bill takes effect upon enactment.

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SENATE FILE 69
FISCAL NOTE

A fiscal note for Senate File 69 as amended by H-3030 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Amendment H-3030 is the proposed House Ways and Means Committee Amendment to SF 69. Amendment H-3030 strikes everything after the enacting clause. The Amendment is divided in five divisions that affect State and local taxes.

DIVISION I

Division I reduces the State individual income tax, creates a Personal Income Tax Rate Reduction Replacement Fund, and changes the rules under which various funds receive deposits.

Division I of the Amendment reduces the State individual income tax by approximately 15.0% over five tax years (1995 through 1999). The marginal tax rate for each income tax bracket is reduced 15.0% and rounded to the nearest five one-hundredths of a percent. This Division also provides for a freeze on indexing the brackets until tax year 2000.

This Division creates a Personal Income Tax Rate Reduction Replacement Fund. Moneys that would be transferred to the Economic Emergency Fund under current law would be transferred to the Personal Income Tax Rate Reduction Replacement Fund. The Division requires the Cash Reserve Fund be equal to 5.0% of adjusted General Fund revenues, and the current balance in the Economic Emergency Fund be transferred to the Iowa Infrastructure Account. Interest earnings from the Cash Reserve Fund and Personal Income Tax Rate Reduction Replacement Fund would also be deposited in the Iowa Infrastructure Account. The ending balance in the General Fund would be transferred to the Personal Income Tax Rate Reduction Replacement Fund. (A flow chart illustrating fund transfers under current law and this Division is available through the LFB.)

The Revenue Estimating Conference (REC) would be required in its December meeting to estimate the fiscal impact of the income tax reduction on the current fiscal year. Thus, the REC would determine the impact of the income tax reduction on FY 1996 revenues at the December 1995 meeting. The Director of the Department of Management may transfer up to that amount from the Personal Income Tax Rate Reduction Replacement Fund to the General Fund. The amount transferred would be subject to the expenditure limitation law.

ASSUMPTIONS

1. The rate reduction in Division I will result in adjustments to the withholding tables produced by the Department of Revenue and Finance (DRF). The DRF has indicated that adjustments to current over-withholding will be made simultaneously with adjustments due to the rate reduction.

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The net adjustments in withholding rates will be as follows:

July 1, 1995	6.0%
July 1, 1997	11.0%
July 1, 1998	16.5%

2. Under current law, the General Fund would receive approximately \$1.844 billion in FY 1995 and \$1.926 billion in FY 1996 from the individual income tax. These are the REC estimates to which the percentage reductions are applied.
3. The effect on estimated payments is assumed to occur in the tax year to the same degree as the tax reduction that is scheduled for that tax year.
4. The effect on the amount of final payments and refunds is estimated by subtracting the sum of the tax benefits previously provided for a tax year from the estimated tax effect expected to occur under this Division.
5. The General Fund will not be affected by the creation of the Personal Income Tax Rate Reduction Replacement Fund or by the change in how the various other funds are managed. This fiscal note assumes that moneys from the Personal Income Tax Rate Reduction Replacement Fund will be transferred to the General Fund in the same manner as would have occurred under the rules of the Economic Emergency Fund.

FISCAL IMPACT

The fiscal impact of Division I will be a decrease in General Fund revenues of approximately \$81.0 million in FY 1996 and \$98.0 million in FY 1997. The fiscal impact for FY 1998 through FY 2000 will depend on the rate of growth in individual income tax receipts that would otherwise have occurred. The following table shows the range of the impact that can be expected for those years (in millions of dollars).

<u>Fiscal Year</u>	<u>0.0% Growth</u>	<u>2.5% Growth</u>	<u>5.0% Growth</u>
1998	\$190.0	\$195.0	\$200.0
1999	266.0	280.0	294.0
2000	266.0	287.0	309.0

DIVISION II

Division II taxes resident shareholders of Subchapter S corporations the same way that nonresident shareholders are taxed. Under current law, a nonresident shareholder apportions income based on the corporation's sales in Iowa. An amount of Iowa individual income tax would be computed on the total resident shareholder's income everywhere, and then the amount of tax would be apportioned to Iowa in the ratio of gross income everywhere reduced by the non-Iowa income of the Subchapter S corporation, to total income everywhere.

The effect of Division II would be that affected individuals would pay individual income tax on the greater of the following amounts:

1. 10.0% of the resident shareholder's share of total distributions, including retained earnings.
2. The resident shareholder's actual distribution.
3. The resident shareholder's share of the apportioned income.

ASSUMPTIONS

1. The estimates in this Division are based on an analysis completed by the DRF of data reported on S Corporation 1992 returns. Approximately 550 1992 IA 1120NT returns were sampled.
2. The estimate is extrapolated to 18,278 S corporations.
3. Approximately 84.2% of S Corporation returns include at least one Iowa resident shareholder. Of these, approximately 65.6% are estimated to have income greater than zero.
4. Approximately 25.0% of S Corporations are expected to apportion income.
5. The amount of the out-of-state tax credit used by resident shareholders is approximately \$400,000.
6. Approximately \$120.0 million in taxable income will be apportioned outside the State.

FISCAL IMPACT

Division II is expected to result in a decrease in General Fund revenues of at least \$8.0 million in FY 1996 and subsequent years. This amount could be increased to the extent that earnings are retained at a higher rate than under current law; to the extent that the average marginal tax rate for the affected individuals exceeds 7.0%; and to the extent that the number of Subchapter S corporations will increase.

DIVISION III

Division III of the proposed Committee Amendment repeals the property tax on machinery and equipment (M&E), as recommended by the Governor. The Division would phase out the valuation on M&E in equal increments over a six year period, beginning with the 1995 valuations. The Division creates a standing limited appropriation that would replace a portion of the tax receipts lost by local governments. The following amounts would be replaced by the State to local governments for the indicated years (in millions of dollars).

Fiscal Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Amount	\$10.0	\$17.0	\$23.0	\$23.4	\$21.0	\$18.1	\$24.0	\$25.6	\$20.4	\$14.5

ASSUMPTIONS

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1. Property tax receipts will be lost in FY 1997 for assessments reduced in FY 1995. This lag continues through additional years.
2. Taxable valuation of M&E is assumed to be approximately \$2.4 billion for future assessment years.
3. The average millage rate is assumed to be approximately \$31.25 per \$1,000 of taxable valuation.
4. This estimate does not take into account any change in future M&E valuations or the taxable valuations of other classes of property, positive or negative, that may occur as a result of this Division.
5. The State will replace \$5.40 per \$1,000 of taxable valuation that is removed from future assessments through the school aid formula to the extent that reimbursement from the direct appropriation does not cover the loss.

FISCAL IMPACT

Division III is expected to result in a decrease in General Fund revenues due to the replacement appropriations as well as the school aid replacement mechanism. The Division is expected to result in a decrease in revenues to local governments to the extent that M&E valuations are excluded from property taxation, but will be partially compensated by the State. The following table shows the impact to the General Fund and local governments (in millions of dollars).

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
FY 1997	\$12.5	\$10.0	\$ 2.2	\$1.7	\$ 8.3	\$0.5	\$10.5	\$ 2.0
FY 1998	25.0	17.0	4.3	3.0	14.0	1.3	18.3	6.7
FY 1999	37.5	23.0	6.5	4.0	19.0	2.5	25.5	12.0
FY 2000	50.0	23.4	8.6	4.1	19.3	4.5	27.9	22.1
FY 2001	62.5	21.1	10.8	3.7	17.4	7.1	28.2	34.3
FY 2002	75.0	18.1	13.0	3.1	15.0	9.9	28.0	47.0
FY 2003	75.0	24.0	13.0	4.2	19.8	8.8	32.8	42.2
FY 2004	75.0	25.6	13.0	4.4	21.2	8.6	34.2	40.8
FY 2005	75.0	20.4	13.0	3.5	16.9	9.5	29.9	45.1
FY 2006	75.0	14.5	13.0	2.5	12.0	10.5	25.0	50.0
FY 2007	75.0	0.0	13.0	0.0	0.0	13.0	13.0	62.0
FY 2008	75.0	0.0	13.0	0.0	0.0	13.0	13.0	62.0

- (1) Fiscal year.
- (2) Amount of M&E property taxes that will be phased out under the Amendment.
- (3) State direct appropriation proposed in the Committee Amendment.
- (4) The amount that must be paid to schools through the school aid formula.
- (5) Portion of (3) that would be paid from the proposed direct State appropriation.
- (6) The amount of the proposed direct State appropriation that would be reimbursed to all other local governments. Excludes the uniform State levy.
- (7) Indirect reimbursement to schools. Equals (4) minus (5).
- (8) Total State cost. Equals (3) plus (7).

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(9) Net cost to local governments. Equals (2) minus (8).

DIVISION IV

Division IV relates to a variety of property tax credits. The Division increases the appropriation for the Property Tax Replacement to local governments; removes the caps on the Extraordinary Credit (low-income elderly and disabled), and the Military Property Tax Credit; increases the State reimbursement to local governments for the Homestead Tax Credit; credits all receipts from the franchise tax to the General Fund; repeals references to the low-income non-elderly abled Extraordinary Credit; replaces the Family Farm Tax Credit and Agricultural Land Tax Credit with a single Farm Credit, and makes the Credit a flat \$1.50 per acre (maximum of \$49.3 million); and excludes \$200,000 of the value of Agricultural Buildings from taxable valuation.

The following table shows the change in revenues to the State for each provision by fiscal year. A decrease in revenues to the State (-) represents an increase in revenues to local governments and/or property taxpayers. An increase in revenues to the State (+) results in a decrease in revenues to local governments and/or property taxpayers (in millions of dollars).

Provision	FY 1996	FY 1997	FY 1998	FY 1999
Prop. Tax Rep.	\$- 8.8	\$- 8.8	\$- 8.8	\$- 8.8
Extra. Credit	- 2.0	- 2.0	- 2.0	- 2.0
Military Credit	- 0.1	- 0.1	- 0.1	- 0.1
Homestead	- 0.2	- 0.2	- 0.2	- 0.2
Franchise Tax	8.8	8.8	8.8	8.8
Family Farm	0.0	10.0	10.0	10.0
Ag Land	0.0	29.0	29.0	29.0
Farm Tax Credit	0.0	-49.3	-49.3	-49.3
Ag Bldgs. Exl.*	0.0	0.0	0.0	0.0
Net State	- 2.3	-12.6	-12.6	-12.6
Net Local Govt.	2.3	2.3	2.3	2.3
Net Taxpayer	0.0	10.3	10.3	10.3

*Division IV provides for an exclusion from taxable value the first \$200,000 of agricultural buildings. Due to the fact that agricultural buildings are placed on agricultural land, the buildings are taxed only to the extent that their value is not reflected in the productive assessment of the land. This estimate assumes that the lost taxable valuation of the buildings will be shifted to the land on which the buildings exist. There would be no shift to other classes of property. This estimate does not take into account any shift among taxpayers within the agricultural class that may occur as a result of this provision.

DIVISION V

Division V of the Amendment relates to mental health property tax relief. The Division provides that the State shall provide funding for the county expenditures for mental health and mental retardation assistance such that, by FY 2001, the State will pay at least 50.0% of total cost of these services.

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The Division establishes the Mental Health, Mental Retardation, and Developmental Disabilities Property Tax Relief Fund, in which moneys can be deposited. Moneys from the Fund will be distributed to counties based on each county's proportional share of total mental health, mental retardation, and developmental disabilities in the State of Iowa. Thus, if a county expends 1.0% of the State total, that county will receive 1.0% of the total distribution from the State Fund. The Division also requires counties to implement managed care systems for mental retardation services.

Division V also establishes a Mental Health, Mental Retardation, and Developmental Disabilities Fund in each county. Each county would be required to deposit all moneys (State, federal, local) related to these services in the Fund. All services must be paid from the Fund. Counties will then be required to reduce property tax levies by the amount of the State assistance for property tax relief.

FISCAL IMPACT

The fiscal impact of Division V of the Amendment on General Fund revenues is zero. The Division does not appropriate any funds. Future appropriations into the State Mental Health, Mental Retardation, and Developmental Disabilities Fund would be expected to result in an equal amount of property tax reduction, compared to the status quo.

SUMMARY

The following table summarizes the effects of the proposed Committee Amendments. The fiscal impacts are listed through FY 2000, and are detailed by the impact on taxpayers, local governments, and the State General Fund. These estimates do not include the effects of \$16.6 million of General Fund moneys recommended by the Governor in the Department of Human Services budget to be expended for mental health, mental retardation, and developmental disabilities services. All figures are expressed in millions of constant (1995) dollars.

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Division I				
General Fund	\$- 81.0	\$- 98.0	\$-190.0	\$-266.0
Local Govts.	0.0	0.0	0.0	0.0
Taxpayers	81.0	98.0	190.0	266.0
Division II				
General Fund	- 8.0	- 8.0	- 8.0	- 8.0
Local Govts.	0.0	0.0	0.0	0.0
Taxpayers	8.0	8.0	8.0	8.0
Division III				
General Fund	0.0	- 10.5	- 18.3	- 25.5
Local Govts.	0.0	- 2.0	- 6.7	- 12.0
Taxpayers	0.0	12.5	25.0	37.5
Division IV				
General Fund	- 2.3	- 12.6	- 12.6	- 12.6
Local Govts.	2.3	2.3	2.3	2.3
Taxpayers	0.0	10.3	10.3	10.3

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Division V				
General Fund	0.0	0.0	0.0	0.0
Local Govts.	0.0	0.0	0.0	0.0
Taxpayers	0.0	0.0	0.0	0.0
TOTAL				
General Fund	\$ - 91.3	\$-129.1	\$-228.9	\$-312.1
Local Govts.	2.3	0.3	- 4.4	- 9.7
Taxpayers	89.0	128.8	233.3	321.8
	=====	=====	=====	=====

SOURCES

Department of Revenue and Finance
 Legislative Tax Model
 Department of Management

(LSB 1610sv.3, JAM)

FILED FEBRUARY 21, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR

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Taxable Value 30.0% 30.0% 30.0% 22.0% 14.0% 6.0%

Beginning in FY 2004 (tax year 2002), there will be no tax on any M&E, with the possible exception of M&E that may be in tax increment financing districts.

For FY 1997 through FY 2001, local governments will be reimbursed by the State through direct appropriation and the school aid formula for 100.0% of the difference between actual M&E valuation and M&E valuation in FY 1996. For FY 2002 through FY 2006, reimbursement will be reduced by the amount of the increase in commercial and industrial valuation compared to the FY 1996 level.

The following table shows the fiscal impact of Division V (in millions of dollars).

Fiscal Year	Estimated Appropriation	Total State Cost	Net Cost to Locals
1997	\$ 4.8	\$ 4.8	\$ 0.0
1998	9.8	9.8	0.0
1999	14.9	14.9	0.0
2000	20.1	20.1	0.0
2001	38.5	38.4	0.0
2002	22.4	27.8	26.0
2003	24.6	31.8	34.8
2004	24.1	32.9	42.1
2005	20.6	30.0	45.0
2006	17.3	27.2	47.8

Division VI

Division VI specifies that the appropriation in Section 13 of HF 132 shall be paid from the Property Tax Relief Fund rather than the General Fund. The fiscal impact of Division VI is a General Fund increase of \$6.6 million in FY 1996, and a decrease of \$6.6 million to the Property Tax Relief Fund in FY 1996.

FISCAL IMPACT

The following table shows the impact of Amendment H-4121 through FY 2001. The figures from the property tax provisions are due to appropriations. The figures for the income tax provisions are revenue impacts.

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	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Dependent Credit	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5
Pension	22.0	22.0	22.0	22.0	22.0	22.0
M&E	0.0	4.8	9.8	14.9	20.1	38.5
MH (net of MR)	54.4	78.0	95.0	95.0	95.0	95.0
Total	<u>\$ 92.9</u>	<u>\$121.3</u>	<u>\$143.3</u>	<u>\$148.4</u>	<u>\$153.6</u>	<u>\$172.0</u>

(LSB 1610sv.6, JAM)

FILED APRIL 27, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 69
FISCAL NOTE

A fiscal note for Senate File 69 as amended by Amendment S-3082 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 69 as passed by the House strikes everything after the enacting clause of SF 69 as passed by the Senate. The Amendment is comprised of five divisions that affect State and local taxes.

DIVISION I

Division I reduces the State individual income tax, creates a Personal Income Tax Rate Reduction Replacement Fund, and changes the rules under which various funds receive deposits.

Division I of the Amendment reduces the State individual income tax by approximately 15.0% over five tax years (1995 through 1999). The marginal tax rate for each income tax bracket is reduced 15.0% and rounded to the nearest five one-hundredths of a percent. This Division also provides for a freeze on indexing the brackets until tax year 2000.

This Division creates a Personal Income Tax Rate Reduction Replacement Fund. Moneys that would be transferred to the Economic Emergency Fund under current law would be transferred to the Personal Income Tax Rate Reduction Replacement Fund. The Division requires the Cash Reserve Fund be equal to 5.0% of adjusted General Fund revenues, and the current balance in the Economic Emergency Fund be transferred to the Iowa Infrastructure Account. Interest earnings from the Cash Reserve Fund and Personal Income Tax Rate Reduction Replacement Fund would also be deposited in the Iowa Infrastructure Account. The ending balance in the General Fund would be transferred to the Personal Income Tax Rate Reduction Replacement Fund. (A flow chart illustrating fund transfers under current law and this Division is available through the LFB.)

The Revenue Estimating Conference (REC) would be required in its December meeting to estimate the fiscal impact of the income tax reduction on the current fiscal year. Thus, the REC would determine the impact of the income tax reduction on FY 1996 revenues at the December 1995 meeting. The Director of the Department of Management may transfer up to that amount from the Personal Income Tax Rate Reduction Replacement Fund to the General Fund. The amount transferred would be subject to the expenditure limitation law.

ASSUMPTIONS

1. The rate reduction in Division I will result in adjustments to the withholding tables produced by the Department of Revenue and Finance (DRF). The DRF has indicated that adjustments to current over-withholding will be made simultaneously with adjustments due to the rate reduction.

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The net adjustments in withholding rates will be as follows:

July 1, 1995	6.0%
July 1, 1997	11.0%
July 1, 1998	16.5%

2. Under current law, the General Fund would receive approximately \$1.844 billion in FY 1995 and \$1.926 billion in FY 1996 from the individual income tax. These are the REC estimates to which the percentage reductions are applied.
3. The effect on estimated payments is assumed to occur in the tax year to the same degree as the tax reduction that is scheduled for that tax year.
4. The effect on the amount of final payments and refunds is estimated by subtracting the sum of the tax benefits previously provided for a tax year from the estimated tax effect expected to occur under this Division.
5. The General Fund will not be affected by the creation of the Personal Income Tax Rate Reduction Replacement Fund or by the change in how the various other funds are managed. This fiscal note assumes that moneys from the Personal Income Tax Rate Reduction Replacement Fund will be transferred to the General Fund in the same manner as would have occurred under the rules of the Economic Emergency Fund.

FISCAL IMPACT

The fiscal impact of Division I will be a decrease in General Fund revenues of approximately \$81.0 million in FY 1996 and \$98.0 million in FY 1997. The fiscal impact for FY 1998 through FY 2000 will depend on the rate of growth in individual income tax receipts that would otherwise have occurred. The following table shows the range of the impact that can be expected for those years (in millions of dollars).

Fiscal Year	0.0% Growth	2.5% Growth	5.0% Growth
1998	\$190.0	\$195.0	\$200.0
1999	266.0	280.0	294.0
2000	266.0	287.0	309.0

DIVISION II

Division II taxes resident shareholders of Subchapter S corporations the same way that nonresident shareholders are taxed. Under current law, a nonresident shareholder apportions income based on the corporation's sales in Iowa. An amount of Iowa individual income tax would be computed on the total resident shareholder's income everywhere, and then the amount of tax would be apportioned to Iowa in the ratio of gross income everywhere reduced by the non-Iowa income of the Subchapter S corporation, to total income everywhere.

The effect of Division II would be that affected individuals would pay individual income tax on the greater of the following amounts:

1. 10.0% of the resident shareholder's share of total distributions, including retained earnings.
2. The resident shareholder's actual distribution.
3. The resident shareholder's share of the apportioned income.

ASSUMPTIONS

1. The estimates in this Division are based on an analysis completed by the DRF of data reported on S Corporation 1992 returns. Approximately 550 1992 IA 1120NT returns were sampled.
2. The estimate is extrapolated to 18,278 S corporations.
3. Approximately 84.2% of S Corporation returns include at least one Iowa resident shareholder. Of these, approximately 65.6% are estimated to have income greater than zero.
4. Approximately 25.0% of S Corporations are expected to apportion income.
5. The amount of the out-of-state tax credit used by resident shareholders is approximately \$400,000.
6. Approximately \$120.0 million in taxable income will be apportioned outside the State.

FISCAL IMPACT

Division II is expected to result in a decrease in General Fund revenues of at least \$8.0 million in FY 1996 and subsequent years. This amount could be increased to the extent that earnings are retained at a higher rate than under current law; to the extent that the average marginal tax rate for the affected individuals exceeds 7.0%; and to the extent that the number of Subchapter S corporations will increase.

DIVISION III

Division III of the proposed Committee Amendment repeals the property tax on machinery and equipment (M&E), as recommended by the Governor. The Division would phase out the valuation on M&E in equal increments over a six-year period, beginning with the 1995 valuations. The Division creates a standing limited appropriation that would replace a portion of the tax receipts lost by local governments. The following amounts would be replaced by the State to local governments for the indicated years (in millions of dollars).

Fiscal

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Amount \$	8.1	\$15.2	\$21.1	\$23.4	\$21.0	\$18.1	\$24.0	\$25.6	\$20.4	\$14.5

The Amendment would also establish an Industrial Machinery, Equipment, and Computers Relief Fund, from which local governments who are adversely affected

by the repeal may apply for additional assistance. The State Appeal Board would determine which local governments would qualify for assistance. The Amendment would appropriate to this fund the following amounts (in millions of dollars).

Fiscal			
Year	1997	1998	1999
	-----	-----	-----
Amount \$	1.9	\$ 1.8	\$ 1.9

ASSUMPTIONS

1. Property tax receipts will be lost in FY 1997 for assessments reduced in FY 1995. This lag continues through additional years.
2. Taxable valuation of M&E is assumed to be approximately \$2.4 billion for future assessment years.
3. The average millage rate is assumed to be approximately \$31.25 per \$1,000 of taxable valuation.
4. This estimate does not take into account any change in future M&E valuations or the taxable valuations of other classes of property, positive or negative, that may occur as a result of this Division.
5. The State will replace \$5.40 per \$1,000 of taxable valuation that is removed from future assessments through the school aid formula to the extent that reimbursement from the direct appropriation does not cover the loss.
6. This estimate assumes that local taxing authorities will receive the benefit of the Industrial Machinery, Equipment, and Computers Relief Fund in proportion to their size. For example, if county governments collect 25.0% of M&E property tax receipts, it is assumed that county governments would receive 25.0% of the distribution from the Fund.

FISCAL IMPACT

Division III is expected to result in a decrease in General Fund revenues due to the replacement appropriations as well as the school aid replacement mechanism. The Division is expected to result in a decrease in revenues to local governments to the extent that M&E valuations are excluded from property taxation, but will be partially compensated by the State. The following table shows the impact to the General Fund and local governments (in millions of dollars).

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-----	-----	-----	-----	-----	-----	-----	-----	-----
FY 1997	\$12.5	\$10.0	\$ 2.2	\$1.7	\$ 8.3	\$0.5	\$10.5	\$ 2.0
FY 1998	25.0	17.0	4.3	3.0	14.0	1.3	18.3	6.7
FY 1999	37.5	23.0	6.5	4.0	19.0	2.5	25.5	12.0
FY 2000	50.0	23.4	8.6	4.1	19.3	4.5	27.9	22.1

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FY 2001	62.5	21.1	10.8	3.7	17.4	7.1	28.2	34.3
FY 2002	75.0	18.1	13.0	3.1	15.0	9.9	28.0	47.0
FY 2003	75.0	24.0	13.0	4.2	19.8	8.8	32.8	42.2
FY 2004	75.0	25.6	13.0	4.4	21.2	8.6	34.2	40.8
FY 2005	75.0	20.4	13.0	3.5	16.9	9.5	29.9	45.1
FY 2006	75.0	14.5	13.0	2.5	12.0	10.5	25.0	50.0
FY 2007	75.0	0.0	13.0	0.0	0.0	13.0	13.0	62.0
FY 2008	75.0	0.0	13.0	0.0	0.0	13.0	13.0	62.0

(1) Fiscal year.

(2) Amount of M&E property taxes that will be phased out under the Amendment.

(3) State direct appropriation proposed in the House Amendment. Includes appropriations from the Machinery, Equipment, and Computers Relief Fund.

(4) The amount that must be paid to schools through the school aid formula.

(5) Portion of (3) that would be paid from the proposed direct State appropriation.

(6) The amount of the proposed direct State appropriation that would be reimbursed to all other local governments. Excludes the uniform State levy.

(7) Indirect reimbursement to schools. Equals (4) minus (5).

(8) Total State cost. Equals (3) plus (7).

(9) Net cost to local governments. Equals (2) minus (8).

DIVISION IV

Division IV relates to a variety of property tax credits. The Division increases the appropriation for the Property Tax Replacement to local governments; removes the caps on the Extraordinary Credit (low-income elderly and disabled), and the Military Property Tax Credit; increases the State reimbursement to local governments for the Homestead Tax Credit; credits all receipts from the franchise tax to the General Fund; repeals references to the low-income non-elderly disabled Extraordinary Credit; replaces the Family Farm Tax Credit and Agricultural Land Tax Credit with a single Farm Credit, and increases the combined credit by \$10.0 million; and excludes \$150,000 of the value of Agricultural Buildings from taxable valuation.

The following table shows the change in revenues to the State for each provision by fiscal year. A decrease in revenues to the State (-) represents an increase in revenues to local governments and/or property taxpayers. An increase in revenues to the State (+) results in a decrease in revenues to local governments and/or property taxpayers (in millions of dollars).

Provision	FY 1996	FY 1997	FY 1998	FY 1999
Prop. Tax Rep.	\$- 8.8	\$- 8.8	\$- 8.8	\$- 8.8
Extra. Credit	- 2.0	- 2.0	- 2.0	- 2.0
Military Credit	- 0.1	- 0.1	- 0.1	- 0.1
Homestead	- 1.0	- 1.0	- 1.0	- 1.0
Franchise Tax	8.8	8.8	8.8	8.8
Family Farm	0.0	10.0	10.0	10.0
Ag Land	0.0	29.0	29.0	29.0
Farm Tax Credit	0.0	-49.3	-49.3	-49.3
Ag Bldgs. Exl.*	0.0	0.0	0.0	0.0

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Net State	- 3.1	-13.4	-13.4	-13.4
Net Local Govt.	3.1	3.1	3.1	3.1
Net Taxpayer	0.0	10.3	10.3	10.3
=====	=====	=====	=====	=====

*Division IV provides for an exclusion from taxable value the first \$150,000 of agricultural buildings. Due to the fact that agricultural buildings are placed on agricultural land, the buildings are taxed only to the extent that their value is not reflected in the productive assessment of the land. This estimate assumes that the lost taxable valuation of the buildings will be shifted to the land on which the buildings exist. There would be no shift to other classes of property. This estimate does not take into account any shift among taxpayers within the agricultural class that may occur as a result of this provision.

DIVISION V

Division V of the Amendment relates to mental health property tax relief. The Division provides that the State shall provide funding for the county expenditures for mental health and mental retardation assistance such that, by FY 2001, the State will pay at least 50.0% of total cost of these services.

The Division establishes the Mental Health, Mental Retardation, and Developmental Disabilities Property Tax Relief Fund, in which moneys can be deposited. Moneys from the Fund will be distributed to counties based on an equal weighting of the following: 1) a county's proportional share of total mental health, mental retardation, and developmental disabilities expenditures in the State of Iowa, 2) a county's proportional share of total State population, and 3) a county's proportional share of all taxable property valuation in the State.

The Division also requires counties to implement managed care systems for mental retardation services, and freezes the level of property tax dollars that may be certified for mental health, mental retardation, and developmental disabilities expenses.

Division V also establishes a Mental Health, Mental Retardation, and Developmental Disabilities Fund in each county. Each county would be required to deposit all moneys (State, federal, local) related to these services in the Fund. All services must be paid from the Fund. Counties will then be required to reduce property tax levies by the amount of the State assistance for property tax relief.

FISCAL IMPACT

The fiscal impact of Division V of the Amendment on General Fund revenues is equal to the appropriations provided for in the Amendment. The following table illustrates the State appropriations and the effect of the appropriations on counties and taxpayers.

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
	-----	-----	-----	-----	-----
General Fund	\$- 16.0	\$- 30.0	\$- 47.0	\$- 64.0	\$ -81.0
Local Govts.	6.0	6.0	6.0	6.0	6.0

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Taxpayers 10.0 24.0 41.0 58.0 75.0

SUMMARY

The following table summarizes the effects of the House Amendment to SF 69. The fiscal impacts are listed through FY 2000, and are detailed by the impact on taxpayers, local governments, and the State General Fund. All figures are expressed in millions of constant (1995) dollars.

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Division I					
General Fund	\$- 81.0	\$- 98.0	\$-190.0	\$-266.0	\$-266.0
Local Govts.	0.0	0.0	0.0	0.0	0.0
Taxpayers	81.0	98.0	190.0	266.0	266.0
Division II					
General Fund	- 8.0	- 8.0	- 8.0	- 8.0	- 8.0
Local Govts.	0.0	0.0	0.0	0.0	0.0
Taxpayers	8.0	8.0	8.0	8.0	8.0
Division III					
General Fund	0.0	- 10.5	- 18.3	- 25.5	- 27.9
Local Govts.	0.0	- 2.0	- 6.7	- 12.0	- 22.1
Taxpayers	0.0	12.5	25.0	37.5	50.0
Division IV					
General Fund	- 3.1	- 13.4	- 13.4	- 13.4	- 13.4
Local Govts.	3.1	3.1	3.1	3.1	3.1
Taxpayers	0.0	10.3	10.3	10.3	10.3
Division V					
General Fund	- 16.0	- 30.0	- 47.0	- 64.0	- 81.0
Local Govts.	6.0	0.0	0.0	0.0	0.0
Taxpayers	10.0	30.0	47.0	64.0	81.0
TOTAL					
General Fund	\$ -108.1	\$-159.9	\$-276.7	\$-376.9	\$-396.3
Local Govts.	9.1	7.1	2.4	- 2.9	- 13.0
Taxpayers	99.0	152.8	274.3	379.8	409.3
	=====	=====	=====	=====	=====

SOURCES

Department of Revenue and Finance
 Legislative Tax Model
 Department of Management

(LSB 1610SV.4, JAM)

FILED MARCH 2, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 69

S-3020

1 Amend Senate File 69 as follows:

- 2 1. Page 3, lines 6 and 7, by striking the word
- 3 "seventy-five" and inserting the following: "one
- 4 hundred".
- 5 2. Page 3, line 8, by inserting after the word
- 6 "hundred" the following: "fifty".
- 7 3. Page 3, lines 10 and 11, by striking the words
- 8 "one hundred twenty-five" and inserting the following:
- 9 "two hundred fifty".
- 10 4. Page 3, lines 12 and 13, by striking the words
- 11 "one hundred fifty" and inserting the following:
- 12 "three hundred fifty".
- 13 5. Page 3, line 15, by striking the words "one
- 14 hundred seventy-five" and inserting the following:
- 15 "four hundred fifty".

By JIM LIND

S-3020 FILED JANUARY 26, 1995

LOST

SENATE FILE 69

S-3021

1 Amend Senate File 69 as follows:

- 2 1. Page 3, lines 6 and 7, by striking the words
- 3 "seventy-five" and inserting the following: "one
- 4 hundred".
- 5 2. Page 3, line 8, by inserting after the word
- 6 "hundred" the following: "twenty-five".
- 7 3. Page 3, line 11, by striking the word "twenty-
- 8 five" and inserting the following: "fifty".
- 9 4. Page 3, line 13, by striking the word "fifty"
- 10 and inserting the following: "seventy-five".
- 11 5. Page 3, line 15, by striking the words "one
- 12 hundred seventy-five" and inserting the following:
- 13 "two hundred".

By WAYNE BENNETT

S-3021 FILED JANUARY 26, 1995

LOST

SENATE FILE 69

H-3030

1 Amend Senate File 69, as passed by the Senate, as
2 follows:

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

5 "DIVISION I

6 INCOME TAX REDUCTION AND SPECIAL FUNDS

7 Section 1. Section 422.4, subsection 1, paragraphs
8 b and c, Code 1995, are amended to read as follows:

9 b. "Cumulative inflation factor" means the product
10 of the annual inflation factor for the 1988 1995
11 calendar year and all annual inflation factors for
12 subsequent calendar years as determined pursuant to
13 this subsection. The cumulative inflation factor
14 applies to all tax years beginning on or after January
15 1 of the calendar year for which the latest annual
16 inflation factor has been determined.

17 c. The annual inflation factor for each of the
18 1988 1995, 1996, 1997, 1998, and 1999 calendar year
19 years is one hundred percent.

20 Sec. 2. Section 422.5, subsection 1, unnumbered
21 paragraph 1, and paragraphs a through i, Code 1995,
22 are amended by striking the unnumbered paragraph and
23 lettered paragraphs and inserting in lieu thereof the
24 following:

25 A tax is imposed upon every resident and
26 nonresident of the state which tax shall be levied,
27 collected, and paid annually upon and with respect to
28 the entire taxable income as defined in this division
29 at rates and for tax years beginning in the following
30 calendar years as follows:

31 On all taxable
32 income exceeding
33 the beginning
34 amount through
35 the ending
36 amount:

CALENDAR YEARS

	1995	1996	1997	1998	1999 and subsequent years
a. \$ 0- 1,060	.4 %	.4 %	.35%	.35%	.35%
b. 1,060- 2,120	.8	.75	.75	.7	.7
c. 2,120- 4,240	2.65	2.55	2.45	2.35	2.3
d. 4,240- 9,540	4.9	4.75	4.55	4.35	4.25
e. 9,540-15,900	6.65	6.45	6.2	5.95	5.8
f. 15,900-21,200	7.05	6.8	6.6	6.3	6.1
g. 21,200-31,800	7.35	7.15	6.9	6.6	6.4
h. 31,800-47,700	8.6	8.3	8.05	7.65	7.5
i. 47,700+	9.75	9.45	9.15	8.7	8.5

46 Sec. 3. Section 8.56, subsection 1, Code 1995, is
47 amended to read as follows:

48 1. A cash reserve fund is created in the state
49 treasury. The cash reserve fund shall be separate
50 from the general fund of the state and shall not be

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Page 2

1 considered part of the general fund of the state
2 except in determining the cash position of the state
3 as provided in subsection 3. The moneys in the cash
4 reserve fund are not subject to section 8.33 and shall
5 not be transferred, used, obligated, appropriated, or
6 otherwise encumbered except as provided in this
7 section. Notwithstanding section 12C.7, subsection 2,
8 interest or earnings on moneys deposited in the cash
9 reserve fund shall be credited to the rebuild Iowa
10 economic-emergency-fund infrastructure account created
11 in section 8.57. Moneys in the cash reserve fund may
12 be used for cash flow purposes provided that any
13 moneys so allocated are returned to the cash reserve
14 fund by the end of each fiscal year. However, the
15 fund shall be considered a special account for the
16 purposes of section 8.53.

17 Sec. 4. Section 8.56, subsection 4, paragraph b,
18 Code 1995, is amended to read as follows:

19 b. In addition to the requirements of paragraph
20 "a", an appropriation shall not be made from the cash
21 reserve fund ~~which would cause the fund's balance to~~
22 ~~be less than three percent of the adjusted revenue~~
23 ~~estimate for the year for which the appropriation is~~
24 made unless the bill or joint resolution making the
25 appropriation is approved by vote of at least three-
26 fifths of the members of both chambers of the general
27 assembly and is signed by the governor.

28 Sec. 5. Section 8.57, subsection 1, paragraph a,
29 Code 1995, is amended by striking the paragraph and
30 inserting in lieu thereof the following:

31 a. The cash reserve goal percentage for fiscal
32 years beginning on or after July 1, 1995, is five
33 percent of the adjusted revenue estimate. For each
34 fiscal year beginning on or after July 1, 1995, in
35 which the appropriation of the surplus existing in the
36 general fund of the state at the conclusion of the
37 prior fiscal year pursuant to paragraph "b" was not
38 sufficient for the cash reserve fund to reach the cash
39 reserve goal percentage for the current fiscal year,
40 there is appropriated from the general fund of the
41 state an amount to be determined as follows:

42 (1) If the balance of the cash reserve fund in the
43 current fiscal year is not more than four percent of
44 the adjusted revenue estimate for the current fiscal
45 year, the amount of the appropriation under this
46 lettered paragraph is one percent of the adjusted
47 revenue estimate for the current fiscal year.

48 (2) If the balance of the cash reserve fund in the
49 current fiscal year is more than four percent but less
50 than five percent of the adjusted revenue estimate for

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1 that fiscal year, the amount of the appropriation
2 under this lettered paragraph is the amount necessary
3 for the cash reserve fund to reach five percent of the
4 adjusted revenue estimate for the current fiscal year.

5 (3) The moneys appropriated under this lettered
6 paragraph shall be credited in equal and proportionate
7 amounts in each quarter of the current fiscal year.

8 Sec. 6. Section 8.57, subsection 1, paragraph b,
9 Code 1995, is amended to read as follows:

10 b. ~~Commencing June 30, 1993, the~~ The surplus
11 existing in the general fund of the state at the
12 conclusion of the fiscal year is appropriated for
13 distribution in the succeeding fiscal year as provided
14 in this section subsections 2 and 3. Moneys credited
15 to the cash reserve fund from the appropriation made
16 in this paragraph shall not exceed the amount
17 necessary for the cash reserve fund to reach the cash
18 reserve goal percentage for the succeeding fiscal
19 year. As used in this paragraph, "surplus" means the
20 excess of revenues and other financing sources over
21 expenditures and other financing uses for the general
22 fund of the state in a fiscal year.

23 Sec. 7. NEW SECTION. 8.57A PERSONAL INCOME TAX
24 RATE REDUCTION REPLACEMENT FUND.

25 1. The personal income tax rate reduction
26 replacement fund is created in the state treasury
27 under the authority of the department of management.
28 The fund shall be separate from the general fund of
29 the state and shall not be considered part of the
30 general fund of the state except in determining the
31 cash position of the state for payment of state
32 obligations. The moneys in the fund are not subject
33 to the provisions of section 8.33 and shall not be
34 transferred, used, obligated, appropriated, or
35 otherwise encumbered except as provided in this
36 section. Moneys in the fund may be used for cash flow
37 purposes provided that any moneys so allocated are
38 returned to the fund by the end of each fiscal year.
39 However, the fund shall be considered a special
40 account for the purposes of section 8.53, relating to
41 elimination of any GAAP deficit. The fund is created
42 upon the effective date of this section, and shall
43 remain in existence until the close of the fiscal year
44 beginning July 1, 1999.

45 2. The provisions of this subsection apply for the
46 fiscal years beginning July 1 of 1994, 1995, 1996,
47 1997, and 1998. Notwithstanding the provisions of
48 section 8.57, subsection 3, for each of the designated
49 fiscal years, moneys remaining following the
50 appropriations made pursuant to section 8.57,

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1 subsection 1, shall not be appropriated to the Iowa
2 economic emergency fund but are instead appropriated
3 to the personal income tax rate reduction replacement
4 fund.

5 3. Effective for the fiscal year beginning July 1,
6 1995, and the subsequent three fiscal years, on or
7 before December 31 of each of the fiscal years, the
8 state revenue estimating conference created in section
9 8.22A shall certify an estimate of the net change in
10 revenues deposited into the general fund of the state
11 for that fiscal year due to the personal income tax
12 rate reduction implemented pursuant to section 422.5.
13 The director of the department of management shall
14 transfer not more than the certified amount from the
15 personal income tax rate reduction replacement fund to
16 the general fund of the state. Prior to the transfer,
17 the director shall determine whether the balance of
18 the general fund of the state is sufficient to absorb
19 the revenue change, and if the certified balance is
20 sufficient the director may defer the transfer to a
21 succeeding fiscal year. Moneys transferred to the
22 general fund of the state pursuant to this section
23 shall be added to the general fund expenditure
24 limitation, to the extent not already included, for
25 the fiscal year in which the transfer takes place and
26 ninety-nine percent of the transferred amount is
27 available for expenditure as directed by the general
28 assembly.

29 4. Notwithstanding section 12C.7, subsection 2,
30 interest or earnings on moneys deposited in the
31 personal income tax rate reduction replacement fund
32 shall be credited to the rebuild Iowa infrastructure
33 account created in section 8.57.

34 5. This section is repealed September 1, 2000.

35 Sec. 8. TRANSFER TO INFRASTRUCTURE ACCOUNT.

36 Moneys in the Iowa economic emergency fund, created in
37 section 8.55, at the conclusion of the fiscal year
38 beginning July 1, 1994, shall be transferred to the
39 rebuild Iowa infrastructure account.

40 Sec. 9. EFFECTIVE DATES.

41 1. Sections 1 and 2 of this Act, being deemed of
42 immediate importance, take effect upon enactment and
43 apply retroactively to January 1, 1995, for tax years
44 beginning on or after that date.

45 2. Sections 3 through 9 of this Act, being deemed
46 of immediate importance, take effect upon enactment.

47 DIVISION II

48 SUBCHAPTER S CORPORATIONS

49 Sec. 10. Section 422.5, subsection 1, paragraph j,
50 Code 1995, is amended by adding the following new

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1 unnumbered paragraph:
2 NEW UNNUMBERED PARAGRAPH. The tax imposed upon the
3 taxable income of a resident shareholder in a
4 corporation which has in effect for the tax year an
5 election under subchapter S of the Internal Revenue
6 Code and carries on business within and without the
7 state shall be computed by reducing the amount
8 determined pursuant to paragraphs "a" through "i" by
9 the amounts of nonrefundable credits under this
10 division and by multiplying this resulting amount by a
11 fraction of which the resident's net income allocated
12 to Iowa, as determined in section 422.8, subsection 2,
13 paragraph "b", is the numerator and the resident's
14 total net income computed under section 422.7 is the
15 denominator. This paragraph also applies to
16 individuals who are residents of Iowa for less than
17 the entire tax year.

18 Sec. 11. Section 422.5, subsection 1, paragraph k,
19 unnumbered paragraph 4, Code 1995, is amended to read
20 as follows:

21 In the case of a resident, including a resident
22 estate or trust, the state's apportioned share of the
23 state alternative minimum tax is one hundred percent
24 of the state alternative minimum tax computed in this
25 subsection. In the case of a resident or part year
26 resident shareholder in a corporation which has in
27 effect for the tax year an election under subchapter S
28 of the Internal Revenue Code and carries on business
29 within and without the state, a nonresident, including
30 a nonresident estate or trust, or an individual,
31 estate, or trust that is domiciled in the state for
32 less than the entire tax year, the state's apportioned
33 share of the state alternative minimum tax is the
34 amount of tax computed under this subsection, reduced
35 by the applicable credits in sections 422.10 through
36 422.12 and this result multiplied by a fraction with a
37 numerator of the sum of state net income allocated to
38 Iowa as determined in section 422.8, subsection 2,
39 paragraph "a" or "b" as applicable, plus tax
40 preference items, adjustments, and losses under
41 subparagraph (1) attributable to Iowa and with a
42 denominator of the sum of total net income computed
43 under section 422.7 plus all tax preference items,
44 adjustments, and losses under subparagraph (1). In
45 computing this fraction, those items excludable under
46 subparagraph (1) shall not be used in computing the
47 tax preference items. Married taxpayers electing to
48 file separate returns or separately on a combined
49 return must allocate the minimum tax computed in this
50 subsection in the proportion that each spouse's

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1 respective preference items, adjustments, and losses
2 under subparagraph (1) bear to the combined preference
3 items, adjustments, and losses under subparagraph (1)
4 of both spouses.

5 Sec. 12. Section 422.7, Code 1995, is amended by
6 adding the following new subsection:

7 NEW SUBSECTION. 32. Resident shareholders of a
8 corporation which has in effect an election under
9 subchapter S of the Internal Revenue Code shall add
10 their proportionate share of a deemed distribution of
11 current year income, upon which Iowa income tax has
12 not been paid as determined under rules of the
13 director, to the extent that the salaries, wages, or
14 other compensation for services performed by all
15 shareholders does not equal ten percent of net income
16 of the corporation computed in accordance with section
17 422.35 and considering items of income and expense
18 which pass directly to the shareholders under
19 provisions of the Internal Revenue Code before
20 deduction of shareholders' salaries, wages, or other
21 compensation for services performed. In addition
22 there shall be added any cash or the value of any
23 property distributions made to the extent they are
24 made from income upon which Iowa income tax has not
25 been paid as determined under rules of the director.

26 Sec. 13. Section 422.8, subsection 2, Code 1995,
27 is amended to read as follows:

28 2. a. Nonresident's net income allocated to Iowa
29 is the net income, or portion thereof, which is
30 derived from a business, trade, profession, or
31 occupation carried on within this state or income from
32 any property, trust, estate, or other source within
33 Iowa. However, income derived from a business, trade,
34 profession, or occupation carried on within this state
35 and income from any property, trust, estate, or other
36 source within Iowa shall not include distributions
37 from pensions, including defined benefit or defined
38 contribution plans, annuities, individual retirement
39 accounts, and deferred compensation plans or any
40 earnings attributable thereto so long as the
41 distribution is directly related to an individual's
42 documented retirement and received while the
43 individual is a nonresident of this state. If a
44 business, trade, profession, or occupation is carried
45 on partly within and partly without the state, only
46 the portion of the net income which is fairly and
47 equitably attributable to that part of the business,
48 trade, profession, or occupation carried on within the
49 state is allocated to Iowa for purposes of section
50 422.5, subsection 1, paragraph "j", and section 422.13

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1 and income from any property, trust, estate, or other
2 source partly within and partly without the state is
3 allocated to Iowa in the same manner, except that
4 annuities, interest on bank deposits and interest-
5 bearing obligations, and dividends are allocated to
6 Iowa only to the extent to which they are derived from
7 a business, trade, profession, or occupation carried
8 on within the state.

9 b. A resident's income allocable to Iowa is the
10 income determined under section 422.7 reduced by the
11 net income or loss of a corporation which is fairly
12 and equitably attributable without the state under
13 section 422.33, subsections 2 and 3. For the purposes
14 of this paragraph, "corporation" means a corporation
15 which has in effect for the tax year an election under
16 subchapter S of the Internal Revenue Code and carries
17 on business partly within and partly without the
18 state. This paragraph also applies to individuals who
19 are residents of Iowa for less than the entire tax
20 year.

21 Sec. 14. Section 422.8, Code 1995, is amended by
22 adding the following new subsection:

23 NEW SUBSECTION. 6. If the resident or part year
24 resident is a shareholder of a corporation which has
25 in effect an election under subchapter S of the
26 Internal Revenue Code, subsections 1 and 3 do not
27 apply to any income taxes paid to another state or
28 foreign country on the income from the corporation
29 which has in effect an election under subchapter S of
30 the Internal Revenue Code.

31 Sec. 15. This division of this Act, being deemed
32 of immediate importance, takes effect upon enactment
33 and applies retroactively to January 1, 1995, for tax
34 years beginning on or after that date.

35 DIVISION III

36 MACHINERY AND EQUIPMENT

37 EXEMPTION AND REPLACEMENT FUNDS

38 Sec. 16. Section 427B.17, Code 1995, is amended by
39 striking the section and inserting in lieu thereof the
40 following:

41 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

42 1. Property defined in section 427A.1, subsection
43 1, paragraphs "e" and "j", shall be valued by the
44 local assessor as follows:

45 a. For the assessment year beginning January 1,
46 1995, at twenty-six percent of the net acquisition
47 cost.

48 b. For the assessment year beginning January 1,
49 1996, at twenty-two percent of the net acquisition
50 cost.

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1 c. For the assessment year beginning January 1,
2 1997, at eighteen percent of the net acquisition cost.
3 d. For the assessment year beginning January 1,
4 1998, at fourteen percent of the net acquisition cost.
5 e. For the assessment year beginning January 1,
6 1999, at ten percent of the net acquisition cost.
7 f. For the assessment year beginning January 1,
8 2000, at six percent of the net acquisition cost.
9 g. For the assessment year beginning January 1,
10 2001, and all subsequent assessment years, at zero
11 percent of the net acquisition cost.

12 2. For purposes of this section:

13 a. Property assessed by the department of revenue
14 and finance pursuant to sections 428.24 to 428.29, or
15 chapters 433, 434, and 436 to 438 shall not receive
16 the benefits of this section.

17 b. The net acquisition cost of property acquired
18 before January 1, 1995, which was owned or used by a
19 related person shall be the net acquisition cost of
20 the transferor of the property.

21 c. "Related person" means a person who owns or
22 controls the taxpayer's business and another business
23 entity from which property is acquired or leased or to
24 which property is sold or leased. Business entities
25 are owned or controlled by the same person if the same
26 person directly or indirectly owns or controls fifty
27 percent or more of the assets or any class of stock or
28 who directly or indirectly has an interest of fifty
29 percent or more in the ownership or profits.

30 d. "Net acquisition cost" means the acquired cost
31 of the property, including all foundations and
32 installation cost less any excess cost adjustment.

33 3. Property assessed pursuant to this section
34 shall not be eligible to receive a partial exemption
35 under sections 427B.1 to 427B.6.

36 4. The taxpayer's valuation of property defined in
37 section 427A.1, subsection 1, paragraphs "e" and "j",
38 and located in an urban renewal area for which an
39 urban renewal plan provides for the division of taxes
40 as provided in section 403.19 to pay the principal and
41 interest on loans, advances, bonds issued under the
42 authority of section 403.9, subsection 1, or
43 indebtedness incurred by a city or county to finance
44 an urban renewal project within the urban renewal
45 area, if such loans, advances, or bonds were issued or
46 indebtedness incurred, on or after January 1, 1982,
47 and on or before June 30, 1995, shall be limited to
48 thirty percent of the net acquisition cost of the
49 property. Such property located in an urban renewal
50 area shall not be valued pursuant to subsection 1

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1 until the assessment year following the calendar year
2 in which the obligations created by any loans,
3 advances, bonds, or indebtedness payable from the
4 division of taxes as provided in section 403.19 have
5 been retired. The taxpayer's valuation for such
6 property shall then be the valuation specified in
7 subsection 1 for the applicable assessment year. If
8 the loans, advances, or bonds issued, or indebtedness
9 incurred between January 1, 1982, and June 30, 1995,
10 are refinanced or refunded after June 30, 1995, the
11 valuation of such property shall then be the valuation
12 specified in subsection 1 for the applicable
13 assessment year beginning with the assessment year
14 after the calendar year in which any of those loans,
15 advances, bonds, or other indebtedness are refinanced
16 or refunded after June 30, 1995.

17 5. For the purpose of dividing taxes under section
18 260E.4 or 260F.4, the employer's or business's
19 valuation of property defined in section 427A.1,
20 subsection 1, paragraphs "e" and "j", and used to fund
21 a new jobs training project which project's first
22 written agreement providing for a division of taxes as
23 provided in section 403.19, is approved on or before
24 June 30, 1995, shall be limited to thirty percent of
25 the net acquisition cost of the property. An
26 employer's or business's taxable property used to fund
27 a new jobs training project shall not be valued
28 pursuant to subsection 1 until the assessment year
29 following the calendar year in which the certificates
30 or other funding obligations have been retired or
31 escrowed. The taxpayer's valuation for such property
32 shall then be the valuation specified in subsection 1
33 for the applicable assessment year. This subsection
34 shall not apply to the refunding of certificates or
35 refinancing of other obligations issued between
36 January 1, 1982, and June 30, 1995.

37 Sec. 17. NEW SECTION. 427B.18 ASSESSOR AND
38 COUNTY AUDITOR DUTIES.

39 1. On or before July 1 of each year, the assessor
40 shall determine the taxpayer's valuation of the
41 property specified in section 427B.17 for that year
42 and the valuation of the property if the property were
43 valued, for assessment purposes, at thirty percent of
44 net acquisition cost and shall report the valuations
45 to the county auditor.

46 2. On or before July 1, 1996, and on or before
47 July 1 of each subsequent year, the county auditor
48 shall prepare a statement listing for each taxing
49 district in the county:

50 a. Beginning with the assessment year beginning

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1 January 1, 1995, the difference between the assessed
2 valuation of property defined in section 427A.1,
3 subsection 1, paragraphs "e" and "j", and assessed
4 pursuant to section 427B.17 and the valuation of the
5 property if the property were valued, for assessment
6 purposes, at thirty percent of net acquisition cost.

7 b. The tax levy rate for each taxing district
8 levied against assessments made as of January 1 of the
9 previous year.

10 c. The industrial machinery, equipment and
11 computers tax replacement claim for each taxing
12 district, which is equal to the amount determined
13 pursuant to paragraph "a", multiplied by the tax rate
14 specified in paragraph "b".

15 3. The county auditor shall certify and forward
16 one copy of the statement to the department of revenue
17 and finance not later than July 1 of each year.

18 Sec. 18. NEW SECTION. 427B.19 REPLACEMENT.

19 Each county treasurer shall be paid an amount equal
20 to the following percentages of the industrial
21 machinery, equipment and computers tax replacement
22 claim for that county determined pursuant to section
23 427B.18, subsection 2:

24 1. For the fiscal year beginning July 1, 1996,
25 ninety percent.

26 2. For the fiscal year beginning July 1, 1997,
27 seventy-five percent.

28 3. For the fiscal year beginning July 1, 1998,
29 sixty percent.

30 4. For the fiscal year beginning July 1, 1999,
31 forty-five percent.

32 5. For the fiscal year beginning July 1, 2000,
33 thirty percent.

34 6. For the fiscal year beginning July 1, 2001,
35 twenty percent.

36 7. For the fiscal year beginning July 1, 2002,
37 twenty percent.

38 8. For the fiscal year beginning July 1, 2003,
39 twenty percent.

40 9. For the fiscal year beginning July 1, 2004,
41 fifteen percent.

42 10. For the fiscal year beginning July 1, 2005,
43 ten percent.

44 Sec. 19. NEW SECTION. 427B.19A FUND CREATED.

45 1. The industrial machinery, equipment and
46 computers property tax replacement fund is created.
47 There is appropriated annually from the general fund
48 of the state to the department of revenue and finance
49 to be credited to the industrial machinery, equipment
50 and computers property tax replacement fund, the

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1 amounts specified in section 427B.19B.

2 2. Each county treasurer shall be paid from the
3 fund created in this section the amount calculated
4 pursuant to section 427B.19. The payment shall be
5 made in two equal installments on or before September
6 30 and March 30 of each year. The county treasurer
7 shall apportion the payment in the manner provided in
8 section 445.57.

9 3. If an amount appropriated in section 427B.19B
10 for a fiscal year is insufficient to pay all claims
11 according to the replacement schedule in section
12 427B.19, the director shall prorate the disbursements
13 from the fund to the county treasurers and shall
14 notify the county auditors of the pro rata percentage
15 on or before August 1. If an amount appropriated in
16 section 427B.19B for a fiscal year is in excess of the
17 amount necessary to pay all claims according to the
18 replacement schedule in section 427B.19, the director
19 shall prorate the disbursements from the fund to the
20 county treasurers, notwithstanding the amount
21 calculated pursuant to section 427B.19, and shall
22 notify the county auditors of the pro rata percentage
23 on or before August 1.

24 4. The replacement amount paid to each school
25 district shall be regarded as property tax for the
26 purposes of the school foundation property tax levy in
27 section 257.3 and the additional property tax levy in
28 section 257.4. The department of management shall
29 annually make the adjustments necessary to implement
30 this subsection.

31 Sec. 20. NEW SECTION. 427B.19B APPROPRIATION.

32 There is appropriated in each of the following
33 fiscal years from the general fund of the state to the
34 industrial machinery, equipment and computers property
35 tax replacement fund the following amounts:

36 1. For the fiscal year beginning July 1, 1996, ten
37 million dollars.

38 2. For the fiscal year beginning July 1, 1997,
39 seventeen million dollars.

40 3. For the fiscal year beginning July 1, 1998,
41 twenty-three million dollars.

42 4. For the fiscal year beginning July 1, 1999,
43 twenty-three million, four hundred thousand dollars.

44 5. For the fiscal year beginning July 1, 2000,
45 twenty-one million, one hundred thousand dollars.

46 6. For the fiscal year beginning July 1, 2001,
47 eighteen million, one hundred thousand dollars.

48 7. For the fiscal year beginning July 1, 2002,
49 twenty-four million dollars.

50 8. For the fiscal year beginning July 1, 2003,

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1 twenty-five million, six hundred thousand dollars.

2 9. For the fiscal year beginning July 1, 2004,

3 twenty million, four hundred thousand dollars.

4 10. For the fiscal year beginning July 1, 2005,

5 fourteen million, five hundred thousand dollars.

6 Sec. 21. NEW SECTION. 427B.19C PHASEOUT OF TAX.

7 Effective on July 1, 2002, all property taxes on

8 property defined in section 427A.1, subsection 1,

9 paragraphs "e" and "j", are repealed. For assessment

10 years beginning on or after January 1, 2005, such

11 property shall not be listed or assessed. This

12 section shall prevail over all inconsistent statutes.

13 Sec. 22. NEW SECTION. 427B.19D GUARANTEE OF

14 STATE REPLACEMENT FUNDS.

15 If for any reason an appropriation specified in

16 section 427B.19 is not made or the appropriation made

17 is less than that specified in section 427B.19 for the

18 applicable fiscal year, the director of the department

19 of management shall compute the difference between the

20 amount specified in section 427B.19B and the amount

21 actually appropriated or zero if no appropriation is

22 made. The department shall divide that difference by

23 the consolidated tax levy rate to determine the amount

24 of taxable value necessary to raise the difference at

25 that tax rate. The department shall compute an

26 adjustment factor as a percentage of net acquisition

27 cost which will yield such taxable value. The

28 director of revenue and finance shall review and

29 certify such adjustment factor to the county auditor.

30 The auditor shall apply such adjustment factor to all

31 taxable property described in section 427B.17 for the

32 assessment year beginning January 1 preceding the

33 fiscal year for which the specified appropriation was

34 not made. Property taxes generated by the adjustment

35 factor in this section shall not be considered

36 property tax dollars certified for purposes of the

37 property tax limitation in chapter 444.

38 DIVISION IV

39 PROPERTY TAX CREDITS

40 Sec. 23. Section 8.59, Code 1995, is amended to

41 read as follows:

42 8.59 APPROPRIATIONS FREEZE.

43 Notwithstanding contrary provisions of the Code,

44 the amounts appropriated under the applicable sections

45 of the Code for fiscal years commencing on or after

46 July 1, 1993, are limited to those amounts expended

47 under those sections for the fiscal year commencing

48 July 1, 1992. If an applicable section appropriates

49 moneys to be distributed to different recipients and

50 the operation of this section reduces the total amount

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1 to be distributed under the applicable section, the
2 moneys shall be prorated among the recipients. As
3 used in this section, "applicable sections" means the
4 following sections: 53.50, 229.35, 230.8, 230.11,
5 ~~405A:8~~, 411.20, ~~425:17-425:397-426A:17~~, 663.44, and
6 822.5.

7 Sec. 24. Section 405A.8, subsection 1, Code 1995,
8 is amended to read as follows:

9 1. There are appropriated from the general fund of
10 the state to the department of revenue and finance the
11 following sums to carry out the provisions of this
12 chapter: For the fiscal year beginning July 1, 1988,
13 and each subsequent fiscal year ending before July 1,
14 1995, sixty-seven million seven hundred thirty-seven
15 thousand dollars. For the fiscal year beginning July
16 1, 1995, and each subsequent fiscal year, sixty-five
17 million one hundred thousand dollars.

18 Sec. 25. Section 422.65, Code 1995, is amended by
19 striking the section and inserting in lieu thereof the
20 following:

21 422.65 DEPOSIT OF REVENUE.

22 All moneys received from the franchise tax on or
23 after July 1, 1995, shall be deposited into the
24 general fund of the state.

25 Sec. 26. Section 425.1, subsection 1, Code 1995,
26 is amended to read as follows:

27 1. A homestead credit fund is created. There is
28 appropriated annually from the general fund of the
29 state to the department of revenue and finance to be
30 credited to the homestead credit fund, ~~an amount~~
31 ~~sufficient to implement this chapter~~ the sum of
32 ninety-three million eight hundred thousand dollars.

33 The director of revenue and finance shall issue
34 warrants on the homestead credit fund payable to the
35 county treasurers of the several counties of the state
36 under this chapter.

37 If the amount in the fund is insufficient to pay
38 all claims in full, the director shall prorate the
39 amounts paid to the county treasurers based upon the
40 amount of certified claims submitted by each.

41 Sec. 27. Section 425.17, subsections 2 and 8, Code
42 1995, are amended to read as follows:

43 2. "Claimant" means ~~either of the following:~~

44 ~~a. --~~ A a person filing a claim for credit or
45 reimbursement under this division who has attained the
46 age of sixty-five years on or before December 31 of
47 the base year, who is a surviving spouse having
48 attained the age of fifty-five years on or before
49 December 31, 1988, or who is totally disabled and was
50 totally disabled on or before December 31 of the base

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1 year, and was domiciled in this state during the
2 entire base year, and is domiciled in this state at
3 the time the claim is filed or at the time of the
4 person's death in the case of a claim filed by the
5 executor or administrator of the claimant's estate.

6 ~~b.---A person filing a claim for credit or~~
7 ~~reimbursement under this division who has attained the~~
8 ~~age of twenty-three years on or before December 31 of~~
9 ~~the base year or was a head of household on December~~
10 ~~31 of the base year, as defined in the Internal~~
11 ~~Revenue Code, but has not attained the age or~~
12 ~~disability status described in paragraph "a", and was~~
13 ~~domiciled in this state during the entire base year,~~
14 ~~and is domiciled in this state at the time the claim~~
15 ~~is filed or at the time of the person's death in the~~
16 ~~case of a claim filed by the executor or administrator~~
17 ~~of the claimant's estate, and was not claimed as a~~
18 ~~dependent on any other person's tax return for the~~
19 ~~base year.~~

20 "Claimant" under paragraph "a" or "b" includes a
21 vendee in possession under a contract for deed and may
22 include one or more joint tenants or tenants in
23 common. In the case of a claim for rent constituting
24 property taxes paid, the claimant shall have rented
25 the property during any part of the base year. If a
26 homestead is occupied by two or more persons, and more
27 than one person is able to qualify as a claimant, the
28 persons may determine among them who will be the
29 claimant. If they are unable to agree, the matter
30 shall be referred to the director of revenue and
31 finance not later than June 1 of each year and the
32 director's decision is final.

33 8. "Property taxes due" means property taxes
34 including any special assessments, but exclusive of
35 delinquent interest and charges for services, due on a
36 claimant's homestead in this state, but includes only
37 property taxes for which the claimant is liable and
38 which will actually be paid by the claimant. However,
39 if the claimant is a person whose property taxes have
40 been suspended under sections 427.8 and 427.9,
41 "property taxes due" means property taxes including
42 any special assessments, but exclusive of delinquent
43 interest and charges for services, due on a claimant's
44 homestead in this state, but includes only property
45 taxes for which the claimant is liable and which would
46 have to be paid by the claimant if the payment of the
47 taxes has not been suspended pursuant to sections
48 427.8 and 427.9. "Property taxes due" shall be
49 computed with no deduction for any credit under this
50 division or for any homestead credit allowed under

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1 section 425.1. Each claim shall be based upon the
 2 taxes due during the fiscal year next following the
 3 base year. If a homestead is owned by two or more
 4 persons as joint tenants or tenants in common, and one
 5 or more persons are not members of claimant's
 6 household, "property taxes due" is that part of
 7 property taxes due on the homestead which equals the
 8 ownership percentage of the claimant and the
 9 claimant's household. ~~The county treasurer shall~~
 10 ~~include with the tax receipt a statement that if the~~
 11 ~~owner of the property is eighteen years of age or~~
 12 ~~over, the person may be eligible for the credit~~
 13 ~~allowed under this division.~~ If a homestead is an
 14 integral part of a farm, the claimant may use the
 15 total property taxes due for the larger unit. If a
 16 homestead is an integral part of a multidwelling or
 17 multipurpose building the property taxes due for the
 18 purpose of this subsection shall be prorated to
 19 reflect the portion which the value of the property
 20 that the household occupies as its homestead is to the
 21 value of the entire structure. For purposes of this
 22 subsection, "unit" refers to that parcel of property
 23 covered by a single tax statement of which the
 24 homestead is a part.

25 Sec. 28. Section 425.23, subsection 1, paragraph
 26 a, Code 1995, is amended to read as follows:

27 a. The tentative credit or reimbursement ~~for a~~
 28 ~~claimant described in section 425.17, subsection 2,~~
 29 ~~paragraph "a" and paragraph "b" if no appropriation is~~
 30 ~~made to the fund created in section 425.40~~ shall be
 31 determined in accordance with the following schedule:

	Percent of property taxes due or rent constituting property taxes paid allowed as a credit or reimbursement:
32	
33	
34	
35 If the household	
36 income is:	
37 \$ 0 -- 5,999.99.....	100%
38 6,000 -- 6,999.99.....	85
39 7,000 -- 7,999.99.....	70
40 8,000 -- 9,999.99.....	50
41 10,000 -- 11,999.99.....	35
42 12,000 -- 13,999.99.....	25

43 Sec. 29. Section 425.23, subsection 1, paragraph
 44 b, Code 1995, is amended by striking the paragraph.

45 Sec. 30. Section 425.23, subsection 3, paragraph
 46 a, Code 1995, is amended to read as follows:

47 a. A person who is eligible to file a claim for
 48 credit for property taxes due and who has a household
 49 income of six thousand dollars or less and who has an
 50 unpaid special assessment levied against the homestead

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1 may file a claim with the county treasurer that the
2 claimant had a household income of six thousand
3 dollars or less and that an unpaid special assessment
4 is presently levied against the homestead. The
5 department shall provide to the respective treasurers
6 the forms necessary for the administration of this
7 subsection. The claim shall be filed not later than
8 September 30 of each year. Upon the filing of the
9 claim, interest for late payment shall not accrue
10 against the amount of the unpaid special assessment
11 due and payable. The claim filed by the claimant
12 constitutes a claim for credit of an amount equal to
13 the actual amount due upon the unpaid special
14 assessment, plus interest, payable during the fiscal
15 year for which the claim is filed against the
16 homestead of the claimant. However, ~~where the~~
17 ~~claimant is an individual described in section 425.17,~~
18 ~~subsection 2, paragraph "b", and the tentative credit~~
19 ~~is determined according to the schedule in section~~
20 ~~425.23, subsection 1, paragraph "b", subparagraph (2),~~
21 ~~the claim filed constitutes a claim for credit of an~~
22 ~~amount equal to one-half of the actual amount due and~~
23 ~~payable during the fiscal year.~~ The department of
24 revenue and finance shall, upon the filing of the
25 claim with the department by the treasurer, pay that
26 amount of the unpaid special assessment during the
27 current fiscal year to the treasurer. The treasurer
28 shall submit the claims to the director of revenue and
29 finance not later than October 15 of each year. The
30 director of revenue and finance shall certify the
31 amount of reimbursement due each county for unpaid
32 special assessment credits allowed under this
33 subsection. The amount of reimbursement due each
34 county shall be paid by the director of revenue and
35 finance on October 20 of each year, drawn upon
36 warrants payable to the respective treasurer. There
37 is appropriated annually from the general fund of the
38 state to the department of revenue and finance an
39 amount sufficient to carry out the provisions of this
40 subsection. The treasurer shall credit any moneys
41 received from the department against the amount of the
42 unpaid special assessment due and payable on the
43 homestead of the claimant.

44 Sec. 31. Section 425.39, subsection 2, Code 1995,
45 is amended by striking the subsection.

46 Sec. 32. Section 426.1, Code 1995, is amended to
47 read as follows:

48 426.1 ~~AGRICULTURAL LAND~~ FARM TAX CREDIT FUND.

49 There is created as a permanent fund in the office
50 of the treasurer of state a fund to be known as the

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1 ~~agricultural-land~~ farm tax credit fund, and for the
2 purpose of establishing and maintaining this fund for
3 each fiscal year there is appropriated thereto from
4 funds in the general fund of the state not otherwise
5 appropriated the sum of ~~thirty-nine~~ forty-nine million
6 one three hundred thousand dollars ~~of which the first~~
7 ~~ten million dollars shall be transferred to and~~
8 ~~deposited into the family farm tax credit fund created~~
9 ~~in section 425A.1.~~ Any balance in said the fund on
10 June 30 shall revert to the general fund of the state.

11 Sec. 33. Section 426.3, Code 1995, is amended to
12 read as follows:

13 426.3 WHERE AMOUNT OF CREDIT GIVEN.

14 The ~~agricultural-land~~ farm tax credit fund shall be
15 apportioned each year in the manner hereinafter
16 provided so as to give a credit against the tax on
17 each tract of agricultural lands within ~~the several~~
18 ~~school-districts of the state in which the levy for~~
19 ~~the general school fund exceeds five dollars and forty~~
20 ~~cents per thousand dollars of assessed value; the~~
21 ~~amount of such credit on each tract of such lands~~
22 ~~shall be the amount the tax levied for the general~~
23 ~~school fund exceeds the amount of tax which would be~~
24 ~~levied on said tract of such lands were the levy for~~
25 ~~the general school fund five dollars and forty cents~~
26 ~~per thousand dollars of assessed value for the~~
27 previous year, each county equal to one dollar and
28 fifty cents per acre of agricultural land, except in
29 the case of a deficiency in the agricultural-land
30 credits farm tax credit fund to pay said the credits
31 in full, in which case the credit on each eligible
32 tract of such lands in the state shall be
33 proportionate and shall be applied as hereinafter
34 provided.

35 Sec. 34. Section 426.6, Code 1995, is amended to
36 read as follows:

37 426.6 COMPUTATION BY AUDITOR -- APPEAL.

38 The ~~agricultural-land~~ farm tax credit allowed each
39 year shall be computed as follows: On or before the
40 ~~first of June~~ March 15 the county auditor shall list
41 ~~by school-districts~~ all tracts of agricultural lands
42 which they are entitled to credit, ~~together with the~~
43 ~~taxable value for the previous year, together with the~~
44 ~~budget from each school district for the previous~~
45 ~~year, and the tax rate determined for the general fund~~
46 ~~of the district in the manner prescribed in section~~
47 ~~444.3 for the previous year, and if such tax rate is~~
48 ~~in excess of five dollars and forty cents per thousand~~
49 ~~dollars of assessed value, the auditor shall multiply~~
50 ~~the tax levy which is in excess of five dollars and~~

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1 ~~forty-cents-per-thousand-dollars-of-assessed-value-by~~
2 ~~the-total-taxable-value-of-the-agricultural-lands~~
3 ~~entitled-to-credit-in-the-district, and on or before~~
4 ~~the-first-of-June~~ and shall certify the amount of
5 credit to the department of revenue and finance.

6 In the event the county auditor denies a credit
7 upon any such lands, the auditor shall immediately
8 mail to the owner at the owner's last known address
9 notice of the decision thereon. The owner may, within
10 thirty days thereafter, appeal to the board of
11 supervisors of the county wherein the land involved is
12 situated by serving notice of said appeal upon the
13 chairperson of said the board. The board shall hear
14 such the appeal promptly and shall determine anew all
15 questions involved in said the appeal and shall within
16 ten days after such the hearing, mail to the owner at
17 the owner's last known address, notice of its
18 decision. In the event of disallowance the owner may,
19 within ten days from the date such the notice is
20 mailed, appeal such the disallowance by the board of
21 supervisors to the district court of that county by
22 serving written notice of appeal on the county
23 auditor. The appeal shall be tried de novo and may be
24 heard in term time or vacation. The decision of the
25 district court thereon shall be final.

26 Sec. 35. Section 426.7, Code 1995, is amended to
27 read as follows:

28 426.7 WARRANTS DRAWN BY DIRECTOR.

29 After receiving from the county auditors the
30 certifications provided for in section 426.6, and
31 during the following fiscal year, the director of
32 revenue and finance shall draw warrants on the
33 agricultural land credits credit fund created in
34 section 426.1, payable to the county treasurers in the
35 amount certified by the county auditors of the
36 respective counties and mail the warrants to the
37 county auditors on August 15 of each year taking into
38 consideration the relative budget and cash position of
39 the state resources. However, if the agricultural
40 land credits credit fund is insufficient to pay in
41 full the total of the amounts certified to the
42 director of revenue and finance, the director shall
43 prorate the fund to the county treasurers and notify
44 the county auditors of the pro rata percentage on or
45 before August June 1.

46 Sec. 36. Section 441.21, subsection 1, Code 1995,
47 is amended by adding the following new paragraph:

48 NEW PARAGRAPH. h. Notwithstanding any other
49 provision of this section, beginning with valuations
50 established as of January 1, 1996, in computing actual

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1 value of agricultural structures, other than
2 agricultural dwellings, the assessor shall exclude the
3 first two hundred thousand dollars in total actual
4 value of all such structures on each parcel of land.
5 The excluded valuation of such structures shall not be
6 removed from the productivity formula in establishing
7 agricultural values.

8 Sec. 37. Section 425.40, Code 1995, is repealed.

9 Sec. 38. Chapter 425A, Code 1995, is repealed.

10 Sec. 39. EFFECTIVE DATES.

11 1. Sections 23, 24, 25, 26, 27, 28, 29, 30, 31,
12 and 37 of this Act, being deemed of immediate
13 importance, take effect upon enactment for purposes of
14 property tax credits payable on or after July 1, 1995.

15 2. Sections 32, 33, 34, 35, and 38 of this Act
16 take effect January 1, 1996, for property taxes
17 payable on or after July 1, 1996.

18 3. Section 36 of this Act takes effect January 1,
19 1996, for computing valuations for taxes payable on or
20 after July 1, 1997.

21 DIVISION V

22 MENTAL HEALTH PROPERTY TAX RELIEF -- LIMITATION

23 Sec. 40. Section 123.38, unnumbered paragraph 2,
24 Code 1995, is amended to read as follows:

25 Any licensee or permittee, or the licensee's or
26 permittee's executor or administrator, or any person
27 duly appointed by the court to take charge of and
28 administer the property or assets of the licensee or
29 permittee for the benefit of the licensee's or
30 permittee's creditors, may voluntarily surrender a
31 license or permit to the division. When a license or
32 permit is surrendered the division shall notify the
33 local authority, and the division or the local
34 authority shall refund to the person surrendering the
35 license or permit, a proportionate amount of the fee
36 received by the division or the local authority for
37 the license or permit as follows: If a license or
38 permit is surrendered during the first three months of
39 the period for which it was issued, the refund shall
40 be three-fourths of the amount of the fee; if
41 surrendered more than three months but not more than
42 six months after issuance, the refund shall be one-
43 half of the amount of the fee; if surrendered more
44 than six months but not more than nine months after
45 issuance, the refund shall be one-fourth of the amount
46 of the fee. No refund shall be made, however, for any
47 special liquor permit, nor for a liquor control
48 license, wine permit, or beer permit surrendered more
49 than nine months after issuance. For purposes of this
50 paragraph, any portion of license or permit fees used

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1 for the purposes authorized in section 331.424,
2 subsection 1, paragraphs "a" and "b" ~~"c"~~ ~~"d"~~ ~~"e"~~
3 ~~"f"~~ ~~"g"~~ and "h", and in section 331.438A, shall not
4 be deemed received either by the division or by a
5 local authority. No refund shall be made to any
6 licensee or permittee, upon the surrender of the
7 license or permit, if there is at the time of
8 surrender, a complaint filed with the division or
9 local authority, charging the licensee or permittee
10 with a violation of this chapter. If upon a hearing
11 on a complaint the license or permit is not revoked or
12 suspended, then the licensee or permittee is eligible,
13 upon surrender of the license or permit, to receive a
14 refund as provided in this section; but if the license
15 or permit is revoked or suspended upon hearing the
16 licensee or permittee is not eligible for the refund
17 of any portion of the license or permit fee.

18 Sec. 41. Section 218.99, Code 1995, is amended to
19 read as follows:

20 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
21 PERSONAL ACCOUNTS.

22 The administrator of a division of the department
23 of human services in control of a state institution
24 shall direct the business manager of each institution
25 under the administrator's jurisdiction which is
26 mentioned in section 331.424, subsection 1, paragraphs
27 "a" through "g" and "b" and for which services are
28 paid under section 331.438A to quarterly inform the
29 auditor of the county of legal settlement of any
30 patient or resident who has an amount in excess of two
31 hundred dollars on account in the patients' personal
32 deposit fund and the amount on deposit. The
33 administrators shall direct the business manager to
34 further notify the auditor of the county at least
35 fifteen days before the release of funds in excess of
36 two hundred dollars or upon the death of the patient
37 or resident. If the patient or resident has no county
38 of legal settlement, notice shall be made to the
39 director of the department of human services and the
40 administrator of the division of the department in
41 control of the institution involved.

42 Sec. 42. Section 225C.4, subsection 2, paragraph
43 b, Code 1995, is amended to read as follows:

44 b. Establish mental health and mental retardation
45 services for all institutions under the control of the
46 director of human services and establish an autism
47 unit, following mutual planning with and consultation
48 from the medical director of the state psychiatric
49 hospital, at an institution or a facility administered
50 by the administrator to provide psychiatric and

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1 related services and other specific programs to meet
 2 the needs of autistic persons as-defined-in-section
 3 ~~331.424,--subsection-1~~, and to furnish appropriate
 4 diagnostic evaluation services.

5 Sec. 43. Section 331.301, subsection 12, Code
 6 1995, is amended to read as follows:

7 12. The board of supervisors may credit funds to a
 8 reserve for the purposes authorized by subsection 11
 9 of this section; section 331.424, subsection 1,
 10 paragraph "~~1~~" "f"; and section 331.441, subsection 2,
 11 paragraph "b". Moneys credited to the reserve, and
 12 interest earned on such moneys, shall remain in the
 13 reserve until expended for purposes authorized by
 14 subsection 11 of this section; section 331.424,
 15 subsection 1, paragraph "~~1~~" "f"; or section 331.441,
 16 subsection 2, paragraph "b".

17 Sec. 44. Section 331.424, subsection 1, Code 1995,
 18 is amended to read as follows:

19 1. For general county services, an amount
 20 sufficient to pay the charges for the following:

21 a. To the extent that the county is obligated by
 22 statute to pay the charges for:

23 ~~(1)--Care-and-treatment-of-patients-by-a-state~~
 24 ~~mental-health-institute-~~

25 ~~---(2)--Care-and-treatment-of-patients-by-either-of~~
 26 ~~the-state-hospital-schools-or-by-any-other-facility~~
 27 ~~established-under-chapter-222-and-diagnostic~~
 28 ~~evaluation-under-section-222.31-~~

29 ~~---(3)--Care-and-treatment-of-patients-under-chapter~~
 30 ~~225-~~

31 ~~(4)~~ (1) Care and treatment of persons at the
 32 alcoholic treatment center at Oakdale. However, the
 33 county may require that an admission to the center
 34 shall be reported to the board by the center within
 35 five days as a condition of the payment of county
 36 funds for that admission.

37 ~~(5)~~ (2) Care of children admitted or committed to
 38 the Iowa juvenile home at Toledo.

39 ~~(6)~~ (3) Clothing, transportation, medical, or
 40 other services provided persons attending the Iowa
 41 braille and sight saving school, the Iowa school for
 42 the deaf, or the state hospital-school for severely
 43 handicapped children at Iowa City, for which the
 44 county becomes obligated to pay pursuant to sections
 45 263.12, 269.2, and 270.4 through 270.7.

46 ~~b.--To-the-extent-that-the-board-deems-it-advisable~~
 47 ~~to-pay,-the-charges-for-professional-evaluation,~~
 48 ~~treatment,-training,-habilitation,-and-care-of-persons~~
 49 ~~who-are-mentally-retarded,-autistic-persons,-or~~
 50 ~~persons-who-are-afflicted-by-any-other-developmental~~

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1 disability, at a suitable public or private facility
 2 providing inpatient or outpatient care in the county.
 3 As used in this paragraph:
 4 --- (1) --- "Developmental disability" has the meaning
 5 assigned that term by 42 U.S.C. sec. 6001(7) (1976) and
 6 Supp. II, 1978, and Supp. III, 1979.
 7 --- (2) --- "Autistic persons" means persons, regardless
 8 of age, with severe communication and behavior
 9 disorders that became manifest during the early stages
 10 of childhood development and that are characterized by
 11 a severely disabling inability to understand,
 12 communicate, learn, and participate in social
 13 relationships. --- "Autistic persons" includes but is not
 14 limited to those persons afflicted by infantile
 15 autism, profound aphasia, and childhood psychosis.
 16 --- c. --- Care and treatment of persons placed in the
 17 county hospital, county care facility, a health care
 18 facility as defined in section 135C.1, subsection 6,
 19 or any other public or private facility, which
 20 placement is in lieu of admission or commitment to or
 21 is upon discharge, removal, or transfer from a state
 22 mental health institute, hospital school, or other
 23 facility established pursuant to chapter 222.
 24 --- d. --- Amounts budgeted by the board for the cost of
 25 establishment and initial operation of a community
 26 mental health center in the manner and subject to the
 27 limitations provided by state law.
 28 --- e. b. Foster care and related services provided
 29 under court order to a child who is under the
 30 jurisdiction of the juvenile court, including court-
 31 ordered costs for a guardian ad litem under section
 32 232.71.
 33 f. --- The care, admission, commitment, and
 34 transportation of mentally ill patients in state
 35 hospitals, to the extent that expenses for these
 36 services are required to be paid by the county,
 37 including compensation for the advocate appointed
 38 under section 229.19.
 39 --- g. --- Amounts budgeted by the board for mental health
 40 services or mental retardation services furnished to
 41 persons on either an outpatient or inpatient basis, to
 42 a school or other public agency, or to the community
 43 at large, by a community mental health center or other
 44 suitable facility located in or reasonably near the
 45 county, provided that services meet the standards of
 46 the mental health and developmental disabilities
 47 commission created in section 225C.5 and are
 48 consistent with the annual plan for services approved
 49 by the board.
 50 --- h. --- Reimbursement on behalf of mentally retarded

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1 ~~persons-under-section-249A.12.~~
2 ~~i. c.~~ Elections, and voter registration pursuant
3 to chapter 48A.
4 ~~j. d.~~ Employee benefits under chapters 96, 97B,
5 and 97C, which are associated with salaries for
6 general county services.
7 ~~k. e.~~ Joint county and city building authorities
8 established under section 346.27, as provided in
9 subsection 22 of that section.
10 ~~l. f.~~ Tort liability insurance, property
11 insurance, and any other insurance that may be
12 necessary in the operation of the county, costs of a
13 self-insurance program, costs of a local government
14 risk pool, and amounts payable under any insurance
15 agreements to provide or procure such insurance, self-
16 insurance program, or local government risk pool.
17 ~~m. g.~~ The maintenance and operation of the courts,
18 including but not limited to the salary and expenses
19 of the clerk of the district court and other employees
20 of the clerk's office, and bailiffs, court costs if
21 the prosecution fails or if the costs cannot be
22 collected from the person liable, costs and expenses
23 of prosecution under section 189A.17, salaries and
24 expenses of juvenile court officers under chapter 602,
25 court-ordered costs in domestic abuse cases under
26 section 236.5, the county's expense for confinement of
27 prisoners under chapter 356A, temporary assistance to
28 the county attorney, county contributions to a
29 retirement system for bailiffs, reimbursement for
30 judicial magistrates under section 602.6501, claims
31 filed under section 622.93, interpreters' fees under
32 section 622B.7, uniform citation and complaint
33 supplies under section 805.6, and costs of prosecution
34 under section 815.13.
35 ~~n. h.~~ Court-ordered costs of conciliation
36 procedures under section 598.16.
37 ~~o. i.~~ Establishment and maintenance of a joint
38 county indigent defense fund pursuant to an agreement
39 under section 28E.19.
40 ~~p. j.~~ The maintenance and operation of a local
41 emergency management agency established pursuant to
42 chapter 29C.
43 The board may require a public or private facility,
44 as a condition of receiving payment from county funds
45 for services it has provided, to furnish the board
46 with a statement of the income, assets, and legal
47 residence including township and county of each person
48 who has received services from that facility for which
49 payment has been made from county funds under
50 paragraphs "a" through "h" and "b". However, the

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1 facility shall not disclose to anyone the name or
2 street or route address of a person receiving services
3 for which commitment is not required, without first
4 obtaining that person's written permission.

5 Parents or other persons may voluntarily reimburse
6 the county or state for the reasonable cost of caring
7 for a patient or an inmate in a county or state
8 facility.

9 Sec. 45. Section 331.424, Code 1995, is amended by
10 adding the following new subsection:

11 NEW SUBSECTION. 1A. The maximum amount of
12 property tax dollars which may be certified by a
13 county for taxes levied under subsection 1 and payable
14 in the fiscal year beginning July 1, 1995, and
15 succeeding fiscal years shall not exceed the amount of
16 property tax dollars certified by the county for taxes
17 payable in the fiscal year beginning July 1, 1994,
18 minus an adjustment for the amounts levied by the
19 county under subsection 1 for mental health, mental
20 retardation, and developmental disabilities in the
21 fiscal year beginning July 1, 1995. The adjustment
22 and maximum amount which may be levied by the county
23 shall be determined for the county by the department
24 of management.

25 Sec. 46. Section 331.426, subsection 1, Code 1995,
26 is amended by adding the following new paragraph:

27 NEW PARAGRAPH. h. An unusual need for a service
28 or cost paid from levies under section 331.424,
29 subsection 1, which would cause the total expenditures
30 of services and costs paid from those levies to exceed
31 the maximum levies authorized under section 331.424,
32 subsection 1A.

33 Sec. 47. Section 331.438, subsection 1, paragraph
34 b, Code 1995, is amended to read as follows:

35 b. "State payment" means the payment made by the
36 state under section 331.438A to a county determined to
37 be eligible for the payment in accordance with section
38 331.439. ~~Except as modified based upon the actual~~
39 ~~amount of the appropriation for purposes of state~~
40 ~~payment under section 331.439, the amount of the state~~
41 ~~payment for a fiscal year shall be calculated as fifty~~
42 ~~percent of the amount by which the county's qualified~~
43 ~~expenditures during the immediately preceding fiscal~~
44 ~~year were in excess of the amount of the county's base~~
45 ~~year expenditures.~~

46 Sec. 48. Section 331.438, Code 1995, is amended by
47 adding the following new subsection:

48 NEW SUBSECTION. 1A. The state of Iowa shall
49 provide funding for the county expenditures for mental
50 health and mental retardation assistance so that over

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1 the five-year period beginning July 1, 1995, and
2 ending June 30, 2000, the relative shares of the state
3 and counties for these expenditures shall become
4 either equal or greater for the state.

5 Sec. 49. NEW SECTION. 331.438A STATE AND COUNTY
6 EXPENDITURES FOR MENTAL HEALTH, MENTAL RETARDATION,
7 AND DEVELOPMENTAL DISABILITIES ASSISTANCE -- FUND
8 CREATED.

9 1. The mental health, mental retardation, and
10 developmental disabilities property tax relief fund is
11 created in the office of the treasurer of state under
12 the authority of the department of revenue and
13 finance. The relief fund shall consist of moneys
14 appropriated to the fund.

15 2. The department of management shall determine
16 each county's proportion of all counties' base year
17 expenditures, as defined in section 331.438. In each
18 fiscal year, a county shall receive for property tax
19 relief the proportion of the moneys appropriated to
20 the relief fund for that fiscal year equivalent to the
21 county's proportion of all counties' base year
22 expenditures. However, moneys provided to a county
23 for property tax relief in a fiscal year in accordance
24 with this section shall not be less than the amount
25 provided to the county for property tax relief in the
26 previous fiscal year.

27 3. The department of management shall notify the
28 department of revenue and finance of the amount due
29 each county and the director of revenue and finance
30 shall draw warrants on the relief fund, payable to the
31 county treasurer in the amount due a county in
32 accordance with subsection 2, and mail the warrants to
33 county auditors by September 1 and March 1.

34 4. Before June 1, 1995, the director of human
35 services shall notify the county auditor of each
36 county of the amount of moneys the county will receive
37 from the relief fund pursuant to subsection 2 in the
38 succeeding fiscal year. For the fiscal year beginning
39 July 1, 1995, the department of management shall
40 reduce the certified budget amount received from the
41 board of supervisors for that fiscal year by an amount
42 equal to the amount the county will receive and the
43 department of management shall determine the rate of
44 taxation necessary to raise the reduced amount. For
45 subsequent fiscal years, the county auditor shall
46 reduce the county's property tax requests in the
47 manner specified in section 444.25A.

48 5. In addition to moneys received by a county
49 pursuant to subsection 2, the county shall be allowed
50 an inflation factor adjustment for assistance paid

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1 from the county's services fund under section 331.424A
2 which is in accordance with the county's management
3 plan implemented pursuant to section 331.439. The
4 inflation factor adjustment shall address costs
5 associated with new consumers of assistance, service
6 cost inflation, and investments for economy and
7 efficiency. The amount of the inflation factor
8 adjustment shall not exceed the inflation factor
9 amount specified in the appropriation for the
10 adjustment. Payment of the inflation factor
11 adjustment shall be made as provided in the
12 appropriation.

13 6. The director of revenue and finance shall
14 prescribe forms and adopt rules pursuant to chapter
15 17A to administer this section.

16 Sec. 50. Section 331.439, Code 1995, is amended by
17 striking the section and inserting in lieu thereof the
18 following:

19 331.439 ELIGIBILITY FOR STATE PAYMENT.

20 1. The state payment to eligible counties under
21 this section shall be made as provided in section
22 331.438A. A county is eligible for the state payment,
23 as defined in section 331.438, for the fiscal year
24 beginning July 1, 1995, and for subsequent fiscal
25 years if the director of human services determines for
26 a specific fiscal year that all of the following
27 conditions are met:

28 a. The county accurately reported by October 15
29 the county's expenditures for mental health, mental
30 retardation, and developmental disabilities services
31 for the previous fiscal year on forms prescribed by
32 the department of human services.

33 b. The county developed and implemented a county
34 management plan for the county's mental health and
35 mental retardation services in accordance with the
36 provisions of this paragraph. The plan shall comply
37 with the administrative rules adopted for this purpose
38 by the council on human services and is subject to the
39 approval of the director of human services in
40 consultation with the state-county management
41 committee created in section 331.438. The plan shall
42 include a description of the county's service
43 management provision for mental health, mental
44 retardation, and developmental disabilities services.
45 The plan shall have the following two parts:

46 (1) For mental health service management, the
47 county must contract with a state-approved managed
48 mental health care contractor or provide a comparable
49 system of managed care. For the fiscal year beginning
50 July 1, 1995, this part of the plan shall be

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1 implemented on or before October 15, 1995, after
2 approval by the department of human services. For
3 subsequent fiscal years, this part of the plan shall
4 be submitted to the department by April 1 for the
5 succeeding fiscal year.

6 (2) For mental retardation service management, the
7 county shall implement a system of managed care within
8 six months of the date by which the department of
9 human services approves a managed care contractor.
10 The county must either contract with a state-approved
11 mental retardation managed contractor or provide a
12 comparable system of managed care. In fiscal years
13 succeeding the fiscal year of initial implementation,
14 this part of the plan shall be submitted to the
15 department of human services by April 1 for the
16 succeeding fiscal year.

17 c. Changes to the approved plan are submitted
18 sixty days prior to the proposed change and are not to
19 be implemented prior to the director of human
20 services' approval.

21 2. A county may provide assistance to service
22 populations with disabilities to which the county has
23 historically provided assistance but who are not
24 included in the service management provisions required
25 under subsection 1, subject to the availability of
26 funding.

27 3. For the fiscal year beginning July 1, 1995, and
28 succeeding fiscal years, implementation of the county
29 management plan is subject to a fixed budget
30 consisting of the moneys deposited by the state and
31 county in the county mental health, mental
32 retardation, and developmental disabilities services
33 fund created in section 331.424A.

34 4. A county's implementation of the service
35 management provisions required under subsection 1 for
36 mental health and mental retardation shall incorporate
37 the single entry point process described in section
38 331.440.

39 5. The basis for determining whether a managed
40 care system proposed by a county is comparable to a
41 managed care contractor approved by the department of
42 human services shall include but is not limited to all
43 of the following elements:

44 a. The enrollment and eligibility process.

45 b. The scope of services included.

46 c. The method of plan administration.

47 d. The process for managing utilization and access
48 to services and other assistance.

49 e. The quality assurance process.

50 f. The risk management provisions and fiscal

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1 viability of the provisions.

2 6. The director's approval of a county's mental
3 health, mental retardation, and developmental
4 disabilities services management plan shall not be
5 construed to constitute certification of the county's
6 budget.

7 Sec. 51. NEW SECTION. 331.424A MENTAL HEALTH,
8 MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES
9 SERVICES FUND.

10 1. For the purposes of this chapter, unless the
11 context otherwise requires, "services fund" means the
12 county mental health, mental retardation, and
13 developmental disabilities services fund created in
14 subsection 2.

15 2. For the fiscal year beginning July 1, 1995, and
16 succeeding fiscal years, county revenues from taxes
17 and other sources designated for mental health, mental
18 retardation, and developmental disabilities services
19 shall be credited to the mental health, mental
20 retardation, and developmental disabilities services
21 fund of the county. The board shall make
22 appropriations from the fund for payment of services
23 provided under the county management plan approved
24 pursuant to section 331.439.

25 3. For the fiscal year beginning July 1, 1995, and
26 succeeding fiscal years, receipts from the state or
27 federal government for such services shall be credited
28 to the services fund, including moneys allotted to the
29 county from the state payment made pursuant to section
30 331.439 and moneys allotted to the county for property
31 tax relief pursuant to section 331.438A.

32 4. For the fiscal year beginning July 1, 1995, and
33 for each subsequent fiscal year, the county may
34 certify a levy for payment of services. Unless
35 otherwise provided by state law, for each fiscal year,
36 county revenues from taxes imposed by the county
37 credited to the services fund shall not exceed an
38 amount equal to the amount of base year expenditures
39 from property taxes imposed by the county and paid for
40 services in the fiscal year beginning July 1, 1993,
41 and ending June 30, 1994, as defined in section
42 331.438, less the amount of property tax relief to be
43 received pursuant to section 331.438A in the fiscal
44 year for which the budget is certified.

45 5. Appropriations specifically authorized to be
46 made from the mental health, mental retardation, and
47 disabilities services fund shall not be made from the
48 general fund of the county.

49 Sec. 52. Section 444.25A, subsection 1, Code 1995,
50 is amended to read as follows:

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1 1. COUNTY LIMITATION. The maximum amount of
2 property tax dollars which may be certified by a
3 county for taxes payable in the fiscal year beginning
4 July 1, 1995, shall not exceed the amount of property
5 tax dollars certified by the county for taxes payable
6 in the fiscal year beginning July 1, 1994, minus the
7 amount of the property tax relief payment to be
8 received by the county for the fiscal year beginning
9 July 1, 1995, pursuant to section 331.438A, subsection
10 2, and the maximum amount of property tax dollars
11 which may be certified by a county for taxes payable
12 in the fiscal year beginning July 1, 1996, shall not
13 exceed the amount of property tax dollars certified by
14 the county for taxes payable in the fiscal year
15 beginning July 1, 1995, minus the difference between
16 the amount of the property tax relief payment received
17 by the county in the fiscal year beginning July 1,
18 1995, and the amount of the property tax relief
19 payment to be received by the county in the fiscal
20 year beginning July 1, 1996, pursuant to section
21 331.438A, subsection 2, for each of the levies for the
22 following, except for the levies on the increase in
23 taxable valuation due to new construction, additions
24 or improvements to existing structures, remodeling of
25 existing structures for which a building permit is
26 required, annexation, and phasing out of tax
27 exemptions, and on the increase in valuation of
28 taxable property as a result of a comprehensive
29 revaluation by a private appraiser under a contract
30 entered into prior to January 1, 1992, or as a result
31 of a comprehensive revaluation directed or authorized
32 by the conference board prior to January 1, 1992, with
33 documentation of the contract, authorization, or
34 directive on the revaluation provided to the director
35 of revenue and finance, if the levies are equal to or
36 less than the levies for the previous year, levies on
37 that portion of the taxable property located in an
38 urban renewal project the tax revenues from which are
39 no longer divided as provided in section 403.19,
40 subsection 2, or as otherwise provided in this
41 section:
42 a. General county services under section 331.422,
43 subsection 1.
44 b. Rural county services under section 331.422,
45 subsection 2.
46 c. Other taxes under section 331.422, subsection
47 4.
48 Sec. 53. Section 444.25A, subsection 3, paragraph
49 b, subparagraph (3), Code 1995, is amended to read as
50 follows:

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1 (3) Need for additional moneys for health care,
2 treatment, and facilities, including ~~mental-health-and~~
3 ~~mental-retardation-care-and~~ treatment pursuant to
4 section 331.424, subsection 1, paragraphs "a" through
5 "h" and "b".

6 Sec. 54. NEW SECTION. 444.25B PROPERTY TAX
7 LIMITATIONS FOR 1998 AND 1999 FISCAL YEARS.

8 1. COUNTY LIMITATION. The maximum amount of
9 property tax dollars which may be certified by a
10 county for taxes payable in the fiscal year beginning
11 July 1, 1996, shall not exceed the amount of property
12 tax dollars certified by the county for taxes payable
13 in the fiscal year beginning July 1, 1996, minus the
14 difference between the amount of the property tax
15 relief payment received by the county in the fiscal
16 year beginning July 1, 1996, and the amount of the
17 property tax relief payment to be received by the
18 county in the fiscal year beginning July 1, 1997,
19 pursuant to section 331.438A, subsection 2, and the
20 maximum amount of property tax dollars which may be
21 certified by a county for taxes payable in the fiscal
22 year beginning July 1, 1998, shall not exceed the
23 amount of property tax dollars certified by the county
24 for taxes payable in the fiscal year beginning July 1,
25 1997, minus the difference between the amount of the
26 property tax relief payment received by the county in
27 the fiscal year beginning July 1, 1997, and the amount
28 of the property tax relief payment to be received by
29 the county in the fiscal year beginning July 1, 1998,
30 pursuant to section 331.438A, subsection 2, for each
31 of the levies for the following, except for the levies
32 on the increase in taxable valuation due to new
33 construction, additions or improvements to existing
34 structures, remodeling of existing structures for
35 which a building permit is required, annexation, and
36 phasing out of tax exemptions, and on the increase in
37 valuation of taxable property as a result of a
38 comprehensive revaluation by a private appraiser under
39 a contract entered into prior to January 1, 1992, or
40 as a result of a comprehensive revaluation directed or
41 authorized by the conference board prior to January 1,
42 1992, with documentation of the contract,
43 authorization, or directive on the revaluation
44 provided to the director of revenue and finance, if
45 the levies are equal to or less than the levies for
46 the previous year, levies on that portion of the
47 taxable property located in an urban renewal project
48 the tax revenues from which are no longer divided as
49 provided in section 403.19, subsection 2, or as
50 otherwise provided in this section:

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1 a. General county services under section 331.422,
2 subsection 1.

3 b. Rural county services under section 331.422,
4 subsection 2.

5 c. Other taxes under section 331.422, subsection
6 4.

7 2. EXCEPTIONS. The limitations provided in
8 subsection 1 do not apply to the levies made for the
9 following:

10 a. Debt service to be deposited into the debt
11 service fund pursuant to section 331.430.

12 b. Taxes approved by a vote of the people which
13 are payable during the fiscal year beginning July 1,
14 1997, or July 1, 1998.

15 c. Hospitals pursuant to chapters 37, 347, and
16 347A.

17 d. Emergency management to be deposited into the
18 local emergency management fund and expended for
19 development of hazardous substance teams pursuant to
20 chapter 29C.

21 e. Unusual need for additional moneys to finance
22 existing programs which would provide substantial
23 benefit to county residents or compelling need to
24 finance new programs which would provide substantial
25 benefit to county residents. The increase in taxes
26 levied under this exception for the fiscal year
27 beginning July 1, 1997, is limited to no more than the
28 product of the total tax dollars levied in the fiscal
29 year beginning July 1, 1996, and the percent change,
30 computed to two decimal places, in the price index for
31 government purchases by type for state and local
32 governments computed for the third quarter of calendar
33 year 1996 from that computed for the third quarter of
34 calendar year 1995. The increase in taxes levied
35 under this exception for the fiscal year beginning
36 July 1, 1998, is limited to no more than the product
37 of the total tax dollars levied in the fiscal year
38 beginning July 1, 1997, and the percent change,
39 computed to two decimal places, in the price index for
40 government purchases by type for state and local
41 governments computed for the third quarter of calendar
42 year 1997 from that computed for the third quarter of
43 calendar year 1996.

44 For purposes of this paragraph, the price index for
45 government purchases by type for state and local
46 governments is defined by the bureau of economic
47 analysis of the United States department of commerce
48 and published in table 7.11 of the national income and
49 products accounts. For the fiscal years beginning
50 July 1, 1997, and July 1, 1998, the price index used

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1 shall be the revision published in the November 1996
2 and November 1997 issues, respectively, of the United
3 States department of commerce publication, "survey of
4 current business". For purposes of this paragraph,
5 tax dollars levied in the fiscal years beginning July
6 1, 1996, and July 1, 1997, shall not include funds
7 levied for paragraphs "a", "b", and "c" of this
8 subsection.

9 Application of this exception shall require an
10 original publication of the budget and a public
11 hearing and a second publication and a second hearing
12 both in the manner and form prescribed by the director
13 of the department of management, notwithstanding the
14 provisions of section 331.434. The publications and
15 hearings prescribed in this paragraph shall be held
16 and the budget certified no later than March 15. The
17 taxes levied for counties whose budgets are certified
18 after March 15, 1997, shall be frozen at the fiscal
19 year beginning July 1, 1996, level, and the taxes
20 levied for counties whose budgets are certified after
21 March 15, 1998, shall be frozen at the fiscal year
22 beginning July 1, 1997, level.

23 3. APPEAL PROCEDURES. In lieu of the procedures
24 in sections 24.48 and 331.426, which procedures do not
25 apply for taxes payable in the fiscal years beginning
26 July 1, 1997, and July 1, 1998, if a county needs to
27 raise property tax dollars from a tax levy in excess
28 of the limitations imposed by subsection 1, the
29 following procedures apply:

30 a. Not later than March 1, and after the
31 publication and public hearing on the budget in the
32 manner and form prescribed by the director of the
33 department of management, notwithstanding section
34 331.434, the county shall petition the state appeal
35 board for approval of a property tax increase in
36 excess of the increase provided for in subsection 2,
37 paragraph "e", on forms furnished by the director of
38 the department of management. Applications received
39 after March 1 shall be automatically ineligible for
40 consideration by the board.

41 b. Additional costs incurred by the county due to
42 any of the following circumstances shall be the basis
43 for justifying the excess in property tax dollars:

44 (1) Natural disaster or other life-threatening
45 emergencies.

46 (2) Unusual need for additional moneys to finance
47 existing programs which would provide substantial
48 benefit to county residents or compelling need to
49 finance new programs which would provide substantial
50 benefit to county residents.

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1 (3) Need for additional moneys for health care,
2 treatment, and facilities, including mental health and
3 mental retardation care and treatment pursuant to
4 section 331.424, subsection 1, paragraphs "a" and "b".

5 (4) Judgments, settlements, and related costs
6 arising out of civil claims against the county and its
7 officers, employees, and agents, as defined in chapter
8 670.

9 c. The state appeal board shall approve,
10 disapprove, or reduce the amount of excess property
11 tax dollars requested. The board shall take into
12 account the intent of this section to provide property
13 tax relief. The decision of the board shall be
14 rendered at a regular or special meeting of the board
15 within twenty days of the board's receipt of an
16 appeal.

17 d. Within seven days of receipt of the decision of
18 the state appeal board, the county shall adopt and
19 certify its budget under section 331.434, which budget
20 may be protested as provided in section 331.436. The
21 budget shall not contain an amount of property tax
22 dollars in excess of the amount approved by the state
23 appeal board.

24 4. Rate adjustment by county auditor. In addition
25 to the requirement of the county auditor in section
26 444.3 to establish a rate of tax which does not exceed
27 the rate authorized by law, the county auditor shall
28 also adjust the rate if the amount of property tax
29 dollars to be raised is in excess of the amount
30 specified in subsection 1, as may be adjusted pursuant
31 to subsection 3.

32 Sec. 55. NEW SECTION. 444.25C PROPERTY TAX
33 LIMITATIONS FOR 2000 AND 2001 FISCAL YEARS.

34 1. COUNTY LIMITATION. The maximum amount of
35 property tax dollars which may be certified by a
36 county for taxes payable in the fiscal year beginning
37 July 1, 1999, shall not exceed the amount of property
38 tax dollars certified by the county for taxes payable
39 in the fiscal year beginning July 1, 1998, minus the
40 difference between the amount of the property tax
41 relief payment received by the county in the fiscal
42 year beginning July 1, 1998, and the amount of the
43 property tax relief payment to be received by the
44 county in the fiscal year beginning July 1, 1999,
45 pursuant to section 331.438A, subsection 2, and the
46 maximum amount of property tax dollars which may be
47 certified by a county for taxes payable in the fiscal
48 year beginning July 1, 2000, shall not exceed the
49 amount of property tax dollars certified by the county
50 for taxes payable in the fiscal year beginning July 1,

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1 1999, minus the difference between the amount of the
2 property tax relief payment received by the county in
3 the fiscal year beginning July 1, 1999, and the amount
4 of the property tax relief payment to be received by
5 the county in the fiscal year beginning July 1, 2000,
6 pursuant to section 331.438A, subsection 2, for each
7 of the levies for the following, except for the levies
8 on the increase in taxable valuation due to new
9 construction, additions or improvements to existing
10 structures, remodeling of existing structures for
11 which a building permit is required, annexation, and
12 phasing out of tax exemptions, and on the increase in
13 valuation of taxable property as a result of a
14 comprehensive revaluation by a private appraiser under
15 a contract entered into prior to January 1, 1992, or
16 as a result of a comprehensive revaluation directed or
17 authorized by the conference board prior to January 1,
18 1992, with documentation of the contract,
19 authorization, or directive on the revaluation
20 provided to the director of revenue and finance, if
21 the levies are equal to or less than the levies for
22 the previous year, levies on that portion of the
23 taxable property located in an urban renewal project
24 the tax revenues from which are no longer divided as
25 provided in section 403.19, subsection 2, or as
26 otherwise provided in this section:

- 27 a. General county services under section 331.422,
28 subsection 1.
- 29 b. Rural county services under section 331.422,
30 subsection 2.
- 31 c. Other taxes under section 331.422, subsection
32 4.

33 2. EXCEPTIONS. The limitations provided in
34 subsection 1 do not apply to the levies made for the
35 following:

- 36 a. Debt service to be deposited into the debt
37 service fund pursuant to section 331.430.
- 38 b. Taxes approved by a vote of the people which
39 are payable during the fiscal year beginning July 1,
40 1999, or July 1, 2000.
- 41 c. Hospitals pursuant to chapters 37, 347, and
42 347A.
- 43 d. Emergency management to be deposited into the
44 local emergency management fund and expended for
45 development of hazardous substance teams pursuant to
46 chapter 29C.
- 47 e. Unusual need for additional moneys to finance
48 existing programs which would provide substantial
49 benefit to county residents or compelling need to
50 finance new programs which would provide substantial

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1 benefit to county residents. The increase in taxes
2 levied under this exception for the fiscal year
3 beginning July 1, 1999, is limited to no more than the
4 product of the total tax dollars levied in the fiscal
5 year beginning July 1, 1998, and the percent change,
6 computed to two decimal places, in the price index for
7 government purchases by type for state and local
8 governments computed for the third quarter of calendar
9 year 1998 from that computed for the third quarter of
10 calendar year 1997. The increase in taxes levied
11 under this exception for the fiscal year beginning
12 July 1, 2000, is limited to no more than the product
13 of the total tax dollars levied in the fiscal year
14 beginning July 1, 1999, and the percent change,
15 computed to two decimal places, in the price index for
16 government purchases by type for state and local
17 governments computed for the third quarter of calendar
18 year 1999 from that computed for the third quarter of
19 calendar year 1998.

20 For purposes of this paragraph, the price index for
21 government purchases by type for state and local
22 governments is defined by the bureau of economic
23 analysis of the United States department of commerce
24 and published in table 7.11 of the national income and
25 products accounts. For the fiscal years beginning
26 July 1, 1999, and July 1, 2000, the price index used
27 shall be the revision published in the November 1998
28 and November 1999 issues, respectively, of the United
29 States department of commerce publication, "survey of
30 current business". For purposes of this paragraph,
31 tax dollars levied in the fiscal years beginning July
32 1, 1998, and July 1, 1999, shall not include funds
33 levied for paragraphs "a", "b", and "c" of this
34 subsection.

35 Application of this exception shall require an
36 original publication of the budget and a public
37 hearing and a second publication and a second hearing
38 both in the manner and form prescribed by the director
39 of the department of management, notwithstanding the
40 provisions of section 331.434. The publications and
41 hearings prescribed in this paragraph shall be held
42 and the budget certified no later than March 15. The
43 taxes levied for counties whose budgets are certified
44 after March 15, 1999, shall be frozen at the fiscal
45 year beginning July 1, 1998, level, and the taxes
46 levied for counties whose budgets are certified after
47 March 15, 2000, shall be frozen at the fiscal year
48 beginning July 1, 1999, level.

49 3. APPEAL PROCEDURES. In lieu of the procedures
50 in sections 24.48 and 331.426, which procedures do not

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1 apply for taxes payable in the fiscal years beginning
2 July 1, 1999, and July 1, 2000, if a county needs to
3 raise property tax dollars from a tax levy in excess
4 of the limitations imposed by subsection 1, the
5 following procedures apply:

6 a. Not later than March 1, and after the
7 publication and public hearing on the budget in the
8 manner and form prescribed by the director of the
9 department of management, notwithstanding section
10 331.434, the county shall petition the state appeal
11 board for approval of a property tax increase in
12 excess of the increase provided for in subsection 2,
13 paragraph "e", on forms furnished by the director of
14 the department of management. Applications received
15 after March 1 shall be automatically ineligible for
16 consideration by the board.

17 b. Additional costs incurred by the county due to
18 any of the following circumstances shall be the basis
19 for justifying the excess in property tax dollars:

20 (1) Natural disaster or other life-threatening
21 emergencies.

22 (2) Unusual need for additional moneys to finance
23 existing programs which would provide substantial
24 benefit to county residents or compelling need to
25 finance new programs which would provide substantial
26 benefit to county residents.

27 (3) Need for additional moneys for health care,
28 treatment, and facilities, including mental health and
29 mental retardation care and treatment pursuant to
30 section 331.424, subsection 1, paragraphs "a" and "b".

31 (4) Judgments, settlements, and related costs
32 arising out of civil claims against the county and its
33 officers, employees, and agents, as defined in chapter
34 670.

35 c. The state appeal board shall approve,
36 disapprove, or reduce the amount of excess property
37 tax dollars requested. The board shall take into
38 account the intent of this section to provide property
39 tax relief. The decision of the board shall be
40 rendered at a regular or special meeting of the board
41 within twenty days of the board's receipt of an
42 appeal.

43 d. Within seven days of receipt of the decision of
44 the state appeal board, the county shall adopt and
45 certify its budget under section 331.434, which budget
46 may be protested as provided in section 331.436. The
47 budget shall not contain an amount of property tax
48 dollars in excess of the amount approved by the state
49 appeal board.

50 4. Rate adjustment by county auditor. In addition

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1 to the requirement of the county auditor in section
2 444.3 to establish a rate of tax which does not exceed
3 the rate authorized by law, the county auditor shall
4 also adjust the rate if the amount of property tax
5 dollars to be raised is in excess of the amount
6 specified in subsection 1, as may be adjusted pursuant
7 to subsection 3.

8 Sec. 56. Section 445.23, Code 1995, is amended to
9 read as follows:

10 445.23 STATEMENT OF TAXES DUE.

11 1. ~~Upon request,~~ The county treasurer shall
12 state in writing the full amount of taxes against a
13 parcel, all sales for unpaid taxes, and the amount
14 needed to redeem the parcel, if redeemable. If the
15 person requesting the statement is not the titleholder
16 of record or contract holder of record of the parcel,
17 that person shall pay a fee at the rate of two dollars
18 per parcel for each year for which information is
19 requested, and the money shall be deposited in the
20 county general fund.

21 2. The county treasurer shall include in a
22 prominent place on the tax statement the amount of
23 each of the following state tax credits that apply to
24 the parcel and amount by which each credit reduced the
25 taxes due on the parcel:

26 a. Homestead credit under chapter 425.

27 b. Military service credit under chapter 426A.

28 c. Extraordinary credit under chapter 425.

29 d. Mental health, mental retardation, and de-
30 velopmental disabilities property tax relief under
31 section 331.438A.

32 e. Farm tax credit under chapter 426.

33 Sec. 57. REPEAL. 1994 Iowa Acts, chapter 1163,
34 section 8, is repealed.

35 Sec. 58. INTERIM COMMITTEE CREATED. The
36 legislative council is requested to establish an
37 interim committee comprised of members of the general
38 assembly with the charge of developing a system to
39 regulate and contain county expenditures for mental
40 health, mental retardation, and developmental
41 disabilities and to develop a formula for distribution
42 of property tax relief moneys to counties under
43 section 331.438A, subsection 2. The committee should
44 be directed to report to the governor and the general
45 assembly prior to the 1996 legislative session.

46 Sec. 59. EFFECTIVE DATE. This division of this
47 Act, being deemed of immediate importance, takes
48 effect upon enactment."

49 2. Title page, by striking lines 1 through 4 and
50 inserting the following: "An Act relating to income

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- 1 tax relief, property tax relief, machinery and
- 2 equipment phase-in exemption, reimbursement, mental
- 3 health, and providing effective dates."

By COMMITTEE ON WAYS AND MEANS
HALVORSON of Clayton, Chairperson

H-3030 FILED FEBRUARY 6, 1995

(P. 645) *Adopted*
2/28/95

H-3121

1 Amend the amendment, H-3030, to Senate File 69, as
 2 passed by the Senate, as follows:
 3 1. Page 8, by inserting after line 16 the follow-
 4 ing:
 5 "Any electric power generating plant which operated
 6 during the preceding assessment year at a net capacity
 7 factor of more than twenty percent, shall not receive
 8 the benefits of this section. For purposes of this
 9 section, "electric power generating plant" means any
 10 name plate rated electric power generating plant, in
 11 which electric energy is produced from other forms of
 12 energy, including all taxable land, buildings, and
 13 equipment used in the production of such energy. "Net
 14 capacity factor" means net actual generation divided
 15 by the product of net maximum capacity times the
 16 number of hours the unit was in the active state
 17 during the assessment year. Upon commissioning, a
 18 unit is in the active state until it is de-
 19 commissioned. "Net actual generation" means net
 20 electrical megawatt hours produced by the unit during
 21 the preceding assessment year. "Net maximum capacity"
 22 means the capacity the unit can sustain over a
 23 specified period when not restricted by ambient
 24 conditions or equipment deratings, minus the losses
 25 associated with station service or auxiliary loads."
 By RANTS of Woodbury MERTZ of Kossuth
 GRUBBS of Scott MUNDIE of Webster

H-3121 FILED FEBRUARY 21, 1995

(p. 601) *Adopted 2/27/95*
 SENATE FILE 69

H-3120

1 Amend the amendment, H-3030, to Senate File 69, as
 2 passed by the Senate, as follows:
 3 1. By striking page 16, line 46, through page 18,
 4 line 45, and inserting the following:
 5 "Sec. 80. Section 426.1, Code 1995, is amended to
 6 read as follows:
 7 426.1 AGRICULTURAL LAND CREDIT FUND.
 8 There is created as a permanent fund in the office
 9 of the treasurer of state a fund to be known as the
 10 agricultural land credit fund, and for the purpose of
 11 establishing and maintaining this fund for each fiscal
 12 year there is appropriated thereto from funds in the
 13 general fund of the state not otherwise appropriated
 14 the sum of ~~thirty-nine~~ forty-nine million ~~one~~ three
 15 hundred thousand dollars ~~of which the first ten~~
 16 ~~million dollars shall be transferred to and deposited~~
 17 ~~into the family farm tax credit fund created in~~
 18 ~~section 425A.1.~~ Any balance in ~~said~~ the fund on June
 19 30 shall revert to the general fund of the state."
 20 2. Page 19, line 12, by striking the word and
 21 figure "and 37" and inserting the following: "80, 37,
 22 and 38".
 23 3. Page 19, by striking lines 15, 16, and 17.
 By GRUBBS of Scott

H-3120 FILED FEBRUARY 21, 1995

(p. 616)

WITHDRAWN

2/28/95

H-3163

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate, as follows:

3 1. Page 25, by striking lines 15 through 26 and
4 inserting the following:

5 "2. The department of human services shall
6 determine each county's proportion of the state's
7 general population. In each fiscal year, a county
8 shall receive for property tax relief the proportion
9 of the moneys appropriated to the property tax relief
10 fund for that fiscal year equivalent to that county's
11 proportion of the state's general population.
12 However, moneys provided to a county for property tax
13 relief in a fiscal year in accordance with this
14 section shall not be less than the amount provided to
15 the county for property tax relief in the previous
16 fiscal year."

By VAN FOSSEN of Scott
MILLAGE OF Scott
MARTIN of Scott

GRUBBS of Scott
HARRISON of Scott
KLEMME of Plymouth

H-3163 FILED FEBRUARY 22, 1995

Lost 2/28/95
(P. 618)

SENATE FILE 69

H-3196

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate, as follows:
3 1. Page 9, line 14, by striking the word "after"
4 and inserting the following: "following".
5 2. Page 9, by striking lines 33 through 36 and
6 inserting the following: "for the applicable
7 assessment year. If the certificates issued, or other
8 funding obligations incurred, between January 1, 1982,
9 and June 30, 1995, are refinanced or refunded after
10 June 30, 1995, the valuation of such property shall
11 then be the valuation specified in subsection 1 for
12 the applicable assessment year beginning with the
13 assessment year following the calendar year in which
14 those certificates or other funding obligations are
15 refinanced or refunded after June 30, 1995."
16 3. Page 12, by striking lines 15 through 37 and
17 inserting the following:
18 "If for any reason an appropriation specified in
19 section 427B.19B is not made or the appropriation made
20 is less than that specified in section 427B.19B for
21 the applicable fiscal year, the director of revenue
22 and finance shall compute for each county the
23 difference between the total of all replacement claims
24 for taxing districts within the county and the amount
25 paid to the county treasurer for disbursement to the
26 taxing districts in the county. The department shall
27 divide that difference by the consolidated tax levy
28 rate in each county computed for the fiscal year in
29 which the specified appropriation should have been
30 made and shall certify the amount of taxable value
31 necessary to raise the difference at that tax rate.
32 The department shall notify the local assessor of such
33 amount of taxable value. The assessor, for the
34 assessment year beginning January 1 preceding the
35 fiscal year for which the specified appropriation was
36 not made, shall reassess all taxable property
37 described in section 427B.17 in the county at a
38 percentage of net acquisition cost which will yield
39 such taxable value and the property shall be assessed
40 and taxed in such manner for taxes due and payable in
41 the following fiscal year in addition to being
42 assessed and taxed in the applicable manner under
43 section 427B.17. Property tax dollar amounts
44 certified pursuant to this section shall not be
45 considered property tax dollars certified for purposes
46 of the property tax limitation in chapter 444."

By HALVORSON of Clayton

H-3196 FILED FEBRUARY 23, 1995

(P. 602) adopted
2/27/95

SENATE FILE 69

H-3194

1 Amend the amendment, H-3030, to Senate File 69 as
2 follows:

3 1. By striking page 17, line 11, through page 18,
4 line 45, and inserting the following:

5 "Sec. 133. Section 426.3, Code 1995, is amended to
6 read as follows:

7 426.3 WHERE CREDIT GIVEN.

8 The ~~agricultural-land~~ farm tax credit fund shall be
9 apportioned each year in the manner hereinafter
10 provided so as to give a credit against the tax on
11 each tract of agricultural lands within the several
12 school districts of the state in which the levy for
13 the general school fund exceeds five dollars and forty
14 cents per thousand dollars of assessed value--the.
15 The amount of ~~such~~ the credit on each tract of ~~such~~
16 lands shall be a percentage of the amount the tax
17 levied for the general school fund exceeds the amount
18 of tax which would be levied on ~~said~~ the tract of ~~such~~
19 lands were the levy for the general school fund five
20 dollars and forty cents per thousand dollars of
21 assessed value for the previous year, except in the
22 case of a deficiency in the ~~agricultural-land-credits~~
23 farm tax credit fund to pay ~~said~~ the credits in full,
24 in which case the credit on each eligible tract of
25 ~~such~~ lands in the state shall be proportionate and
26 shall be applied as hereinafter provided.

27 Sec. 134. Section 426.6, Code 1995, is amended to
28 read as follows:

29 426.6 COMPUTATION BY AUDITOR -- APPEAL.

30 The ~~agricultural-land~~ farm tax credit allowed each
31 year shall be computed as follows: On or before the
32 first of June the county auditor shall list by school
33 districts all tracts of agricultural lands which they
34 are entitled to credit, together with the taxable
35 value for the previous year, together with the budget
36 from each school district for the previous year, and
37 the tax rate determined for the general fund of the
38 district in the manner prescribed in section 444.3 for
39 the previous year, and if such tax rate is in excess
40 of five dollars and forty cents per thousand dollars
41 of assessed value, the auditor shall multiply the tax
42 levy which is in excess of five dollars and forty
43 cents per thousand dollars of assessed value by the
44 total taxable value of the agricultural lands entitled
45 to credit in the district, and multiply this amount by
46 the applicable fiscal year percentage and on or before
47 the first of June certify the this last amount to the
48 department of revenue and finance.

49 For purposes of this chapter, the "applicable
50 fiscal year percentage" means for the fiscal year

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1 beginning July 1, 1996, the amount equal to the
2 appropriation made in section 426.1 for the fiscal
3 year beginning July 1, 1996, divided by the amount of
4 credits certified under this section to the department
5 of revenue and finance for the fiscal year beginning
6 July 1, 1995. For succeeding fiscal years, the
7 applicable fiscal year percentage equals the
8 appropriation for that fiscal year divided by the
9 amount of credits certified under this section to the
10 department of revenue and finance for the previous
11 fiscal year times the applicable fiscal year
12 percentage calculated under this paragraph for the
13 previous fiscal year.

14 In the event the county auditor denies a credit
15 upon any such lands, the auditor shall immediately
16 mail to the owner at the owner's last known address
17 notice of the decision thereon. The owner may, within
18 thirty days thereafter, appeal to the board of
19 supervisors of the county wherein the land involved is
20 situated by serving notice of said appeal upon the
21 chairperson of said the board. The board shall hear
22 such the appeal promptly and shall determine anew all
23 questions involved in said the appeal and shall within
24 ten days after such the hearing, mail to the owner at
25 the owner's last known address, notice of its
26 decision. In the event of disallowance the owner may,
27 within ten days from the date such notice is mailed,
28 appeal such the disallowance by the board of
29 supervisors to the district court of that county by
30 serving written notice of appeal on the county
31 auditor. The appeal shall be tried de novo and may be
32 heard in term time or vacation. The decision of the
33 district court thereon shall be final.

34 Sec. 135. Section 426.7, Code 1995, is amended to
35 read as follows:

36 426.7 WARRANTS DRAWN BY DIRECTOR.

37 After receiving from the county auditors the
38 certifications provided for in section 426.6, and
39 during the following fiscal year, the director of
40 revenue and finance shall draw warrants on the
41 ~~agricultural-land-credits~~ farm tax credit fund created
42 in section 426.1, payable to the county treasurers in
43 the amount certified by the county auditors of the
44 respective counties and mail the warrants to the
45 county auditors on August 15 of each year taking into
46 consideration the relative budget and cash position of
47 the state resources. However, if the ~~agricultural~~
48 ~~land-credits~~ farm tax credit fund is insufficient to
49 pay in full the total of the amounts certified to the
50 director of revenue and finance, the director shall

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1 prorate the fund to the county treasurers and notify
2 the county auditors of the pro rata percentage on or
3 before ~~August~~ July 1."

4 2. Page 18, line 48, by inserting after the
5 letter "h." the following: "(1)".

6 3. Page 19, line 3, by striking the words "two
7 hundred" and inserting the following: "one hundred
8 fifty".

9 4. Page 19, line 4, by inserting after the word
10 "land" the following: "as provided in subparagraph
11 (2)".

12 5. Page 19, by inserting after line 7 the
13 following:

14 "(2) An owner of agricultural structures shall not
15 file a claim for or be granted more than one
16 hundred fifty thousand dollar exclusion under
17 subparagraph (1) for more than one parcel in the
18 state. For purposes of determining if a claim is
19 filed for more than one parcel and computing the
20 amount of a claim, agricultural structures are
21 considered owned by the same person, if in the case
22 where the owner is an individual, the individual owns
23 or controls an entity that owns other agricultural
24 structures in the state, or if in the case where the
25 owner is an entity, a person which owns or controls
26 the entity owns or controls another entity that owns
27 other agricultural structures in the state. Entities
28 are owned or controlled by the same person if the same
29 person directly or indirectly owns or controls more
30 than fifty percent of the assets or any class of stock
31 or who directly or indirectly has an interest of more
32 than fifty percent in the ownership or profits.

33 (3) An owner shall file a claim for the exclusion
34 under subparagraph (1) by February 15 of the
35 assessment year for only one parcel. The assessor
36 shall notify the owner of the acceptance of the
37 owner's claim by March 15. An owner denied a claim or
38 had the amount of a claim reduced may appeal the
39 assessor's decision in the same manner as provided for
40 the appeal of the denial of the farm tax credit under
41 section 426.6. Upon the filing and allowance of the
42 claim, the claim shall be allowed on that parcel for
43 successive years without further filing as long as the
44 property is legally or equitably owned by that person.
45 If ownership of the structure changes, the owner
46 wishes to file a claim for another parcel, or the
47 value significantly exceeds the exclusion amount as a
48 result of added improvements or new construction, the
49 owner must notify the assessor and refile a claim with
50 the appropriate assessor.

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1 (4) If an allowed claim is subsequently disallowed
 2 or the owner fails to notify the assessor as required
 3 in subparagraph (3), the person shall be subject to a
 4 civil penalty equal to the amount of property tax that
 5 would have been due but for the exclusion, plus fifty
 6 percent of such amount, and interest as provided in
 7 section 445.39. Such person shall also no longer be
 8 eligible to receive the exclusion under subparagraph
 9 (1)."
 10 6. Page 19, line 15, by striking the figures "33,
 11 34, 35," and inserting the following: "133, 134,
 12 135,".

By HALVORSON of Clayton

H-3194 FILED FEBRUARY 23, 1995

(p. 616) Adopted 2-28-95

SENATE FILE 69

H-3195

1 Amend the amendment, H-3030, to Senate File 69 as
 2 passed by the Senate, as follows:
 3 1. Page 13, line 9, by inserting after the figure
 4 "1." the following: "a."
 5 2. Page 13, line 17, by inserting after the word
 6 "dollars" the following: "of which eight million
 7 eight hundred thousand dollars shall be allocated as
 8 provided in paragraph "b"".
 9 3. Page 13, by inserting after line 17 the
 10 following:
 11 "b. Beginning with the fiscal year beginning July
 12 1, 1995, of the appropriations made in paragraph "a",
 13 eight million eight hundred thousand dollars for each
 14 fiscal year shall be allocated with sixty percent to
 15 be allocated to cities and forty percent to counties
 16 from which the franchise taxes were collected under
 17 chapter 422, division V. The amount to each city or
 18 county shall be based upon the amount of tax the
 19 financial institution located in the city or county
 20 pays in franchise tax. If the financial institution
 21 maintains one or more offices for the transaction of
 22 business, other than its principal office, a portion
 23 of its franchise tax shall be allocated to each
 24 office, based upon a reasonable measure of the
 25 business activity of each office. The director of
 26 revenue and finance shall prescribe, for each type of
 27 financial institution, a method of measuring the
 28 business activity of each office. Financial
 29 institutions shall furnish all necessary information
 30 for this purpose at the request of the director."

By HALVORSON of Clayton

H-3195 FILED FEBRUARY 23, 1995

(p. 612) ADOPTED
2/28/95

SENATE FILE 69

H-3192

1 Amend the amendment, H-3030, to Senate File 69, as
 2 passed by the Senate as follows:
 3 1. Page 6, by striking lines 5 through 25.
 4 2. Page 7, by striking lines 9 through 20 and
 5 inserting the following:
 6 "b. A resident's income allocable to Iowa is the
 7 income determined under section 422.7 reduced by items
 8 of income and expenses from a subchapter S corporation
 9 which pass directly to the shareholders under
 10 provisions of the Internal Revenue Code and increased
 11 by the greater of the following:
 12 (1) The net income or loss of the corporation
 13 which is fairly and equitably attributable to this
 14 state under section 422.33, subsections 2 and 3.
 15 (2) The taxpayer's pro rata share of an amount
 16 deemed distributed to shareholders which when added to
 17 the salaries, wages, or other compensation for
 18 services performed by all shareholders will equal ten
 19 percent of the net income of the corporation computed
 20 in accordance with section 422.35 and considering
 21 items of income and expense which pass directly to the
 22 shareholders under provisions of the Internal Revenue
 23 Code before deduction of shareholder's salaries,
 24 wages, or other compensation for services performed.
 25 (3) Any cash or the value of any property
 26 distributions made to the extent they are paid from
 27 income upon which Iowa income tax has not been paid as
 28 determined under rules of the director."

By HALVORSON of Clayton

H-3192 FILED FEBRUARY 23, 1995

(p.599) Adopted 2/27/95

SENATE FILE 69

H-3193

1 Amend the amendment, H-3030, to Senate File 69, as
 2 passed by the Senate, as follows:
 3 1. Page 13, by striking lines 30, 31, and 32 and
 4 inserting the following: "credited to the homestead
 5 credit fund, an amount ~~sufficient to implement this~~
 6 ~~chapter~~ equal to one million dollars more than was
 7 appropriated for the fiscal year beginning July 1,
 8 1994."

By HALVORSON of Clayton

H-3193 FILED FEBRUARY 23, 1995

(p.612) ADOPTED
2/28/95

SENATE FILE 69

H-3197

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate, as follows:

3 1. By striking page 19, line 21, through page 38,
4 line 3, and inserting the following:

5 "DIVISION V

6 MENTAL HEALTH PROPERTY TAX RELIEF -- LIMITATION

7 Sec. 100. Section 123.38, unnumbered paragraph 2,
8 Code 1995, is amended to read as follows:

9 Any licensee or permittee, or the licensee's or
10 permittee's executor or administrator, or any person
11 duly appointed by the court to take charge of and
12 administer the property or assets of the licensee or
13 permittee for the benefit of the licensee's or
14 permittee's creditors, may voluntarily surrender a
15 license or permit to the division. When a license or
16 permit is surrendered the division shall notify the
17 local authority, and the division or the local
18 authority shall refund to the person surrendering the
19 license or permit, a proportionate amount of the fee
20 received by the division or the local authority for
21 the license or permit as follows: If a license or
22 permit is surrendered during the first three months of
23 the period for which it was issued, the refund shall
24 be three-fourths of the amount of the fee; if
25 surrendered more than three months but not more than
26 six months after issuance, the refund shall be one-
27 half of the amount of the fee; if surrendered more
28 than six months but not more than nine months after
29 issuance, the refund shall be one-fourth of the amount
30 of the fee. No refund shall be made, however, for any
31 special liquor permit, nor for a liquor control
32 license, wine permit, or beer permit surrendered more
33 than nine months after issuance. For purposes of this
34 paragraph, any portion of license or permit fees used
35 for the purposes authorized in section 331.424,
36 subsection 1, paragraphs "a" and "b" ~~"e"~~ ~~"d"~~ ~~"e"~~
37 ~~"f"~~ ~~"g"~~ ~~and "h"~~, and in section 331.438A, shall not
38 be deemed received either by the division or by a
39 local authority. No refund shall be made to any
40 licensee or permittee, upon the surrender of the
41 license or permit, if there is at the time of
42 surrender, a complaint filed with the division or
43 local authority, charging the licensee or permittee
44 with a violation of this chapter. If upon a hearing
45 on a complaint the license or permit is not revoked or
46 suspended, then the licensee or permittee is eligible,
47 upon surrender of the license or permit, to receive a
48 refund as provided in this section; but if the license
49 or permit is revoked or suspended upon hearing the
50 licensee or permittee is not eligible for the refund

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1 of any portion of the license or permit fee.

2 Sec. 101. Section 218.99, Code 1995, is amended to
3 read as follows:

4 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
5 PERSONAL ACCOUNTS.

6 The administrator of a division of the department
7 of human services in control of a state institution
8 shall direct the business manager of each institution
9 under the administrator's jurisdiction which is
10 mentioned in section 331.424, subsection 1, paragraphs
11 "a" through-"g" and "b" and for which services are
12 paid under section 331.438A to quarterly inform the
13 auditor of the county of legal settlement of any
14 patient or resident who has an amount in excess of two
15 hundred dollars on account in the patients' personal
16 deposit fund and the amount on deposit. The
17 administrators shall direct the business manager to
18 further notify the auditor of the county at least
19 fifteen days before the release of funds in excess of
20 two hundred dollars or upon the death of the patient
21 or resident. If the patient or resident has no county
22 of legal settlement, notice shall be made to the
23 director of the department of human services and the
24 administrator of the division of the department in
25 control of the institution involved.

26 Sec. 102. Section 222.60, Code 1995, is amended to
27 read as follows:

28 222.60 COSTS PAID BY COUNTY OR STATE.

29 All necessary and legal expenses for the cost of
30 admission or commitment or for the treatment,
31 training, instruction, care, habilitation, support and
32 transportation of patients, as provided for in the
33 county management plan provisions implemented pursuant
34 to section 331.439, subsection 1, in a state hospital-
35 school for the-mentally-retarded persons with mental
36 retardation, or in a special unit, or any public or
37 private facility within or without the state, approved
38 by the director of the department of human services,
39 shall be paid by either:

40 1. The county in which such-person the patient has
41 legal settlement as defined in section 252.16.

42 2. The state when such-person the patient has no
43 legal settlement or when such legal settlement is
44 unknown.

45 Sec. 103. Section 225C.4, subsection 2, paragraph
46 b, Code 1995, is amended to read as follows:

47 b. Establish mental health and mental retardation
48 services for all institutions under the control of the
49 director of human services and establish an autism
50 unit, following mutual planning with and consultation

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1 from the medical director of the state psychiatric
2 hospital, at an institution or a facility administered
3 by the administrator to provide psychiatric and
4 related services and other specific programs to meet
5 the needs of autistic persons ~~as defined in section~~
6 ~~331.424, subsection 1~~, and to furnish appropriate
7 diagnostic evaluation services.

8 Sec. 104. Section 331.301, subsection 12, Code
9 1995, is amended to read as follows:

10 12. The board of supervisors may credit funds to a
11 reserve for the purposes authorized by subsection 11
12 of this section; section 331.424, subsection 1,
13 paragraph "f"; and section 331.441, subsection 2,
14 paragraph "b". Moneys credited to the reserve, and
15 interest earned on such moneys, shall remain in the
16 reserve until expended for purposes authorized by
17 subsection 11 of this section; section 331.424,
18 subsection 1, paragraph "f"; or section 331.441,
19 subsection 2, paragraph "b".

20 Sec. 105. Section 331.424, subsection 1, Code
21 1995, is amended to read as follows:

22 1. For general county services, an amount
23 sufficient to pay the charges for the following:

24 a. To the extent that the county is obligated by
25 statute to pay the charges for:

26 ~~(1) Care and treatment of patients by a state~~
27 ~~mental health institute.~~

28 ~~---(2) Care and treatment of patients by either of~~
29 ~~the state hospital schools or by any other facility~~
30 ~~established under chapter 222 and diagnostic~~
31 ~~evaluation under section 222.31.~~

32 ~~---(3) Care and treatment of patients under chapter~~
33 ~~225.~~

34 ~~(4) (1) Care and treatment of persons at the~~
35 ~~alcoholic treatment center at Oakdale. However, the~~
36 ~~county may require that an admission to the center~~
37 ~~shall be reported to the board by the center within~~
38 ~~five days as a condition of the payment of county~~
39 ~~funds for that admission.~~

40 ~~(5) (2) Care of children admitted or committed to~~
41 ~~the Iowa juvenile home at Toledo.~~

42 ~~(6) (3) Clothing, transportation, medical, or~~
43 ~~other services provided persons attending the Iowa~~
44 ~~braille and sight saving school, the Iowa school for~~
45 ~~the deaf, or the state hospital-school for severely~~
46 ~~handicapped children at Iowa City, for which the~~
47 ~~county becomes obligated to pay pursuant to sections~~
48 ~~263.12, 269.2, and 270.4 through 270.7.~~

49 ~~b. To the extent that the board deems it advisable~~
50 ~~to pay, the charges for professional evaluation,~~

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1 treatment, training, habilitation, and care of persons
2 who are mentally retarded, autistic persons, or
3 persons who are afflicted by any other developmental
4 disability, at a suitable public or private facility
5 providing inpatient or outpatient care in the county.
6 As used in this paragraph:
7 --- (1) --- "Developmental disability" has the meaning
8 assigned that term by 42 U.S.C. sec. 6001(7) (1976),
9 Supp. II, 1978, and Supp. III, 1979.
10 --- (2) --- "Autistic persons" means persons, regardless
11 of age, with severe communication and behavior
12 disorders that became manifest during the early stages
13 of childhood development and that are characterized by
14 a severely disabling inability to understand,
15 communicate, learn, and participate in social
16 relationships. --- "Autistic persons" includes but is not
17 limited to those persons afflicted by infantile
18 autism, profound aphasia, and childhood psychosis.
19 --- c. --- Care and treatment of persons placed in the
20 county hospital, county care facility, a health care
21 facility as defined in section 135C.1, subsection 6,
22 or any other public or private facility, which
23 placement is in lieu of admission or commitment to or
24 is upon discharge, removal, or transfer from a state
25 mental health institute, hospital school, or other
26 facility established pursuant to chapter 222.
27 --- d. --- Amounts budgeted by the board for the cost of
28 establishment and initial operation of a community
29 mental health center in the manner and subject to the
30 limitations provided by state law.
31 --- e. b. Foster care and related services provided
32 under court order to a child who is under the
33 jurisdiction of the juvenile court, including court-
34 ordered costs for a guardian ad litem under section
35 232.71.
36 f. --- The care, admission, commitment, and
37 transportation of mentally ill patients in state
38 hospitals, to the extent that expenses for these
39 services are required to be paid by the county,
40 including compensation for the advocate appointed
41 under section 229.19.
42 --- g. --- Amounts budgeted by the board for mental health
43 services or mental retardation services furnished to
44 persons on either an outpatient or inpatient basis, to
45 a school or other public agency, or to the community
46 at large, by a community mental health center or other
47 suitable facility located in or reasonably near the
48 county, provided that services meet the standards of
49 the mental health and developmental disabilities
50 commission created in section 225C.5 and are

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1 ~~consistent with the annual plan for services approved~~
2 ~~by the board.~~
3 ~~---h---Reimbursement on behalf of mentally retarded~~
4 ~~persons under section 249A.12.~~
5 ~~i. c.~~ Elections, and voter registration pursuant
6 to chapter 48A.
7 ~~j. d.~~ Employee benefits under chapters 96, 97B,
8 and 97C, which are associated with salaries for
9 general county services.
10 ~~k. e.~~ Joint county and city building authorities
11 established under section 346.27, as provided in
12 subsection 22 of that section.
13 ~~l. f.~~ Tort liability insurance, property
14 insurance, and any other insurance that may be
15 necessary in the operation of the county, costs of a
16 self-insurance program, costs of a local government
17 risk pool, and amounts payable under any insurance
18 agreements to provide or procure such insurance, self-
19 insurance program, or local government risk pool.
20 ~~m. g.~~ The maintenance and operation of the courts,
21 including but not limited to the salary and expenses
22 of the clerk of the district court and other employees
23 of the clerk's office, and bailiffs, court costs if
24 the prosecution fails or if the costs cannot be
25 collected from the person liable, costs and expenses
26 of prosecution under section 189A.17, salaries and
27 expenses of juvenile court officers under chapter 602,
28 court-ordered costs in domestic abuse cases under
29 section 236.5, the county's expense for confinement of
30 prisoners under chapter 356A, temporary assistance to
31 the county attorney, county contributions to a
32 retirement system for bailiffs, reimbursement for
33 judicial magistrates under section 602.6501, claims
34 filed under section 622.93, interpreters' fees under
35 section 622B.7, uniform citation and complaint
36 supplies under section 805.6, and costs of prosecution
37 under section 815.13.
38 ~~n. h.~~ Court-ordered costs of conciliation
39 procedures under section 598.16.
40 ~~o. i.~~ Establishment and maintenance of a joint
41 county indigent defense fund pursuant to an agreement
42 under section 28E.19.
43 ~~p. j.~~ The maintenance and operation of a local
44 emergency management agency established pursuant to
45 chapter 29C.
46 The board may require a public or private facility,
47 as a condition of receiving payment from county funds
48 for services it has provided, to furnish the board
49 with a statement of the income, assets, and legal
50 residence including township and county of each person

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1 who has received services from that facility for which
2 payment has been made from county funds under
3 paragraphs "a" through "h" and "b". However, the
4 facility shall not disclose to anyone the name or
5 street or route address of a person receiving services
6 for which commitment is not required, without first
7 obtaining that person's written permission.

8 Parents or other persons may voluntarily reimburse
9 the county or state for the reasonable cost of caring
10 for a patient or an inmate in a county or state
11 facility.

12 Sec. 106. Section 331.424, Code 1995, is amended
13 by adding the following new subsection:

14 NEW SUBSECTION. 1A. The maximum amount of
15 property tax dollars which may be certified by a
16 county for taxes levied under subsection 1 and payable
17 in the fiscal year beginning July 1, 1996, and
18 succeeding fiscal years shall not exceed the amount of
19 property tax dollars certified by the county for taxes
20 payable in the fiscal year beginning July 1, 1995,
21 minus an adjustment for the amounts levied by the
22 county under subsection 1 for mental health, mental
23 retardation, and developmental disabilities services
24 in the fiscal year beginning July 1, 1995. The
25 adjustment and maximum amount which may be levied by
26 the county shall be determined by the county auditor,
27 subject to the approval of the department of
28 management. A county which disagrees with the
29 adjustment and maximum amount proposed for the county
30 by the department of management may appeal the
31 determination to the state appeal board created in
32 section 24.26 which shall make a final determination.

33 Sec. 107. Section 331.426, subsection 1, Code
34 1995, is amended by adding the following new
35 paragraph:

36 NEW PARAGRAPH. h. An unusual need for a service
37 or cost paid from levies under section 331.424,
38 subsection 1, which would cause the total expenditures
39 of services and costs paid from those levies to exceed
40 the maximum levies authorized under section 331.424,
41 subsection 1A.

42 Sec. 108. Section 331.438, subsection 1, paragraph
43 b, Code 1995, is amended to read as follows:

44 b. "State payment" means the payment made by the
45 state under section 331.438A to a county determined to
46 be eligible for the payment in accordance with section
47 331.439. ~~Except-as-modified-based-upon-the-actual~~
48 ~~amount-of-the-appropriation-for-purposes-of-state~~
49 ~~payment-under-section-331.439,-the-amount-of-the-state~~
50 ~~payment-for-a-fiscal-year-shall-be-calculated-as-fifty~~

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~~1 percent-of-the-amount-by-which-the-county's-qualified~~
~~2 expenditures-during-the-immediately-preceding-fiscal~~
~~3 year-were-in-excess-of-the-amount-of-the-county's-base~~
~~4 year-expenditures-~~

5 Sec. 109. Section 331.438, Code 1995, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 1A. The state of Iowa shall

8 provide funding to counties for the costs of mental
9 health and mental retardation services so that over
10 the five-year period beginning July 1, 1995, and
11 ending June 30, 2000, the relative shares of the state
12 and counties for these expenditures shall become
13 either equal or greater for the state.

14 Sec. 110. Section 331.438, subsection 3, paragraph
15 c, Code 1995, is amended by adding the following new
16 subparagraph:

17 NEW SUBPARAGRAPH. (15) Consider tort and other
18 liability issues associated with a county managing
19 mental health, mental retardation, and developmental
20 disabilities services in accordance with a fixed
21 budget and make recommendations to address the issues.

22 Sec. 111. NEW SECTION. 331.438A STATE AND COUNTY
23 EXPENDITURES FOR MENTAL HEALTH, MENTAL RETARDATION,
24 AND DEVELOPMENTAL DISABILITIES ASSISTANCE -- FUND
25 CREATED.

26 1. The mental health, mental retardation, and
27 developmental disabilities property tax relief fund is
28 created in the office of the treasurer of state under
29 the authority of the department of revenue and
30 finance. The relief fund shall consist of moneys
31 appropriated to the fund and the amount of allocations
32 from the fund for property tax relief pursuant to
33 subsection 2 and for the adjustment factor pursuant to
34 subsection 5 shall be as specified in law by the
35 general assembly. There is appropriated to the mental
36 health, mental retardation, and developmental
37 disabilities property tax relief fund for the
38 indicated fiscal years from the general fund of the
39 state the following amounts:

40 a. For the fiscal year beginning July 1, 1995,
41 sixteen million dollars of which ten million dollars
42 is allocated to counties for property tax relief in
43 accordance with subsection 2 and six million dollars
44 is allocated to counties as the adjustment factor
45 pursuant to subsection 5.

46 b. For the fiscal year beginning July 1, 1996,
47 thirty million dollars.

48 c. For the fiscal year beginning July 1, 1997,
49 forty-seven million dollars.

50 d. For the fiscal year beginning July 1, 1998,

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1 sixty-four million dollars.

2 e. For the fiscal year beginning July 1, 1999, and
3 succeeding fiscal years, eighty-one million dollars.

4 2. In each fiscal year, a county shall receive for
5 property tax relief the county's proportion of the
6 moneys in the relief fund allocated for property tax
7 relief. A county's proportion of the moneys shall be
8 equivalent to the sum of the following three factors:

9 a. One-third based upon the county's proportion of
10 the state's general population.

11 b. One-third based upon the county's proportion of
12 the state's total taxable property valuation assessed
13 for taxes payable in the previous fiscal year.

14 c. One-third based upon the county's proportion of
15 all counties' base year expenditures, as defined in
16 section 331.438.

17 3. The department of human services shall notify
18 the department of revenue and finance of the amount
19 due each county and the director of revenue and
20 finance shall draw warrants on the relief fund,
21 payable quarterly to the county treasurer in the
22 amount due a county in accordance with subsection 2,
23 and mail the warrants to county auditors by September
24 1, December 1, March 1, and June 1 of each year.

25 4. Before June 1, 1995, the director of human
26 services shall notify the county auditor of each
27 county of the amount of moneys the county will receive
28 from the relief fund for property tax relief pursuant
29 to subsection 2 in the succeeding fiscal year. For
30 the fiscal year beginning July 1, 1995, the department
31 of management shall reduce the amount of the county's
32 certified budget to be raised by property tax, for
33 that fiscal year by an amount equal to the amount the
34 county will receive from the relief fund for property
35 tax relief pursuant to subsection 2 and the department
36 of management shall determine the rate of taxation
37 necessary to raise the reduced amount. For subsequent
38 fiscal years, the levy for the mental health, mental
39 retardation, and developmental disabilities fund shall
40 be reduced by the county auditor and the board of
41 supervisors in the manner specified in section
42 331.424A.

43 5. In addition to moneys received by a county for
44 a fiscal year pursuant to subsection 2, the county may
45 be paid an adjustment factor payment for services
46 provided in accordance with the county's management
47 plan implemented pursuant to section 331.439 and paid
48 for from the county's services fund under section
49 331.424A. The amount of the adjustment factor payment
50 to a county is subject to the amount appropriated for

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1 this purpose and shall be paid as provided by the
2 general assembly for that fiscal year.

3 6. The department of human services, in
4 consultation with the state-county management
5 committee, shall prescribe forms and adopt rules
6 pursuant to chapter 17A to administer this section.

7 Sec. 112. Section 331.439, Code 1995, is amended
8 by striking the section and inserting in lieu thereof
9 the following:

10 331.439 ELIGIBILITY FOR STATE PAYMENT.

11 1. The state payment to eligible counties under
12 this section shall be made as provided in section
13 331.438A. A county is eligible for the state payment,
14 as defined in section 331.438, for the fiscal year
15 beginning July 1, 1995, and for subsequent fiscal
16 years if the director of human services determines for
17 a specific fiscal year that all of the following
18 conditions are met:

19 a. The county accurately reported by October 15
20 the county's expenditures for mental health, mental
21 retardation, and developmental disabilities services
22 for the previous fiscal year on forms prescribed by
23 the department of human services.

24 b. The county developed and implemented a county
25 management plan for the county's mental health, mental
26 retardation, and developmental disabilities services
27 in accordance with the provisions of this paragraph.
28 The plan shall comply with the administrative rules
29 adopted for this purpose by the council on human
30 services and is subject to the approval of the
31 director of human services in consultation with the
32 state-county management committee created in section
33 331.438. The plan shall include a description of the
34 county's service management provision for mental
35 health, mental retardation, and developmental
36 disabilities services. The plan shall have the
37 following two parts:

38 (1) For mental health service management, the
39 county must contract with a state-approved managed
40 mental health care contractor or provide a comparable
41 system of managed care. For the fiscal year beginning
42 July 1, 1995, this part of the plan shall be submitted
43 by October 15, 1995, and the county shall implement
44 the approved plan by January 1, 1996. For subsequent
45 fiscal years, this part of the plan shall be submitted
46 to the department by April 1 for the succeeding fiscal
47 year.

48 (2) For mental retardation and developmental
49 disabilities services management, the county must
50 contract with a state-approved managed care contractor

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1 or develop and implement a managed system of care
2 which addresses a full array of appropriate services
3 and cost-effective delivery of services. The managed
4 system of care shall incorporate a single entry point
5 process developed in accordance with the provisions of
6 section 331.440. The elements of the managed system
7 of care shall be specified in rules developed by the
8 department in consultation with the state-county
9 management committee and adopted by the council on
10 human services. The county shall implement either the
11 state-approved contract or implement a comparable
12 system of care within six months of the date by which
13 the department approves a managed care contractor. In
14 fiscal years succeeding the fiscal year of initial
15 implementation this part of the plan shall be
16 submitted to the department of human services by April
17 1 for the succeeding fiscal year.

18 c. Changes to the approved plan are submitted
19 sixty days prior to the proposed change and are not to
20 be implemented prior to the director of human
21 services' approval.

22 _____. The county management plan shall address the
23 county's criteria for serving persons with chronic
24 mental illness, including any rationale used for
25 decision making regarding this population.

26 _____. If funding is available under the fixed
27 budget, a county that has not provided services to a
28 service population which is not included in the
29 service management provisions required under
30 subsection 1, may provide such services.

31 3. For the fiscal year beginning July 1, 1996, and
32 succeeding fiscal years, implementation of the county
33 management plan is subject to a fixed budget
34 consisting of the moneys deposited by the state and
35 county in the county mental health, mental
36 retardation, and developmental disabilities services
37 fund created in section 331.424A. The amount of the
38 fixed budget shall be the amount specified for the
39 fiscal year in the county's management plan and
40 budgeted for such services.

41 _____. A county shall implement the county's
42 management plan in a manner so as to provide adequate
43 funding for the entire fiscal year by budgeting for
44 ninety-nine percent of the funding anticipated to be
45 available for the plan.

46 4. A county's implementation of the service
47 management provisions required under subsection 1 for
48 mental health, mental retardation, and developmental
49 disabilities shall incorporate the single entry point
50 process described in section 331.440.

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1 5. The basis for determining whether a managed
2 care system for mental health proposed by a county is
3 comparable to a managed care contractor approved by
4 the department of human services shall include but is
5 not limited to all of the following elements which
6 shall be specified in administrative rules adopted by
7 the department in consultation with the state-county
8 management committee:

- 9 a. The enrollment and eligibility process.
- 10 b. The scope of services included.
- 11 c. The method of plan administration.
- 12 d. The process for managing utilization and access
13 to services and other assistance.
- 14 e. The quality assurance process.
- 15 f. The risk management provisions and fiscal
16 viability of the provisions.

17 6. The director's approval of a county's mental
18 health, mental retardation, and developmental
19 disabilities services management plan shall not be
20 construed to constitute certification of the county's
21 budget.

22 Sec. 113. Section 331.440, subsection 1, Code
23 1995, is amended by adding the following new
24 paragraph:

25 NEW PARAGRAPH. c. The single entry point process
26 shall include provision for the county's participation
27 in a management information system developed in
28 accordance with rules adopted pursuant to subsection
29 3.

30 Sec. 114. NEW SECTION. 331.424A MENTAL HEALTH,
31 MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES
32 SERVICES FUND.

33 1. For the purposes of this chapter, unless the
34 context otherwise requires, "services fund" means the
35 county mental health, mental retardation, and
36 developmental disabilities services fund created in
37 subsection 2.

38 2. For the fiscal year beginning July 1, 1996, and
39 succeeding fiscal years, county revenues from taxes
40 and other sources designated for mental health, mental
41 retardation, and developmental disabilities services
42 shall be credited to the mental health, mental
43 retardation, and developmental disabilities services
44 fund of the county. The board shall make
45 appropriations from the fund for payment of services
46 provided under the county management plan approved
47 pursuant to section 331.439.

48 3. For the fiscal year beginning July 1, 1996, and
49 succeeding fiscal years, receipts from the state or
50 federal government for such services shall be credited

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1 to the services fund, including but not limited to
2 moneys received by a county under section 331.438A.
3 4. For the fiscal year beginning July 1, 1996, and
4 for each subsequent fiscal year, the county may
5 certify a levy for payment of services. Unless
6 otherwise provided by state law, for each fiscal year,
7 county revenues from taxes imposed by the county
8 credited to the services fund shall not exceed an
9 amount equal to the amount of base year expenditures
10 from property taxes imposed by the county and paid for
11 services in the fiscal year beginning July 1, 1993,
12 and ending June 30, 1994, as defined in section
13 331.438, less the amount of property tax relief to be
14 received pursuant to section 331.438A in the fiscal
15 year for which the budget is certified. The county
16 auditor and the board of supervisors shall reduce the
17 amount of the levy certified under this section by the
18 amount of property tax relief to be received.

19 5. Appropriations specifically authorized to be
20 made from the mental health, mental retardation, and
21 disabilities services fund shall not be made from the
22 general fund of the county.

23 Sec. 115. Section 444.25A, subsection 1, Code
24 1995, is amended to read as follows:

25 1. COUNTY LIMITATION. The maximum amount of
26 property tax dollars which may be certified by a
27 county for taxes payable in the fiscal year beginning
28 July 1, 1995, shall not exceed the amount of property
29 tax dollars certified by the county for taxes payable
30 in the fiscal year beginning July 1, 1994, minus the
31 amount of the property tax relief payment to be
32 received by the county for the fiscal year beginning
33 July 1, 1995, pursuant to section 331.438A, subsection
34 2, and the maximum amount of property tax dollars
35 which may be certified by a county for taxes payable
36 in the fiscal year beginning July 1, 1996, shall not
37 exceed the amount of property tax dollars certified by
38 the county for taxes payable in the fiscal year
39 beginning July 1, 1995, minus the amount by which the
40 property tax relief payment to be received by the
41 county in the fiscal year beginning July 1, 1996,
42 exceeds the amount of the property tax relief payment
43 received in the fiscal year beginning July 1, 1995,
44 pursuant to section 331.438A, subsection 2, for each
45 of the levies for the following, except for the levies
46 on the increase in taxable valuation due to new
47 construction, additions or improvements to existing
48 structures, remodeling of existing structures for
49 which a building permit is required, annexation, and
50 phasing out of tax exemptions, and on the increase in

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1 valuation of taxable property as a result of a
2 comprehensive revaluation by a private appraiser under
3 a contract entered into prior to January 1, 1992, or
4 as a result of a comprehensive revaluation directed or
5 authorized by the conference board prior to January 1,
6 1992, with documentation of the contract,
7 authorization, or directive on the revaluation
8 provided to the director of revenue and finance, if
9 the levies are equal to or less than the levies for
10 the previous year, levies on that portion of the
11 taxable property located in an urban renewal project
12 the tax revenues from which are no longer divided as
13 provided in section 403.19, subsection 2, or as
14 otherwise provided in this section:

15 a. General county services under section 331.422,
16 subsection 1.

17 b. Rural county services under section 331.422,
18 subsection 2.

19 c. Other taxes under section 331.422, subsection
20 4.

21 Sec. 116. Section 444.25A, subsection 3, paragraph
22 b, subparagraph (3), Code 1995, is amended to read as
23 follows:

24 (3) Need for additional moneys for health care,
25 treatment, and facilities, including ~~mental-health-and~~
26 ~~mental-retardation-care-and~~ treatment pursuant to
27 section 331.424, subsection 1, paragraphs "a" through
28 "h" and "b".

29 Sec. 117. NEW SECTION. 444.25B PROPERTY TAX
30 LIMITATIONS FOR 1998 AND 1999 FISCAL YEARS.

31 1. COUNTY LIMITATION. The maximum amount of
32 property tax dollars which may be certified by a
33 county for taxes payable in the fiscal year beginning
34 July 1, 1997, shall not exceed the amount of property
35 tax dollars certified by the county for taxes payable
36 in the fiscal year beginning July 1, 1996, minus the
37 amount by which the property tax relief payment to be
38 received by the county in the fiscal year beginning
39 July 1, 1997, exceeds the amount of the property tax
40 relief payment received by the county in the fiscal
41 year beginning July 1, 1996, pursuant to section
42 331.438A, subsection 2, and the maximum amount of
43 property tax dollars which may be certified by a
44 county for taxes payable in the fiscal year beginning
45 July 1, 1998, shall not exceed the amount of property
46 tax dollars certified by the county for taxes payable
47 in the fiscal year beginning July 1, 1997, minus the
48 amount by which the property tax relief payment to be
49 received by the county in the fiscal year beginning
50 July 1, 1998, exceeds the amount of the property tax

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1 relief payment received by the county in the fiscal
2 year beginning July 1, 1997, pursuant to section
3 331.438A, subsection 2, for each of the levies for the
4 following, except for the levies on the increase in
5 taxable valuation due to new construction, additions
6 or improvements to existing structures, remodeling of
7 existing structures for which a building permit is
8 required, annexation, and phasing out of tax
9 exemptions, and on the increase in valuation of
10 taxable property as a result of a comprehensive
11 revaluation by a private appraiser under a contract
12 entered into prior to January 1, 1992, or as a result
13 of a comprehensive revaluation directed or authorized
14 by the conference board prior to January 1, 1992, with
15 documentation of the contract, authorization, or
16 directive on the revaluation provided to the director
17 of revenue and finance, if the levies are equal to or
18 less than the levies for the previous year, levies on
19 that portion of the taxable property located in an
20 urban renewal project the tax revenues from which are
21 no longer divided as provided in section 403.19,
22 subsection 2, or as otherwise provided in this
23 section:

24 a. General county services under section 331.422,
25 subsection 1.

26 b. Rural county services under section 331.422,
27 subsection 2.

28 c. Other taxes under section 331.422, subsection
29 4.

30 2. EXCEPTIONS. The limitations provided in
31 subsection 1 do not apply to the levies made for the
32 following:

33 a. Debt service to be deposited into the debt
34 service fund pursuant to section 331.430.

35 b. Taxes approved by a vote of the people which
36 are payable during the fiscal year beginning July 1,
37 1997, or July 1, 1998.

38 c. Hospitals pursuant to chapters 37, 347, and
39 347A.

40 d. Emergency management to be deposited into the
41 local emergency management fund and expended for
42 development of hazardous substance teams pursuant to
43 chapter 29C.

44 e. Unusual need for additional moneys to finance
45 existing programs which would provide substantial
46 benefit to county residents or compelling need to
47 finance new programs which would provide substantial
48 benefit to county residents. The increase in taxes
49 levied under this exception for the fiscal year
50 beginning July 1, 1997, is limited to no more than the

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1 product of the total tax dollars levied in the fiscal
2 year beginning July 1, 1996, and the percent change,
3 computed to two decimal places, in the price index for
4 government purchases by type for state and local
5 governments computed for the third quarter of calendar
6 year 1996 from that computed for the third quarter of
7 calendar year 1995. The increase in taxes levied
8 under this exception for the fiscal year beginning
9 July 1, 1998, is limited to no more than the product
10 of the total tax dollars levied in the fiscal year
11 beginning July 1, 1997, and the percent change,
12 computed to two decimal places, in the price index for
13 government purchases by type for state and local
14 governments computed for the third quarter of calendar
15 year 1997 from that computed for the third quarter of
16 calendar year 1996.

17 For purposes of this paragraph, the price index for
18 government purchases by type for state and local
19 governments is defined by the bureau of economic
20 analysis of the United States department of commerce
21 and published in table 7.11 of the national income and
22 products accounts. For the fiscal years beginning
23 July 1, 1997, and July 1, 1998, the price index used
24 shall be the revision published in the November 1996
25 and November 1997 issues, respectively, of the United
26 States department of commerce publication, "survey of
27 current business". For purposes of this paragraph,
28 tax dollars levied in the fiscal years beginning July
29 1, 1996, and July 1, 1997, shall not include funds
30 levied for paragraphs "a", "b", and "c" of this
31 subsection.

32 Application of this exception shall require an
33 original publication of the budget and a public
34 hearing and a second publication and a second hearing
35 both in the manner and form prescribed by the director
36 of the department of management, notwithstanding the
37 provisions of section 331.434. The publications and
38 hearings prescribed in this paragraph shall be held
39 and the budget certified no later than March 15. The
40 taxes levied for counties whose budgets are certified
41 after March 15, 1997, shall be frozen at the fiscal
42 year beginning July 1, 1996, level, and the taxes
43 levied for counties whose budgets are certified after
44 March 15, 1998, shall be frozen at the fiscal year
45 beginning July 1, 1997, level.

46 3. APPEAL PROCEDURES. In lieu of the procedures
47 in sections 24.48 and 331.426, which procedures do not
48 apply for taxes payable in the fiscal years beginning
49 July 1, 1997, and July 1, 1998, if a county needs to
50 raise property tax dollars from a tax levy in excess

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1 of the limitations imposed by subsection 1, the
2 following procedures apply:

3 a. Not later than March 1, and after the
4 publication and public hearing on the budget in the
5 manner and form prescribed by the director of the
6 department of management, notwithstanding section
7 331.434, the county shall petition the state appeal
8 board for approval of a property tax increase in
9 excess of the increase provided for in subsection 2,
10 paragraph "e", on forms furnished by the director of
11 the department of management. Applications received
12 after March 1 shall be automatically ineligible for
13 consideration by the board.

14 b. Additional costs incurred by the county due to
15 any of the following circumstances shall be the basis
16 for justifying the excess in property tax dollars:

17 (1) Natural disaster or other life-threatening
18 emergencies.

19 (2) Unusual need for additional moneys to finance
20 existing programs which would provide substantial
21 benefit to county residents or compelling need to
22 finance new programs which would provide substantial
23 benefit to county residents.

24 (3) Need for additional moneys for health care,
25 treatment, and facilities pursuant to section 331.424,
26 subsection 1, paragraphs "a" and "b".

27 (4) Judgments, settlements, and related costs
28 arising out of civil claims against the county and its
29 officers, employees, and agents, as defined in chapter
30 670.

31 c. The state appeal board shall approve,
32 disapprove, or reduce the amount of excess property
33 tax dollars requested. The board shall take into
34 account the intent of this section to provide property
35 tax relief. The decision of the board shall be
36 rendered at a regular or special meeting of the board
37 within twenty days of the board's receipt of an
38 appeal.

39 d. Within seven days of receipt of the decision of
40 the state appeal board, the county shall adopt and
41 certify its budget under section 331.434, which budget
42 may be protested as provided in section 331.436. The
43 budget shall not contain an amount of property tax
44 dollars in excess of the amount approved by the state
45 appeal board.

46 4. Rate adjustment by county auditor. In addition
47 to the requirement of the county auditor in section
48 444.3 to establish a rate of tax which does not exceed
49 the rate authorized by law, the county auditor shall
50 also adjust the rate if the amount of property tax

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1 dollars to be raised is in excess of the amount
2 specified in subsection 1, as may be adjusted pursuant
3 to subsection 3.

4 Sec. 118. NEW SECTION. 444.25C PROPERTY TAX
5 LIMITATION FOR FISCAL YEAR 2000.

6 1. COUNTY LIMITATION. The maximum amount of
7 property tax dollars which may be certified by a
8 county for taxes payable in the fiscal year beginning
9 July 1, 1999, shall not exceed the amount of property
10 tax dollars certified by the county for taxes payable
11 in the fiscal year beginning July 1, 1998, minus the
12 difference between the amount by which the property
13 tax relief payment to be received by the county in the
14 fiscal year beginning July 1, 1999, exceeds the amount
15 of the property tax relief payment received by the
16 county in the fiscal year beginning July 1, 1998,
17 pursuant to section 331.438A, subsection 2, for each
18 of the levies for the following, except for the levies
19 on the increase in taxable valuation due to new
20 construction, additions or improvements to existing
21 structures, remodeling of existing structures for
22 which a building permit is required, annexation, and
23 phasing out of tax exemptions, and on the increase in
24 valuation of taxable property as a result of a
25 comprehensive revaluation by a private appraiser under
26 a contract entered into prior to January 1, 1992, or
27 as a result of a comprehensive revaluation directed or
28 authorized by the conference board prior to January 1,
29 1992, with documentation of the contract,
30 authorization, or directive on the revaluation
31 provided to the director of revenue and finance, if
32 the levies are equal to or less than the levies for
33 the previous year, levies on that portion of the
34 taxable property located in an urban renewal project
35 the tax revenues from which are no longer divided as
36 provided in section 403.19, subsection 2, or as
37 otherwise provided in this section:

38 a. General county services under section 331.422,
39 subsection 1.

40 b. Rural county services under section 331.422,
41 subsection 2.

42 c. Other taxes under section 331.422, subsection
43 4.

44 2. EXCEPTIONS. The limitations provided in
45 subsection 1 do not apply to the levies made for the
46 following:

47 a. Debt service to be deposited into the debt
48 service fund pursuant to section 331.430.

49 b. Taxes approved by a vote of the people which
50 are payable during the fiscal year beginning July 1,

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1 1999, or July 1, 2000.

2 c. Hospitals pursuant to chapters 37, 347, and
3 347A.

4 d. Emergency management to be deposited into the
5 local emergency management fund and expended for
6 development of hazardous substance teams pursuant to
7 chapter 29C.

8 e. Unusual need for additional moneys to finance
9 existing programs which would provide substantial
10 benefit to county residents or compelling need to
11 finance new programs which would provide substantial
12 benefit to county residents. The increase in taxes
13 levied under this exception for the fiscal year
14 beginning July 1, 1999, is limited to no more than the
15 product of the total tax dollars levied in the fiscal
16 year beginning July 1, 1998, and the percent change,
17 computed to two decimal places, in the price index for
18 government purchases by type for state and local
19 governments computed for the third quarter of calendar
20 year 1998 from that computed for the third quarter of
21 calendar year 1997.

22 For purposes of this paragraph, the price index for
23 government purchases by type for state and local
24 governments is defined by the bureau of economic
25 analysis of the United States department of commerce
26 and published in table 7.11 of the national income and
27 products accounts. For the fiscal year beginning July
28 1, 1999, the price index used shall be the revision
29 published in the November 1998 of the United States
30 department of commerce publication, "survey of current
31 business". For purposes of this paragraph, tax
32 dollars levied in the fiscal year beginning July 1,
33 1998, shall not include funds levied for paragraphs
34 "a", "b", and "c" of this subsection.

35 Application of this exception shall require an
36 original publication of the budget and a public
37 hearing and a second publication and a second hearing
38 both in the manner and form prescribed by the director
39 of the department of management, notwithstanding the
40 provisions of section 331.434. The publications and
41 hearings prescribed in this paragraph shall be held
42 and the budget certified no later than March 15. The
43 taxes levied for counties whose budgets are certified
44 after March 15, 1999, shall be frozen at the fiscal
45 year beginning July 1, 1998, level.

46 3. APPEAL PROCEDURES. In lieu of the procedures
47 in sections 24.48 and 331.426, which procedures do not
48 apply for taxes payable in the fiscal year beginning
49 July 1, 1999, if a county needs to raise property tax
50 dollars from a tax levy in excess of the limitations

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1 imposed by subsection 1, the following procedures
2 apply:

3 a. Not later than March 1, and after the
4 publication and public hearing on the budget in the
5 manner and form prescribed by the director of the
6 department of management, notwithstanding section
7 331.434, the county shall petition the state appeal
8 board for approval of a property tax increase in
9 excess of the increase provided for in subsection 2,
10 paragraph "e", on forms furnished by the director of
11 the department of management. Applications received
12 after March 1 shall be automatically ineligible for
13 consideration by the board.

14 b. Additional costs incurred by the county due to
15 any of the following circumstances shall be the basis
16 for justifying the excess in property tax dollars:

17 (1) Natural disaster or other life-threatening
18 emergencies.

19 (2) Unusual need for additional moneys to finance
20 existing programs which would provide substantial
21 benefit to county residents or compelling need to
22 finance new programs which would provide substantial
23 benefit to county residents.

24 (3) Need for additional moneys for health care,
25 treatment, and facilities pursuant to section 331.424,
26 subsection 1, paragraphs "a" and "b".

27 (4) Judgments, settlements, and related costs
28 arising out of civil claims against the county and its
29 officers, employees, and agents, as defined in chapter
30 670.

31 c. The state appeal board shall approve,
32 disapprove, or reduce the amount of excess property
33 tax dollars requested. The board shall take into
34 account the intent of this section to provide property
35 tax relief. The decision of the board shall be
36 rendered at a regular or special meeting of the board
37 within twenty days of the board's receipt of an
38 appeal.

39 d. Within seven days of receipt of the decision of
40 the state appeal board, the county shall adopt and
41 certify its budget under section 331.434, which budget
42 may be protested as provided in section 331.436. The
43 budget shall not contain an amount of property tax
44 dollars in excess of the amount approved by the state
45 appeal board.

46 4. Rate adjustment by county auditor. In addition
47 to the requirement of the county auditor in section
48 444.3 to establish a rate of tax which does not exceed
49 the rate authorized by law, the county auditor shall
50 also adjust the rate if the amount of property tax

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1 dollars to be raised is in excess of the amount
2 specified in subsection 1, as may be adjusted pursuant
3 to subsection 3.

4 Sec. 119. Section 444.27, Code 1995, is amended to
5 read as follows:

6 444.27 SECTIONS VOID.

7 1. For purposes of section 444.25, sections 24.48
8 and 331.426 are void for the fiscal years beginning
9 July 1, 1993, and July 1, 1994. For purposes of
10 section 444.25A, sections 24.48 and 331.426 are void
11 for the fiscal years beginning July 1, 1995, and July
12 1, 1996.

13 2. For purposes of sections 444.25B and 444.25C,
14 sections 24.48 and 331.426 are void for the fiscal
15 years beginning July 1, 1997, July 1, 1998, and July
16 1, 1999.

17 Sec. 120. Section 445.23, Code 1995, is amended to
18 read as follows:

19 445.23 STATEMENT OF TAXES DUE.

20 1. Upon request, the The county treasurer shall
21 state in writing the full amount of taxes against a
22 parcel, all sales for unpaid taxes, and the amount
23 needed to redeem the parcel, if redeemable. If the
24 person requesting the statement is not the titleholder
25 of record or contract holder of record of the parcel,
26 that person shall pay a fee at the rate of two dollars
27 per parcel for each year for which information is
28 requested, and the money shall be deposited in the
29 county general fund.

30 2. The county treasurer shall include in a
31 prominent place on the tax statement the amount of
32 each of the following state tax credits that apply to
33 the parcel and amount by which each credit reduced the
34 taxes due on the parcel:

35 a. Homestead credit under chapter 425.

36 b. Military service credit under chapter 426A.

37 c. Extraordinary credit under chapter 425.

38 d. Mental health, mental retardation, and de-
39 velopmental disabilities property tax relief under
40 section 331.438A.

41 e. Farm tax credit under chapter 426.

42 Sec. 121. REPEAL. 1994 Iowa Acts, chapter 1163,
43 section 8, is repealed.

44 Sec. 122. DEPARTMENT OF HUMAN SERVICES -- ICFMR
45 REQUIREMENT. The department of human services shall
46 consult with the department of inspections and
47 appeals, the Iowa state association of counties, and
48 the Iowa association of rehabilitation and residential
49 facilities in adopting administrative rules
50 identifying optimum staffing ratios for intermediate

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1 care facilities for the mentally retarded (ICFMR).
2 The administrative rules shall be implemented on or
3 before January 1, 1996.

4 Sec. 123. COUNTY ADJUSTMENT FACTOR PAYMENT --
5 FISCAL YEAR 1995-1996.

6 1. For the fiscal year beginning July 1, 1995, the
7 adjustment factor payment from the mental health,
8 mental retardation, and developmental disabilities
9 property tax relief fund specified in section 331.438A
10 shall be paid as provided in this section. An
11 eligible county may apply to the department of human
12 services for an adjustment factor payment to reimburse
13 costs paid by the county in that fiscal year for
14 services to persons with mental illness, mental
15 retardation, or developmental disabilities in
16 accordance with the county's management plan approved
17 pursuant to section 331.439. Eligible costs shall be
18 limited to eligible consumers of services who were not
19 served in the previous fiscal year, unusual cost
20 increases, service cost inflation, and investments for
21 quality and efficiency improvements. Reimbursement
22 shall not be provided from the fund for applications
23 received after August 10, 1995.

24 2. Payment from the fund shall be limited to the
25 amount designated for this purpose and if applications
26 received exceed the available funding, payments shall
27 be prorated. The department of human services shall
28 notify the director of revenue and finance of the
29 amounts due a county under this section. The director
30 shall draw warrants on the relief fund payable to the
31 county treasurer in the amount due to each county.
32 The warrants shall be paid in a timely manner to
33 enable the county to accrue the payment in the
34 county's 1995-1996 fiscal year.

35 3. Notwithstanding section 8.33, moneys in the
36 relief fund allocated for the adjustment payment which
37 remain unobligated or unexpended at the close of the
38 fiscal year ending June 30, 1996, shall not revert to
39 the general fund of the state but shall remain
40 available for adjustment payments in the succeeding
41 fiscal year.

42 Sec. 124. INTERIM COMMITTEE CREATED. The
43 legislative council is requested to establish an
44 interim committee comprised of members of the general
45 assembly with the charge of developing a system to
46 regulate and contain county expenditures for mental
47 health, mental retardation, and developmental
48 disabilities services and to develop a formula for
49 distribution of property tax relief moneys to counties
50 under section 331.438A, subsection 2. In addition,

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1 the committee should consider proposals from counties
2 and other interested persons for a distribution
3 formula factor which rewards or provides incentives
4 for economy and efficiency in providing mental health,
5 mental retardation, and developmental disabilities
6 services; and a mechanism for a county to appeal to
7 the state if it is believed the county is unfairly
8 treated under an established funding formula. The
9 committee should be directed to report to the governor
10 and the general assembly prior to the 1996 legislative
11 session.

12 Sec. 125. EFFECTIVE DATES.

13 1. Sections 100, 101, 102, 103, and 104 of this
14 division of this Act take effect July 1, 1996.

15 2. Sections 105, 106, 107, 114, and 116 take
16 effect January 1, 1996, and are applicable to taxes
17 paid in the fiscal year beginning July 1, 1996, and
18 succeeding fiscal years.

19 3. The remainder of this division of this Act,
20 being deemed of immediate importance, takes effect
21 upon enactment."

22 2. Title page, by striking lines 1 through 4 and
23 inserting the following: "An Act relating to income
24 tax relief, property tax relief, machinery and
25 equipment phase-in exemption and reimbursement, levies
26 for mental health, mental retardation, and
27 developmental disabilities services, providing
28 appropriations, and providing effective dates and
29 applicability provisions."

By HOUSER of Pottawattamie
VANDE HOEF of Osceola

H-3197 FILED FEBRUARY 23, 1995

adopted (P. 642)

2-28-95

SENATE FILE 69

H-3198

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate, as follows:

3 1. By striking page 19, line 23 through page 30,
4 line 5 and inserting the following:

5 "Sec. 100. Section 123.38, unnumbered paragraph 2,
6 Code 1995, is amended to read as follows:

7 Any licensee or permittee, or the licensee's or
8 permittee's executor or administrator, or any person
9 duly appointed by the court to take charge of and
10 administer the property or assets of the licensee or
11 permittee for the benefit of the licensee's or
12 permittee's creditors, may voluntarily surrender a
13 license or permit to the division. When a license or
14 permit is surrendered the division shall notify the
15 local authority, and the division or the local
16 authority shall refund to the person surrendering the
17 license or permit, a proportionate amount of the fee
18 received by the division or the local authority for
19 the license or permit as follows: If a license or
20 permit is surrendered during the first three months of
21 the period for which it was issued, the refund shall
22 be three-fourths of the amount of the fee; if
23 surrendered more than three months but not more than
24 six months after issuance, the refund shall be one-
25 half of the amount of the fee; if surrendered more
26 than six months but not more than nine months after
27 issuance, the refund shall be one-fourth of the amount
28 of the fee. No refund shall be made, however, for any
29 special liquor permit, nor for a liquor control
30 license, wine permit, or beer permit surrendered more
31 than nine months after issuance. For purposes of this
32 paragraph, any portion of license or permit fees used
33 for the purposes authorized in section 331.424,
34 subsection 1, paragraphs "a", and "b", ~~"c", "d", "e",~~
35 ~~"f", "g", and "h",~~ and in section 331.438A, shall not
36 be deemed received either by the division or by a
37 local authority. No refund shall be made to any
38 licensee or permittee, upon the surrender of the
39 license or permit, if there is at the time of
40 surrender, a complaint filed with the division or
41 local authority, charging the licensee or permittee
42 with a violation of this chapter. If upon a hearing
43 on a complaint the license or permit is not revoked or
44 suspended, then the licensee or permittee is eligible,
45 upon surrender of the license or permit, to receive a
46 refund as provided in this section; but if the license
47 or permit is revoked or suspended upon hearing the
48 licensee or permittee is not eligible for the refund
49 of any portion of the license or permit fee.

50 Sec. 101. Section 218.99, Code 1995, is amended to

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1 read as follows:

2 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
3 PERSONAL ACCOUNTS.

4 The administrator of a division of the department
5 of human services in control of a state institution
6 shall direct the business manager of each institution
7 under the administrator's jurisdiction which is
8 mentioned in section 331.424, subsection 1, paragraphs
9 "a" through-"g" and "b" and for which services are
10 paid under section 331.438A to quarterly inform the
11 auditor of the county of legal settlement of any
12 patient or resident who has an amount in excess of two
13 hundred dollars on account in the patients' personal
14 deposit fund and the amount on deposit. The
15 administrators shall direct the business manager to
16 further notify the auditor of the county at least
17 fifteen days before the release of funds in excess of
18 two hundred dollars or upon the death of the patient
19 or resident. If the patient or resident has no county
20 of legal settlement, notice shall be made to the
21 director of the department of human services and the
22 administrator of the division of the department in
23 control of the institution involved.

24 Sec. 102. Section 225C.4, subsection 2, paragraph
25 b, Code 1995, is amended to read as follows:

26 b. Establish mental health and mental retardation
27 services for all institutions under the control of the
28 director of human services and establish an autism
29 unit, following mutual planning with and consultation
30 from the medical director of the state psychiatric
31 hospital, at an institution or a facility administered
32 by the administrator to provide psychiatric and
33 related services and other specific programs to meet
34 the needs of autistic persons ~~as defined in section~~
35 ~~331.424, subsection 1~~, and to furnish appropriate
36 diagnostic evaluation services.

37 Sec. 103. Section 331.301, subsection 12, Code
38 1995, is amended to read as follows:

39 12. The board of supervisors may credit funds to a
40 reserve for the purposes authorized by subsection 11
41 of this section; section 331.424, subsection 1,
42 paragraph "f"; and section 331.441, subsection 2,
43 paragraph "b". Moneys credited to the reserve, and
44 interest earned on such moneys, shall remain in the
45 reserve until expended for purposes authorized by
46 subsection 11 of this section; section 331.424,
47 subsection 1, paragraph "f"; or section 331.441,
48 subsection 2, paragraph "b".

49 Sec. 104. Section 331.424, subsection 1, Code
50 1995, is amended to read as follows:

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1 1. For general county services, an amount
 2 sufficient to pay the charges for the following:
 3 a. To the extent that the county is obligated by
 4 statute to pay the charges for:

5 ~~(1)---Care-and-treatment-of-patients-by-a-state~~
 6 ~~mental-health-institute.~~

7 ~~---(2)---Care-and-treatment-of-patients-by-either-of~~
 8 ~~the-state-hospital-schools-or-by-any-other-facility~~
 9 ~~established-under-chapter-222-and-diagnostic~~
 10 ~~evaluation-under-section-222:31.~~

11 ~~---(3)---Care-and-treatment-of-patients-under-chapter~~
 12 ~~225.~~

13 ~~(4) (1)~~ Care and treatment of persons at the
 14 alcoholic treatment center at Oakdale. However, the
 15 county may require that an admission to the center
 16 shall be reported to the board by the center within
 17 five days as a condition of the payment of county
 18 funds for that admission.

19 ~~(5) (2)~~ Care of children admitted or committed to
 20 the Iowa juvenile home at Toledo.

21 ~~(6) (3)~~ Clothing, transportation, medical, or
 22 other services provided persons attending the Iowa
 23 braille and sight saving school, the Iowa school for
 24 the deaf, or the state hospital-school for severely
 25 handicapped children at Iowa City, for which the
 26 county becomes obligated to pay pursuant to sections
 27 263.12, 269.2, and 270.4 through 270.7.

28 ~~b.---To-the-extent-that-the-board-deems-it-advisable~~
 29 ~~to-pay, the-charges-for-professional-evaluation,~~
 30 ~~treatment, training, habilitation, and care of persons~~
 31 ~~who-are-mentally-retarded, autistic persons, or~~
 32 ~~persons-who-are-afflicted-by-any-other-developmental~~
 33 ~~disability, at-a-suitable-public-or-private-facility~~
 34 ~~providing-inpatient-or-outpatient-care-in-the-county.~~
 35 ~~As-used-in-this-paragraph:~~

36 ~~---(1)---"Developmental-disability" has-the-meaning~~
 37 ~~assigned-that-term-by-42-U.S.C.-sec.-6001(7)-(1976),~~
 38 ~~Supp.-II, 1978, and Supp.-III, 1979.~~

39 ~~---(2)---"Autistic persons" means persons, regardless~~
 40 ~~of-age, with-severe-communication-and-behavior~~
 41 ~~disorders-that-became-manifest-during-the-early-stages~~
 42 ~~of-childhood-development-and-that-are-characterized-by~~
 43 ~~a-severely-disabling-inability-to-understand,~~
 44 ~~communicate, learn, and-participate-in-social~~
 45 ~~relationships.---"Autistic persons" includes-but-is-not~~
 46 ~~limited-to-those-persons-afflicted-by-infantile~~
 47 ~~autism, profound-aphasia, and-childhood-psychosis.~~

48 ~~---c.---Care-and-treatment-of-persons-placed-in-the~~
 49 ~~county-hospital, county-care-facility, a-health-care~~
 50 ~~facility-as-defined-in-section-135E:1, subsection-6,~~

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1 or any other public or private facility, which
2 placement is in lieu of admission or commitment to or
3 is upon discharge, removal, or transfer from a state
4 mental health institute, hospital, school, or other
5 facility established pursuant to chapter 222.
6 ---d.--- Amounts budgeted by the board for the cost of
7 establishment and initial operation of a community
8 mental health center in the manner and subject to the
9 limitations provided by state law.

10 ---e. b. Foster care and related services provided
11 under court order to a child who is under the
12 jurisdiction of the juvenile court, including court-
13 ordered costs for a guardian ad litem under section
14 232.71.

15 f.---The care, admission, commitment, and
16 transportation of mentally ill patients in state
17 hospitals, to the extent that expenses for these
18 services are required to be paid by the county,
19 including compensation for the advocate appointed
20 under section 229.19.

21 ---g.--- Amounts budgeted by the board for mental health
22 services or mental retardation services furnished to
23 persons on either an outpatient or inpatient basis, to
24 a school or other public agency, or to the community
25 at large, by a community mental health center or other
26 suitable facility located in or reasonably near the
27 county, provided that services meet the standards of
28 the mental health and developmental disabilities
29 commission created in section 225C.5 and are
30 consistent with the annual plan for services approved
31 by the board.

32 ---h.--- Reimbursement on behalf of mentally retarded
33 persons under section 249A.12.

34 i. c. Elections, and voter registration pursuant
35 to chapter 48A.

36 j. d. Employee benefits under chapters 96, 97B,
37 and 97C, which are associated with salaries for
38 general county services.

39 k. e. Joint county and city building authorities
40 established under section 346.27, as provided in
41 subsection 22 of that section.

42 l. f. Tort liability insurance, property
43 insurance, and any other insurance that may be
44 necessary in the operation of the county, costs of a
45 self-insurance program, costs of a local government
46 risk pool, and amounts payable under any insurance
47 agreements to provide or procure such insurance, self-
48 insurance program, or local government risk pool.

49 m. g. The maintenance and operation of the courts,
50 including but not limited to the salary and expenses

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1 of the clerk of the district court and other employees
2 of the clerk's office, and bailiffs, court costs if
3 the prosecution fails or if the costs cannot be
4 collected from the person liable, costs and expenses
5 of prosecution under section 189A.17, salaries and
6 expenses of juvenile court officers under chapter 602,
7 court-ordered costs in domestic abuse cases under
8 section 236.5, the county's expense for confinement of
9 prisoners under chapter 356A, temporary assistance to
10 the county attorney, county contributions to a
11 retirement system for bailiffs, reimbursement for
12 judicial magistrates under section 602.6501, claims
13 filed under section 622.93, interpreters' fees under
14 section 622B.7, uniform citation and complaint
15 supplies under section 805.6, and costs of prosecution
16 under section 815.13.

17 n- h. Court-ordered costs of conciliation
18 procedures under section 598.16.

19 o- i. Establishment and maintenance of a joint
20 county indigent defense fund pursuant to an agreement
21 under section 28E.19.

22 p- j. The maintenance and operation of a local
23 emergency management agency established pursuant to
24 chapter 29C.

25 The board may require a public or private facility,
26 as a condition of receiving payment from county funds
27 for services it has provided, to furnish the board
28 with a statement of the income, assets, and legal
29 residence including township and county of each person
30 who has received services from that facility for which
31 payment has been made from county funds under
32 paragraphs "a" through "h" and "b". However, the
33 facility shall not disclose to anyone the name or
34 street or route address of a person receiving services
35 for which commitment is not required, without first
36 obtaining that person's written permission.

37 Parents or other persons may voluntarily reimburse
38 the county or state for the reasonable cost of caring
39 for a patient or an inmate in a county or state
40 facility.

41 Sec. 105. NEW SECTION. 331.424A MENTAL HEALTH,
42 MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES
43 SERVICES FUND.

44 1. For the purposes of this chapter, unless the
45 context otherwise requires, "services fund" means the
46 county mental health, mental retardation, and
47 developmental disabilities services fund created in
48 subsection 2.

49 2. For the fiscal year beginning July 1, 1995, and
50 succeeding fiscal years, county revenues from taxes

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1 and other sources designated for mental health, mental
2 retardation, and developmental disabilities services
3 shall be credited to the mental health, mental
4 retardation, and developmental disabilities services
5 fund of the county. The board may make appropriations
6 from the fund for payment of services provided under
7 the county management plan approved pursuant to
8 section 331.439.

9 3. For the fiscal year beginning July 1, 1995, and
10 succeeding fiscal years, receipts from the state or
11 federal government for such services shall be credited
12 to the services fund, including moneys allotted to the
13 county from the state payment made pursuant to section
14 331.439 and moneys allotted to the county for property
15 tax relief pursuant to section 426B.1.

16 4. For the fiscal year beginning July 1, 1995, and
17 for each subsequent fiscal year, the county may
18 certify a levy for payment of services. Unless
19 otherwise provided by state law, for each fiscal year,
20 county revenues from taxes imposed by the county
21 credited to the services fund shall not exceed an
22 amount equal to the amount of base year expenditures
23 for services in the fiscal year beginning July 1,
24 1993, and ending June 30, 1994, as defined in section
25 331.438 less the amount of property tax relief to be
26 received pursuant to section 426B.2, subsections 1 and
27 3, in the fiscal year for which the budget is
28 certified.

29 5. Appropriations specifically authorized to be
30 made from the mental health, mental retardation, and
31 developmental disabilities services fund shall not be
32 made from the general fund of the county.

33 Sec. 106. Section 331.438, subsection 1, paragraph
34 b, Code 1995, is amended to read as follows:

35 b. "State payment" means the payment made by the
36 state to a county determined to be eligible for the
37 payment in accordance with section 331.439.

38 1A. Except as modified based upon the actual
39 amount of the appropriation for purposes of state
40 payment under section 331.439, the amount of the state
41 payment for a fiscal year shall be calculated as fifty
42 one hundred percent of the amount by which the
43 county's qualified expenditures during the immediately
44 preceding fiscal year were in excess of the amount of
45 the county's base year expenditures. Any state
46 funding received by a county for property tax relief
47 in accordance with section 426B.2, subsections 1 and
48 3, is not a state payment and shall not be included in
49 the state payment calculation made pursuant to this
50 subsection.

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1 pursuant to subsection 3, and the property tax rate
2 applied in the previous fiscal year, less any property
3 tax replacement funds received pursuant to section
4 427B.19A in the previous fiscal year. The taxing
5 district shall also submit with the application the
6 district's plan to improve its future budget position.

7 c. Claims approved by the state appeal board shall
8 be paid to the taxing district by October 1 following
9 submission of the application for funds.

10 3. To be eligible to receive funds under this
11 section, a taxing district must show that there has
12 been a decrease of more than three percent in the
13 assessed valuation for taxes payable in the fiscal
14 year for which the application is submitted compared
15 to the assessed valuation for taxes payable in the
16 previous fiscal year, which decrease is attributable
17 to the elimination of the property tax on industrial
18 machinery, equipment and computers pursuant to section
19 427B.17. The taxing district, to be eligible for
20 funds, must also show that the district has exhausted
21 all other lawful alternatives for improving the
22 district's budget position.

23 4. If the amount appropriated in this section is
24 insufficient to pay all applications approved, the
25 director of revenue and finance shall prorate the
26 disbursements from the relief fund and shall report
27 the amount of the shortfall to the director of the
28 department of management. By January 1 of the
29 following year, the director of the department of
30 management shall submit to the general assembly a plan
31 for the funding of approved applications that were not
32 fully funded in that fiscal year.

33 5. Amounts received pursuant to this section shall
34 not be considered property tax dollars certified for
35 purposes of the property tax limitation in chapter
36 444.

37 6. The department of revenue and finance and the
38 department of management shall adopt rules necessary
39 to implement this section."

40 5. Be renumbering as necessary.

By HALVORSON of Clayton

H-3199 FILED FEBRUARY 23, 1995

(P. 603) *Adopted*
2/27/95

SENATE FILE 69

H-3200

1 Amend the amendment, H-3030, to Senate File 69, as
 2 passed by the Senate as follows:
 3 1. Page 1, by striking lines 6 through 45 and
 4 inserting the following: "SPECIAL FUNDS".
 5 2. By striking page 3, line 23, through page 4,
 6 line 34.
 7 3. Page 4, by striking lines 41 through 44.
 8 4. Page 4, line 45, by striking the figure "2."
 9 5. Page 25, line 14, by striking the word "fund."
 10 and inserting the following: "fund and the amount of
 11 allocations from the fund for property tax relief
 12 pursuant to subsection 2 and for the adjustment factor
 13 pursuant to subsection 5 shall be as specified in law
 14 by the general assembly. There is appropriated to the
 15 mental health, mental retardation, and developmental
 16 disabilities property tax relief fund for the
 17 indicated fiscal years from the general fund of the
 18 state the following amounts:
 19 a. For the fiscal year beginning July 1, 1995,
 20 eighty-one million dollars.
 21 b. For the fiscal year beginning July 1, 1996,
 22 ninety-eight million dollars.
 23 c. For the fiscal year beginning July 1, 1997, one
 24 hundred ninety-nine million dollars.
 25 d. For the fiscal year beginning July 1, 1998, two
 26 hundred ninety-two million dollars.
 27 e. For the fiscal year beginning July 1, 1999, and
 28 succeeding fiscal years, three hundred seven million
 29 dollars."
 30 6. Page 26, by striking lines 8 through 12 and
 31 inserting the following: "adjustment shall not exceed
 32 the amount specified by the general assembly for the
 33 fiscal year."

By BERNAU of Story	HARPER of Black Hawk
SCHRADER of Marion	MORELAND of Wapello
HOLVECK of Polk	MYERS of Johnson
MURPHY of Dubuque	KREIMAN of Davis
DODERER of Johnson	CONNORS of Polk
COHOON of Des Moines	SHOULTZ of Black Hawk
OLLIE of Clinton	MAY of Worth
BAKER of Polk	MUNDIE of Webster
FALLON of Polk	O'BRIEN of Boone
LARKIN of Lee	NELSON of Pottawattamie
RUNNING of Linn	KOENIGS of Mitchell
BELL of Jasper	MERTZ of Kossuth
WISE of Lee	DREES of Carroll
MASCHER of Johnson	WEIGEL of Chickasaw
JOCHUM of Dubuque	WARNSTADT of Woodbury
BURNETT of Story	MCCOY of Polk
WITT of Black Hawk	CATALDO of Polk
BRAND of Benton	

H-3200 FILED FEBRUARY 23, 1995

Lost 2/27/95

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1 Sec. 107. Section 331.438, subsection 3, paragraph
2 c, Code 1995, is amended by adding the following new
3 subparagraph:

4 NEW SUBPARAGRAPH. (15) On or before December 1,
5 1995, submit to the governor and the general assembly
6 any recommended changes in the formula for
7 distributing property tax relief moneys to counties
8 under section 426B.2, subsections 1 through 3.

9 Sec. 108. Section 331.439, Code 1995, is amended
10 by striking the section and inserting in lieu thereof
11 the following:

12 331.439 ELIGIBILITY FOR STATE PAYMENT.

13 1. The state payment to eligible counties under
14 this section shall be made as provided in section
15 331.438A. A county is eligible for the state payment,
16 as defined in section 331.438, for the fiscal year
17 beginning July 1, 1995, and for subsequent fiscal
18 years if the director of human services determines for
19 a specific fiscal year that all of the following
20 conditions are met:

21 a. The county accurately reported by October 15
22 the county's expenditures for mental health, mental
23 retardation, and developmental disabilities services
24 for the previous fiscal year on forms prescribed by
25 the department of human services.

26 b. The county developed and implemented a county
27 management plan for the county's mental health and
28 mental retardation services in accordance with the
29 provisions of this paragraph. The plan shall comply
30 with the administrative rules adopted for this purpose
31 by the council on human services and is subject to the
32 approval of the director of human services in
33 consultation with the state-county management
34 committee created in section 331.438. The plan shall
35 include a description of the county's service
36 management provision for mental health, mental
37 retardation, and developmental disabilities services.
38 The plan shall have the following two parts:

39 (1) For mental health service management, the
40 county must contract with a state-approved managed
41 mental health care contractor or provide a comparable
42 system of managed care. For the fiscal year beginning
43 July 1, 1995, the county shall submit this part of the
44 plan by October 1, 1995, and implement the approved
45 plan by January 1, 1996. For subsequent fiscal years,
46 this part of the plan shall be submitted to the
47 department by April 1 for the succeeding fiscal year.

48 (2) For mental retardation and developmental
49 disabilities services management, the plan shall
50 describe the county's development and implementation

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1 of a managed system of individualized services and
2 other support. The managed system shall be designed
3 to provide the individuals served with a choice of
4 services and other support that will assist the
5 individuals to be as independent, productive, and
6 integrated with the community as possible. The county
7 may directly implement the system and contract with
8 service providers and contract for other needed
9 services or support for an individual only after
10 identifying the type and level of services and support
11 needed and desired by the individual and a reasonable
12 rate of reimbursement. If costs of providing vouchers
13 or cash payments would be equal to or less than
14 directly providing or contracting for services, and
15 the individuals so desire, vouchers or cash payments
16 shall be provided to the individuals to allow them to
17 arrange for their own services or support. The county
18 may enter into a contract with a private entity to
19 manage this individualized system, provided all
20 requirements of this subparagraph are met by the
21 private entity.

22 c. Changes to the approved plan are submitted
23 sixty days prior to the proposed change and are not to
24 be implemented prior to the director of human
25 services' approval.

26 2. A county may provide assistance to service
27 populations with disabilities to which the county has
28 historically provided assistance but who are not
29 included in the service management provisions required
30 under subsection 1, subject to the availability of
31 funding.

32 3. For the fiscal year beginning July 1, 1996, and
33 succeeding fiscal years, the county's mental health,
34 mental retardation, and developmental disabilities
35 assistance expenditures for a fiscal year are limited
36 to a fixed budget amount. The amount of the fixed
37 budget shall be the amount identified in the county's
38 management plan and budget for the fiscal year. The
39 county shall be allowed an inflation factor adjustment
40 for assistance paid from the county's services fund
41 under section 331.424A which is in accordance with the
42 county's management plan and budget, implemented
43 pursuant to section 331.439. The state-county
44 management committee shall recommend an inflation
45 factor adjustment by August 1 for the succeeding
46 fiscal year. The inflation factor adjustment shall
47 address costs associated with new consumers of
48 assistance, service cost inflation, and investments
49 for economy and efficiency.

50 4. A county's implementation of the service

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1 management provisions required under subsection 1 for
2 mental health and mental retardation shall incorporate
3 the single entry point process described in section
4 331.440.

5 5. The basis for determining whether a managed
6 care system for mental health proposed by a county is
7 comparable to a mental health managed care contractor
8 approved by the department of human services shall
9 include but is not limited to all of the following
10 elements as specified in administrative rules adopted
11 by the department in consultation with the state-
12 county management committee:

- 13 a. The enrollment and eligibility process.
- 14 b. The scope of services included.
- 15 c. The method of plan administration.
- 16 d. The process for managing utilization and access
17 to services and other assistance.
- 18 e. The quality assurance process.
- 19 f. The risk management provisions and fiscal
20 viability of the provisions, if the county contracts
21 with a private managed care entity.

22 6. A county shall not terminate assistance to any
23 individual with a mental illness, mental retardation,
24 or a developmental disability who was receiving
25 assistance as of January 1, 1995. However, the county
26 may implement a waiting list for assistance if new
27 demand for assistance exceeds the funding available in
28 the county's fixed budget. The county management plan
29 shall describe how the county will make crisis
30 assistance available to address the immediate needs of
31 any individual placed on a waiting list until an
32 individualized plan is developed and implemented for
33 the individual.

34 7. The director's approval of a county's mental
35 health, mental retardation, and developmental
36 disabilities services management plan shall not be
37 construed to constitute certification of the county's
38 budget.

39 Sec. 109. NEW SECTION. 426B.1 PROPERTY TAX
40 RELIEF FUND.

41 1. For the purposes of this chapter, unless the
42 context otherwise requires, "property tax relief fund"
43 means the property tax relief fund created in section
44 8.57A.

45 2. There is appropriated to the property tax
46 relief fund for the indicated fiscal years from the
47 general fund of the state the following amounts:

- 48 a. For the fiscal year beginning July 1, 1995,
49 seventy-five million dollars.
- 50 b. For the fiscal year beginning July 1, 1996, one

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1 hundred million dollars.

2 c. For the fiscal year beginning July 1, 1997, one
3 hundred twenty-five million dollars.

4 d. For the fiscal year beginning July 1, 1998, one
5 hundred fifty million dollars.

6 e. For the fiscal year beginning July 1, 1999, and
7 succeeding fiscal years, one hundred seventy-five
8 million dollars.

9 3. In each fiscal year, the amount appropriated
10 pursuant to subsection 2 shall be reduced by the
11 amount of the moneys in the property tax relief fund
12 which were carried forward from the previous fiscal
13 year.

14 Sec. 110. NEW SECTION. 426B.2 PROPERTY TAX
15 RELIEF FUND DISTRIBUTIONS.

16 Moneys in the property tax relief fund shall be
17 utilized in each fiscal year as follows in the order
18 listed:

19 1. The first seventy-five million dollars plus the
20 amount paid pursuant to subsection 3 in the previous
21 fiscal year in the property tax relief fund shall be
22 paid to each county for property tax relief in the
23 same proportion that the county's base year
24 expenditure bears to the total of all counties' base
25 year expenditures as defined in section 331.438.

26 2. Payment of moneys to eligible counties of the
27 state payment in accordance with the provisions of
28 sections 331.438 and 331.439. Moneys provided to a
29 county for property tax relief in a fiscal year in
30 accordance with this section shall not be less than
31 the amount provided for property tax relief in the
32 previous fiscal year.

33 3. The department of human services shall estimate
34 the amount of moneys required for the state payment
35 pursuant to subsection 2. Moneys remaining in the
36 expenditure relief fund following the payment made
37 pursuant to subsection 1 and the estimated amount of
38 the state payment pursuant to subsection 2 shall be
39 paid to counties for property tax relief in the same
40 manner as provided in subsection 1. These payments
41 shall continue until the combined amount of the
42 payments made under this subsection and subsection 1
43 are equal to fifty percent of the total of all
44 counties' base year expenditures as defined in section
45 331.438. The amount of moneys paid to a county
46 pursuant to this subsection shall be added in
47 subsequent fiscal years to the amount of moneys paid
48 under subsection 1.

49 4. Moneys remaining in the property tax relief
50 fund following the payments made pursuant to

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1 subsections 1, 2, and 3 shall be transferred to the
2 homestead credit fund created in section 425.1. This
3 transfer shall continue until the homestead credit is
4 fully funded.

5 5. Moneys remaining in the property tax relief
6 fund following the payments made pursuant to
7 subsections 1, 2, and 3, and the transfer made
8 pursuant to subsection 4, shall be transferred to the
9 low-income tax credit and reimbursement fund created
10 in section 425.40. This transfer shall continue until
11 the low-income credit is fully funded.

12 6. Moneys remaining in the property tax relief
13 fund following the payments made pursuant to
14 subsections 1, 2, and 3, and the transfers made
15 pursuant to subsections 4 and 5, shall be transferred
16 to the agricultural land credit fund created in
17 section 426.1. This transfer shall continue until the
18 agricultural land credit is fully funded.

19 7. The director of revenue and finance shall draw
20 warrants on the property tax relief fund, payable to
21 the county treasurer in the amount due to a county in
22 accordance with subsections 1 and 3 and mail the
23 warrants to the county auditors in September and March
24 of each year. Warrants for the state payment in
25 accordance with subsection 2 shall be mailed in
26 January of each year. The director shall initiate the
27 transfers required by this section.

28 Sec. 111. NEW SECTION. 426B.3 NOTIFICATION OF
29 MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES
30 EXPENDITURE RELIEF FUND PAYMENT.

31 1. Before June 1, 1995, and before February 15 of
32 each succeeding fiscal year, the director of revenue
33 and finance shall notify the county auditor of each
34 county of the amount of moneys the county will receive
35 from the property tax relief fund pursuant to section
36 426B.2, subsections 1 and 3, for the succeeding fiscal
37 year. The county auditor shall reduce the certified
38 budget amount received from the board of supervisors
39 for the succeeding fiscal year by an amount equal to
40 the amount the county will receive and the auditor
41 shall determine the rate of taxation necessary to
42 raise the adjusted amount. On the tax list, the
43 county auditor shall compute the amount of taxes due
44 and payable on each parcel before and after the amount
45 received from the expenditure relief fund is used to
46 reduce the county budget.

47 2. The amount of property tax dollars reduced on
48 each parcel as a result of the moneys received from
49 the property tax relief fund pursuant to section
50 426B.2, subsections 1 and 3, shall be noted on each

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1 tax statement prepared by the county treasurer
2 pursuant to section 445.223.

3 Sec. 112. NEW SECTION. 426B.4 RULES.

4 The director of revenue and finance shall prescribe
5 forms and adopt rules pursuant to chapter 17A to
6 administer this chapter.

7 Sec. 113. PILOT PROJECT FOR A MANAGED SYSTEM OF
8 INDIVIDUALIZED SERVICES.

9 1. The department of human services, in
10 cooperation with a county or consortium of counties,
11 shall develop, test, and evaluate a pilot project for
12 a managed system of individualized services and
13 support for individuals with mental retardation and
14 developmental disabilities in at least two areas of
15 the state. One area shall be urban and one rural.
16 The system shall be designed to provide the
17 individuals being served with a choice of services and
18 other support that will assist the individuals to be
19 as independent, productive, and integrated into the
20 community as possible.

21 2. In implementing the managed system pilot
22 project, the department and the county or consortium
23 of counties may directly manage the system and
24 contract with service providers and others for needed
25 services or support after identifying the type and
26 level of services and support needed by the
27 individual. The pilot project shall provide a
28 reasonable rate of reimbursement. If costs are equal
29 or less than providing vouchers or cash payments to
30 the individuals and the individuals served so desire,
31 vouchers or cash payments may be provided to the
32 individuals to allow them to arrange for their own
33 services or support. The department and the county or
34 consortium of counties may enter into a contract with
35 a private entity to manage this individualized system
36 provided all pilot project requirements are met
37 through the private entity.

38 3. The department and the county or consortium of
39 counties shall seek the advice of persons with mental
40 retardation and disabilities and their family members
41 in designing the pilot project. The state-county
42 management committee created in section 331.438 shall
43 also have an opportunity to make recommendations
44 regarding the pilot project.

45 4. The department shall apply for all necessary
46 federal waivers so that in addition to state and
47 county funds, federal moneys available for these
48 services may also be flexibly used in the pilot
49 project. The planning for the pilot project shall be
50 completed prior to January 1, 1996, and the pilot

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1 project shall commence on or before March 1, 1996.
2 Sec. 114. EFFECTIVE DATES. Sections 100, 101,
3 102, and 103 of this division of this Act take effect
4 July 1, 1995, and the remainder of this division,
5 being deemed of immediate importance, takes effect
6 upon enactment, however, the provisions of sections
7 104 and 105 are applicable to taxes payable in the
8 fiscal year beginning July 1, 1995."

9 2. By striking page 30, line 6 through page 37,
10 line 7.

11 3. Page 37, by striking lines 33 through 48.

By MYERS of Johnson
JOCHUM of Dubuque
DODERER of Johnson
RUNNING of Linn
OLLIE of Clinton
WISE of Lee
MASCHER of Johnson
BURNETT of Story
WITT of Black Hawk

BRAND of Benton
MORELAND of Wapello
HARPER of Black Hawk
KREIMAN of Davis
BERNAU of Story
BAKER of Polk
MUNDIE of Webster
CONNORS of Polk
SCHRADER of Marion

H-3198 FILED FEBRUARY 23, 1995

SENATE FILE 69

H-3199

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate, as follows:

3 1. Page 11, by striking lines 36 and 37 and
4 inserting the following:

5 "1. For the fiscal year beginning July 1, 1996,
6 eight million, one hundred thousand dollars."

7 2. Page 11, by striking line 39 and inserting the
8 following: "fifteen million, two hundred thousand
9 dollars."

10 3. Page 11, by striking line 41 and inserting the
11 following: "twenty-one million, one hundred thousand
12 dollars."

13 4. Page 12, by inserting before line 38 the
14 following:

15 "Sec. . . . NEW SECTION. 427B.19E INDUSTRIAL
16 MACHINERY, EQUIPMENT AND COMPUTERS RELIEF FUND.

17 1. The industrial machinery, equipment and
18 computers relief fund is created. There is
19 appropriated annually from the general fund of the
20 state to the department of revenue and finance to be
21 credited to the relief fund, the following amounts:

22 a. For the fiscal year beginning July 1, 1996, one
23 million, nine hundred thousand dollars.

24 b. For the fiscal year beginning July 1, 1997, one
25 million, eight hundred thousand dollars.

26 c. For the fiscal year beginning July 1, 1998, one
27 million, nine hundred thousand dollars.

28 Moneys in the fund at the end of a fiscal year
29 shall not revert to the general fund of the state,
30 notwithstanding section 8.33.

31 2. a. The purpose of the industrial machinery,
32 equipment and computers relief fund is to provide
33 funds to those taxing districts in which an increase
34 in property tax revenue has not been realized as a
35 result of the elimination of the property tax on
36 property assessed pursuant to section 427B.17.
37 Beginning with the fiscal year beginning July 1, 1996,
38 a taxing district may apply for funds under this
39 section by filing an application with the director of
40 the department of management not later than March 1
41 preceding the fiscal year in which the funds will be
42 distributed. The state appeal board shall approve,
43 disapprove, or reduce the amount of funds requested by
44 the taxing district.

45 b. On forms provided by the department of
46 management, the taxing district shall request an
47 amount not exceeding the product of the decrease in
48 assessed valuation for the fiscal year for which the
49 application is filed compared to the assessed
50 valuation in the previous fiscal year, as determined

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SENATE FILE 69

H-3202

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate as follows:

3 1. Page 1, by striking lines 6 through 45 and
4 inserting the following:

5 "DEPENDENT TAX CREDIT AND SPECIAL FUND.

6 Section 1. Section 422.12, subsection 1, paragraph
7 c, Code 1995, is amended by striking the paragraph.

8 Sec. 2. NEW SECTION. 422.12A DEPENDENT TAX
9 CREDIT.

10 1. The taxes imposed under this division less the
11 credits allowed under sections 422.11A, 422.11B,
12 422.11C, 422.12, and 422.12B shall be reduced by a
13 dependent tax credit equal to one hundred thirty-five
14 dollars for each dependent for tax years beginning on
15 or after January 1, 1995, but before January 1, 1997,
16 and four hundred fifteen dollars for each dependent
17 for tax years beginning on or after January 1, 1997.
18 The term "dependent" means the same as defined in the
19 internal Revenue Code.

20 2. Any credit in excess of the tax liability shall
21 be refunded. In lieu of claiming a refund, a taxpayer
22 may elect to have the overpayment shown on the
23 taxpayer's final, completed return credited to the tax
24 liability for the following taxable year."

25 2. By striking page 3, line 23, through page 4,
26 line 33.

By DODERER of Johnson
MURPHY of Dubuque
OLLIE of Clinton
BAKER of Polk
HOLVECK of Polk
MASCHER of Johnson
JOCHUM of Dubuque
BURNETT of Story
WITT of Black Hawk
BRAND of Benton
MORELAND of Wapello

MERTZ of Kossuth
NELSON of Pottawattamie
WEIGEL of Chickasaw
KOENIGS of Mitchell
O'BRIEN of Boone
MAY of Worth
SHOULTZ of Black Hawk
BERNAU of Story
MUNDIE of Webster
CONNORS of Polk
SCHRADER of Marion

H-3202 FILED FEBRUARY 23, 1995

Lost

(p. 595) 2/27/95

SENATE FILE 69

H-3201

1 Amend the amendment, H-3030, to Senate File 69, as
 2 passed by the Senate as follows:
 3 1. Page 25, by striking lines 15 through 26 and
 4 inserting the following:
 5 "2. In each fiscal year, a county shall receive
 6 for property tax relief the county's proportion of the
 7 moneys in the relief fund allocated for property tax
 8 relief. A county's proportion of the moneys shall be
 9 equivalent to the sum of the following two factors:
 10 a. One-half based upon the county's proportion of
 11 the state's general population.
 12 b. One-half based upon the county's proportion of
 13 all counties' base year expenditures, as defined in
 14 section 331.438.
 15 However, moneys provided to a county for property
 16 tax relief in a fiscal year in accordance with this
 17 section shall not be less than the amount provided to
 18 a county for property tax relief in the previous
 19 fiscal year."

By CORNELIUS of Jackson

H-3201 FILED FEBRUARY 23, 1995

Lost 2/28/95 (p. 619)

SENATE FILE 69

-3204

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate as follows:

3 1. By striking page 13, line 41, through page 16,
4 line 43.

5 2. Page 16, by inserting after line 45 the
6 following:

7 "Sec. 131. Section 425.40, Code 1995, is amended
8 by striking the section and inserting the following:
9 425.40 LOW-INCOME FUND CREATED.

10 The low-income tax credit and reimbursement fund is
11 created. There is appropriated annually from the
12 general fund of the state to the department of revenue
13 and finance to be credited to the low-income tax
14 credit and reimbursement fund, from funds not
15 otherwise appropriated, an amount sufficient to
16 implement this division."

17 3. Page 19, by striking line 8.

18 4. Page 19, line 11, by striking the figures "27,
19 28, 29, and 30".

20 5. Page 19, line 12, by striking the figure "37"
21 and inserting the following: "131".

22 6. Page 19, line 14, by inserting after the word
23 "credits" the following: "or rent reimbursement
24 claims".

By BERNAU of Story
WEIGEL of Chickasaw
DODERER of Johnson
HOLVECK of Polk
WISE of Lee
MASCHER of Johnson
JOCHUM of Dubuque
BRAND of Benton
MORELAND of Wapello

WARNSTADT of Woodbury
MERTZ of Kossut
NELSON of Pottawattamie
O'BRIEN of Boone
SHOULTZ of Black Hawk
BAKER of Polk
CONNORS of Polk
SCHRADER of Marion

H-3204 FILED FEBRUARY 23, 1995

*Lost 2/28/95
(P.643)*

SENATE FILE 69

H-3205

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate as follows:

3 1. Page 13, by striking lines 25 through 40.

4 2. Page 19, line 11, by striking the figure
5 "26,".

By WARNSTADT of Woodbury
MASCHER of Johnson
WISE of Lee
JOCHUM of Dubuque
BURNETT of Story
BRAND of Benton
MORELAND of Wapello

HARPER of Black Hawk
KREIMAN of Davis
SHOULTZ of Black Hawk
BERNAU of Story
CONNORS of Polk
SCHRADER of Marion

H-3205 FILED FEBRUARY 23, 1995

(P.613) Lost 2/28/95

SENATE FILE 69

H-3203

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate as follows:

3 1. Page 1, line 6, by inserting after the word
4 "INCOME" the following: "AND INHERITANCE".

5 2. Page 4, by inserting before line 35 the
6 following:

7 "Sec. 100. Section 450.2, Code 1995, is amended by
8 adding the following new unnumbered paragraph:

9 NEW UNNUMBERED PARAGRAPH. Property passing from
10 estates of decedents dying on or after July 1, 1999,
11 is not subject to tax under this chapter. This
12 chapter is repealed July 1, 1999, for property of
13 estates of decedents dying on or after July 1, 1999.

14 Sec. 200. Section 450.10, Code 1995, is amended by
15 adding the following new subsection:

16 NEW SUBSECTION. 8. For property, interest in
17 property, or income from property passing from estates
18 of decedents dying during the following fiscal years
19 the tax rates under subsections 1 through 6 shall be a
20 percentage of those specified as follows:

21 a. For the fiscal year beginning July 1, 1995,
22 eighty percent.

23 b. For the fiscal year beginning July 1, 1996,
24 sixty percent.

25 c. For the fiscal year beginning July 1, 1997,
26 forty percent.

27 d. For the fiscal year beginning July 1, 1998,
28 twenty percent.

29 e. For fiscal years beginning on or after July 1,
30 1999, zero percent."

31 3. Page 4, by inserting after line 46 the
32 following:

33 "Sec. ____ . APPLICABILITY. Sections 100 and 200 of
34 this Act apply to estates of decedents dying on or
35 after July 1, 1995."

36 4. Page 38, line 3, by inserting after the word
37 "health," the following: "inheritance tax phase
38 out,".

39 5. By renumbering as necessary.

By WEIGEL of Chickasaw

SCHRADER of Marion

BERNAU of Story

JOCHUM of Dubuque

BAKER of Polk

BRAND of Benton

MORELAND of Wapello

MYERS of Johnson

MUNDIE of Webster

H-3203 FILED FEBRUARY 23, 1995

WITHDRAWN

2/27/95

SENATE FILE 69

H-3207

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate, as follows:

3 1. Page 4, by inserting before line 35 the
4 following:
5 "Sec. ____ . Section 422.73, Code 1995, is amended
6 by adding the following new subsection:
7 NEW SUBSECTION. 3. Notwithstanding subsection 2,
8 a claim for credit or refund of individual income tax
9 paid for any tax year beginning on or after January 1,
10 1985, and before January 1, 1989, is considered timely
11 if filed with the department on or before April 30,
12 1996, if the taxpayer's claim is the result of the
13 unconstitutional taxation of federal pension benefits
14 based upon the decision in Davis v. Michigan
15 Department of Treasury, 489 U.S. 803, 109 S. Ct. 1500
16 (1989).

17 A taxpayer entitled to a credit or refund of tax
18 paid under this subsection shall receive an amount
19 equal to ninety-five percent of the credit or refund
20 plus interest with interest not accruing after January
21 12, 1994. The claim for credit or refund shall be
22 made on the income tax return for the tax year
23 beginning in the 1995 calendar year. If the taxpayer
24 does not owe tax or the credit is in excess of the tax
25 computed, the taxpayer shall receive a refund of the
26 excess.

27 2. ~~By~~ renumbering as necessary.

By O'BRIEN of Boone
RUNNING of Linn
MURPHY of Dubuque
HOLVECK of Polk
DODERER of Johnson
LARKIN of Lee
BAKER of Polk
OLLIE of Clinton
COHOON of Des Moines
BELL of Jasper
MASCHER of Johnson
HARPER of Black Hawk
BURNETT of Story
CONNORS of Polk
JOCHUM of Dubuque
WITT of Black Hawk

KREIMAN of Davis
FALLON of Polk
BRAND of Benton
CATALDO of Polk
MCCOY of Polk
WARNSTADT of Woodbury
MORELAND of Wapello
WEIGEL of Chickasaw
KOENIGS of Mitchell
NELSON of Pottawattamie
MERTZ of Kossuth
MYERS of Johnson
MAY of Worth
MUNDIE of Webster
BERNAU of Story
SCHRADER of Marion

H-3207 FILED FEBRUARY 23, 1995

*Done 2/27/95
(p. 598)*

SENATE FILE 69

H-3206

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate, as follows:

3 1. Page 4, by inserting before line 35 the
4 following:

5 "Sec. 100. Section 422.7, Code 1995, is amended by
6 adding the following new subsection:

7 NEW SUBSECTION. 32. For a person who is disabled,
8 or is fifty-five years of age or older, or is the
9 surviving spouse of an individual or a survivor having
10 an insurable interest in an individual who would have
11 qualified for the exemption under this subsection for
12 the tax year, subtract, to the extent included, the
13 total amount of a governmental or other pension,
14 retirement pay, annuity, or other similar periodic
15 payment made under a plan maintained or contributed to
16 by an employer, or maintained or contributed to by a
17 self-employed person as an employer, up to a maximum
18 of seven thousand five hundred dollars for a person
19 who files a separate state income tax return, and up
20 to a maximum of fifteen thousand dollars for a husband
21 and wife who file a joint state income tax return.
22 However, a surviving spouse who is not disabled or
23 fifty-five years of age or older can only exclude the
24 amount of annuities or other similar periodic payments
25 received as a result of the death of the other
26 spouse."

27 2. Page 4, by inserting after line 46 the
28 following:

29 "Sec. ____ . APPLICABILITY. Section 100 of this Act
30 applies retroactively to January 1, 1995, for tax
31 years beginning on or after that date."

32 3. By renumbering as necessary.

By RUNNING of Linn	WARNSTADT of Woodbury
LARKIN of Lee	MORELAND of Wapello
COHOON of Des Moines	WEIGEL of Chickasaw
OLLIE of Clinton	KOENIGS of Mitchell
BAKER of Polk	NELSON of Pottawattamie
MASCHER of Johnson	O'BRIEN of Boone
BURNETT of Story	MERTZ of Kossuth
WITT of Black Hawk	MUNDIE of Webster
JOCHUM of Dubuque	MYERS of Johnson
BRAND of Benton	BERNAU of Story
KREIMAN of Davis	CONNORS of Polk
CATALDO of Polk	SCHRADER of Marion

H-3206 FILED FEBRUARY 23, 1995

Lost
2/27/95
(p. 596)

SENATE FILE 69

H-3209

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate, as follows:

3 1. By striking page 7, line 38, through page 12,
4 line 37, and inserting the following:

5 "Sec. ____ . NEW SECTION. 427B.18 TAXPAYER
6 REIMBURSEMENT.

7 1. By July 1 of each year, the county treasurer
8 shall certify and mail to each taxpayer who pays
9 property taxes on property defined in section 427A.1,
10 subsection 1, paragraphs "e" and "j", and assessed
11 pursuant to section 427B.17, a statement of the amount
12 of property taxes paid in the previous fiscal year for
13 such property and the statement shall serve as a
14 voucher for purposes of claiming taxpayer
15 reimbursement from the state for property taxes paid
16 on such property.

17 2. Not later than September 1, the claimant shall
18 submit the certified voucher to the department of
19 revenue and finance for reimbursement of property
20 taxes paid on property assessed pursuant to section
21 427B.17. By December 1 of each year, the department
22 shall issue warrants to each claimant in the amount of
23 the claimant's certified voucher."

24 2. By renumbering as necessary.

By WEIGEL of Chickasaw
WITT of Black Hawk
JOCHUM of Dubuque
OLLIE of Clinton
DODERER of Johnson
BAKER of Polk
BURNETT of Story
HARPER of Black Hawk
MASCHER of Johnson

BRAND of Benton
MYERS of Johnson
KREIMAN of Davis
MAY of Worth
SHOULTZ of Black Hawk
MUNDIE of Webster
BERNAU of Story
CONNORS of Polk
SCHRADER of Marion

H-3209 FILED FEBRUARY 23, 1995

(P.605) Lost
2/27/95

SENATE FILE 69

H-3208

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate as follows:

3 1. By striking page 4, line 47, through page 7,
4 line 34.

5 2. Page 37, by inserting after line 32 the
6 following:

7 "Sec. _____. There is appropriated to the mental
8 health, mental retardation, and developmental
9 disabilities property tax relief fund for the
10 indicated fiscal years from the general fund of the
11 state in addition to any other moneys so appropriated
12 the following amounts:

13 a. For the fiscal year beginning July 1, 1995,
14 eight million dollars.

15 b. For the fiscal year beginning July 1, 1996,
16 eight million dollars.

17 c. For the fiscal year beginning July 1, 1997,
18 eight million dollars.

19 d. For the fiscal year beginning July 1, 1998,
20 eight million dollars.

21 e. For the fiscal year beginning July 1, 1999, and
22 succeeding fiscal years, eight million dollars."

By SHOULTZ of Black Hawk

WEIGEL of Chickasaw

DODERER of Johnson

FALLON of Polk

BAKER of Polk

HOLVECK of Polk

WISE of Lee

MASCHER of Johnson

JOCHUM of Dubuque

BRAND of Benton

DREES of Carroll

NELSON of Pottawattamie

KOENIGS of Mitchell

MERTZ of Kossuth

MUNDIE of Webster

KREIMAN of Davis

BERNAU of Story

CONNORS of Polk

SCHRADER of Marion

H-3208 FILED FEBRUARY 23, 1995

(P.600) Lost 2/27/95

SENATE FILE 69

-3211

1 Amend the amendment, H-3030, to Senate File 69, as
2 passed by the Senate, as follows:

3 1. Page 27, by striking lines 6 through 16 and
4 inserting the following:

5 "(2) For mental retardation and developmental
6 disabilities services management, the plan shall
7 describe the county's development and implementation
8 of a managed system of individualized services and
9 other support. The managed system shall be designed
10 to provide the individuals served with a choice of
11 services and other support that will assist the
12 individuals to be as independent, productive, and
13 integrated with the community as possible. The county
14 may directly implement the system and contract with
15 service providers and contract for other needed
16 services or support for an individual only after
17 identifying the type and level of services and support
18 needed and desired by the individual and a reasonable
19 rate of reimbursement. If costs of providing vouchers
20 or cash payments would be equal to or less than
21 directly providing or contracting for services, and
22 the individuals so desire, vouchers or cash payments
23 shall be provided to the individuals to allow them to
24 arrange for their own services or support. The county
25 may enter into a contract with a private entity to
26 manage this individualized system, provided all
27 requirements of this subparagraph are met by the
28 private entity."

29 2. Page 27, by inserting before line 27 the
30 following:

31 " . A county shall not terminate assistance to
32 any individual with a mental illness, mental
33 retardation, or a developmental disability who was
34 receiving assistance as of January 1, 1995. However,
35 the county may implement a waiting list for assistance
36 if new demand for assistance exceeds the funding
37 available in the county's fixed budget. The county
38 management plan shall describe how the county will
39 make crisis assistance available to address the
40 immediate needs of any individual placed on a waiting
41 list until an individualized plan is developed and
42 implemented for the individual."

43 3. By renumbering as necessary.

By JOCHUM of Dubuque
WITT of Black Hawk
WISE of Lee
MURPHY of Dubuque
DODERER of Johnson
MASCHER of Johnson
BURNETT of Story
BRAND of Benton
KREIMAN of Davis
CATALDO of Polk
MCCOY of Polk
WARNSTADT of Woodbury
WEIGEL of Chickasaw

DREES of Carroll
KOENIGS of Mitchell
MERTZ of Kossuth
O'BRIEN of Boone
NELSON of Pottawattamie
MAY of Worth
MUNDIE of Webster
SHOULTZ of Black Hawk
BERNAU of Story
BAKER of Polk
CONNORS of Polk
SCHRADER of Marion

H-3211 FILED FEBRUARY 23, 1995

Lost (p. 621)

2-28-95

SENATE FILE 69

-3212

1 Amend the amendment, H-3030, to Senate File 69, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 20, by inserting after line 41 the
5 following:

6 "Sec. ____ . Section 222.60, Code 1995, is amended
7 to read as follows:

8 222.60 COSTS PAID BY COUNTY OR STATE.

9 All necessary and legal expenses for the cost of
10 admission or commitment or for the treatment,
11 training, instruction, care, habilitation, support and
12 transportation of patients, as provided for in the
13 county management plan provisions implemented pursuant
14 to section 331.439, subsection 1, in a state hospital-
15 school for the-mentally-retarded persons with mental
16 retardation, or in a special unit, or any public or
17 private facility within or without the state, approved
18 by the director of the department of human services,
19 shall be paid by either:

20 1. The county in which such-person the patient has
21 legal settlement as defined in section 252.16.

22 2. The state when such-person the patient has no
23 legal settlement or when such legal settlement is
24 unknown."

25 2. Page 24, line 14, by striking the figure
26 "1995" and inserting the following: "1996".

27 3. Page 24, line 17, by striking the figure
28 "1994" and inserting the following: "1995".

29 4. Page 24, line 20, by inserting after the word
30 "disabilities" the following: "services".

31 5. Page 24, by striking lines 23 and 24, and
32 inserting the following: "shall be determined by the
33 county auditor, subject to the approval of the
34 department of management. A county which disagrees
35 with the adjustment and maximum amount proposed for
36 the county by the department of management may appeal
37 the determination to the state appeal board created in
38 section 24.26 which shall make a final determination."

39 6. Page 24, line 49, by striking the words "for
40 the county expenditures for" and inserting the
41 following: "to counties for the costs of".

42 7. Page 24, line 50, by striking the word
43 "assistance" and inserting the following: "services".

44 8. Page 25, by inserting after line 4 the
45 following:

46 "Sec. 301. Section 331.438, subsection 3,
47 paragraph c, Code 1995, is amended by adding the
48 following new subparagraph:

49 NEW SUBPARAGRAPH. (15) Consider tort and other
50 liability issues associated with a county managing

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1 mental health, mental retardation, and developmental
2 disabilities services in accordance with a fixed
3 budget and make recommendations to address the
4 issues."

5 9. Page 25, line 14, by striking the word "fund."
6 and inserting the following: "fund and the amount of
7 allocations from the fund for property tax relief
8 pursuant to subsection 2 and for the adjustment factor
9 pursuant to subsection 5 shall be as specified in law
10 by the general assembly. There is appropriated to the
11 mental health, mental retardation, and developmental
12 disabilities property tax relief fund for the
13 indicated fiscal years from the general fund of the
14 state the following amounts:

15 a. For the fiscal year beginning July 1, 1995,
16 sixteen million dollars of which ten million dollars
17 is allocated to counties for property tax relief in
18 accordance with subsection 2 and six million dollars
19 is allocated to counties as the adjustment factor
20 pursuant to subsection 5.

21 b. For the fiscal year beginning July 1, 1996,
22 thirty million dollars.

23 c. For the fiscal year beginning July 1, 1997,
24 forty-seven million dollars.

25 d. For the fiscal year beginning July 1, 1998,
26 sixty-four million dollars.

27 e. For the fiscal year beginning July 1, 1999, and
28 succeeding fiscal years, eighty-one million dollars."

29 10. Page 25, by striking lines 15 through 26 and
30 inserting the following:

31 "2. In each fiscal year, a county shall receive
32 for property tax relief the county's proportion of the
33 moneys in the relief fund allocated for property tax
34 relief. A county's proportion of the moneys shall be
35 equivalent to the sum of the following three factors:

36 a. One-third based upon the county's proportion of
37 the state's general population.

38 b. One-third based upon the county's proportion of
39 the state's total taxable property valuation assessed
40 for taxes payable in the previous fiscal year.

41 c. One-third based upon the county's proportion of
42 all counties' base year expenditures, as defined in
43 section 331.438."

44 11. Page 25, line 27, by striking the word
45 "management" and inserting the following: "human
46 services".

47 12. Page 25, line 30, by inserting after the word
48 "payable" the following: "quarterly".

49 13. Page 25, by striking line 33 and inserting
50 the following: "county auditors by September 1,

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1 December 1, March 1, and June 1 of each year."

2 14. Page 25, line 37, by inserting after the word
3 "fund" the following: "for property tax relief".

4 15. Page 25, by striking lines 40 and 41, and
5 inserting the following: "reduce the amount of the
6 county's certified budget to be raised by property
7 tax, for that fiscal year by an amount".

8 16. Page 25, line 42, by inserting after the word
9 "receive" the following: "from the relief fund for
10 property tax relief pursuant to subsection 2".

11 17. Page 25, by striking lines 46 and 47 and
12 inserting the following: "reduce the amount of the
13 county's certified budget to be raised from property
14 tax for a fiscal year in the amount equal to that
15 amount to be received by the county for property tax
16 relief pursuant to subsection 2 for the fiscal year."

17 18. By striking page 25, line 48, through page
18 26, line 12, and inserting the following:

19 "5. In addition to moneys received by a county for
20 a fiscal year pursuant to subsection 2, the county may
21 be paid an adjustment factor payment for services
22 provided in accordance with the county's management
23 plan implemented pursuant to section 331.439 and paid
24 for from the county's services fund under section
25 331.424A. The amount of the adjustment factor payment
26 to a county is subject to the amount appropriated for
27 this purpose and shall be paid as provided by the
28 general assembly for that fiscal year."

29 19. Page 26, line 13, by striking the words
30 "director of revenue and finance" and inserting the
31 following: "department of human services, in
32 consultation with the state-county management
33 committee,".

34 20. Page 26, lines 34 and 35, by striking the
35 words "and mental retardation" and inserting the
36 following: ", mental retardation, and developmental
37 disabilities".

38 21. Page 27, by striking lines 6 through 16 and
39 inserting the following:

40 "(2) For mental retardation and developmental
41 disabilities services management, the county must
42 contract with a state-approved managed care contractor
43 or develop and implement a managed system of care
44 which addresses a full array of appropriate services
45 and cost-effective delivery of services. The managed
46 system of care shall incorporate a single entry point
47 process developed in accordance with the provisions of
48 section 331.440. The elements of the managed system
49 of care shall be specified in rules developed by the
50 department in consultation with the state-county

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1 management committee and adopted by the council on
2 human services. The county shall implement either the
3 state-approved contract or implement a comparable
4 system of care within six months of the date by which
5 the department approves a managed care contractor. In
6 fiscal years succeeding the fiscal year of initial
7 implementation this part of the plan shall be
8 submitted to the department of human services by April
9 1 for the succeeding fiscal year."

10 22. Page 27, by inserting after line 20 the
11 following:

12 "_____. The county management plan shall address the
13 county's criteria for serving persons with chronic
14 mental illness, including any rationale used for
15 decision making regarding this population."

16 23. Page 27, by striking lines 21 through 26 and
17 inserting the following:

18 "_____. If funding is available under the fixed
19 budget, a county that has not provided services to a
20 service population which is not included in the
21 service management provisions required under
22 subsection 1, may provide such services."

23 24. Page 27, line 27, by striking the figure
24 "1995" and inserting the following: "1996".

25 25. Page 27, line 33, by inserting after the
26 figure "331.424A." the following: "The amount of the
27 fixed budget shall be the amount specified for the
28 fiscal year in the county's management plan and
29 budgeted for such services."

30 26. Page 27, by inserting after line 33 the
31 following:

32 "_____. A county shall implement the county's
33 management plan in a manner so as to provide adequate
34 funding for the entire fiscal year by budgeting for
35 ninety-nine percent of the funding anticipated to be
36 available for the plan."

37 27. Page 27, line 40, by inserting after the word
38 "system" the following: "for mental health".

39 28. Page 27, line 43, by inserting after the word
40 "elements" the following: "which shall be specified
41 in administrative rules adopted by the department in
42 consultation with the state-county management
43 committee".

44 29. Page 28, by inserting after line 6 the
45 following:

46 "Sec. 101. Section 331.440, subsection 1, Code
47 1995, is amended by adding the following new
48 paragraph:

49 NEW PARAGRAPH. c. The single entry point process
50 shall include provision for the county's participation

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1 in a management information system developed in
2 accordance with rules adopted pursuant to subsection
3 3."

4 30. Page 28, line 15, by striking the figure
5 "1995" and inserting the following: "1996".

6 31. Page 28, line 25, by striking the figure
7 "1995" and inserting the following: "1996".

8 32. Page 28, by striking lines 28 through 31 and
9 inserting the following: "to the services fund,
10 including but not limited to moneys received by a
11 county under section 331.438A."

12 33. Page 28, line 32, by striking the figure
13 "1995" and inserting the following: "1996".

14 34. Page 28, line 44, by inserting after the word
15 "certified." the following: "the county auditor and
16 the board of supervisors shall reduce the amount of
17 the levy certified under this section by the amount of
18 property tax relief to be received."

19 35. Page 29, by striking lines 15 through 20 and
20 inserting the following: "beginning July 1, 1995,
21 minus the amount by which the property tax relief
22 payment to be received by the county in the fiscal
23 year beginning July 1, 1996, exceeds the amount of the
24 property tax relief payment received in the fiscal
25 year beginning July 1, 1995, pursuant to section".

26 36. By striking page 29, line 48, through page
27 30, line 5.

28 37. Page 30, line 11, by striking the figure
29 "1996" and inserting the following: "1997".

30 38. Page 30, by striking lines 14 through 18 and
31 inserting the following: "amount by which the
32 property tax relief payment to be received by the
33 county in the fiscal year beginning July 1, 1997,
34 exceeds the amount of the property tax relief payment
35 received by the county in the fiscal year beginning
36 July 1, 1996,".

37 39. Page 30, by striking lines 25 through 29 and
38 inserting the following: "1997, minus the amount by
39 which the property tax relief payment to be received
40 by the county in the fiscal year beginning July 1,
41 1998, exceeds the amount of the property tax relief
42 payment received by the county in the fiscal year
43 beginning July 1, 1997,".

44 40. Page 33, by striking lines 2 and 3 and
45 inserting the following: "treatment, and facilities
46 pursuant to".

47 41. Page 33, by striking line 33 and inserting
48 the following: "LIMITATION FOR FISCAL YEAR 2000."

49 42. By striking page 33, line 40, through page
50 34, line 6, and inserting the following: "amount by

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1 which the property tax relief payment to be received
2 by the county in the fiscal year beginning July 1,
3 1999, exceeds the amount of the property tax relief
4 payment received by the county in the fiscal year
5 beginning July 1, 1998, pursuant to section 331.438A,
6 subsection 2, for each".

7 43. Page 35, by striking lines 10 through 19 and
8 inserting the following: "calendar year 1997."

9 44. Page 35, line 25, by striking the word
10 "years" and inserting the following: "year".

11 45. Page 35, line 26, by striking the words and
12 figures "and July 1, 2000,".

13 46. Page 35, by striking line 28 and inserting
14 the following: "issue of the United".

15 47. Page 35, line 31, by striking the word
16 "years" and inserting the following: "year".

17 48. Page 35, line 32, by striking the words and
18 figures "and July 1, 1999,".

19 49. Page 35, by striking lines 45 through 48 and
20 inserting the following: "year beginning July 1,
21 1998, level".

22 50. Page 36, line 1, by striking the word "years"
23 and inserting the following: "year".

24 51. Page 36, line 2, by striking the words and
25 figures "and July 1, 2000,".

26 52. Page 36, by striking lines 28 and 29 and
27 inserting the following: "treatment, and facilities
28 pursuant to".

29 53. Page 37, by inserting before line 8 the
30 following:

31 "Sec. _____. Section 444.27, Code 1995, is amended
32 to read as follows:

33 444.27 SECTIONS VOID.

34 1. For purposes of section 444.25, sections 24.48
35 and 331.426 are void for the fiscal years beginning
36 July 1, 1993, and July 1, 1994. For purposes of
37 section 444.25A, sections 24.48 and 331.426 are void
38 for the fiscal years beginning July 1, 1995, and July
39 1, 1996.

40 2. For purposes of sections 444.25B and 444.25C,
41 sections 24.48 and 331.426 are void for the fiscal
42 years beginning July 1, 1997, July 1, 1998, and July
43 1, 1999."

44 54. Page 37, by inserting after line 34 the
45 following:

46 "Sec. 201. DEPARTMENT OF HUMAN SERVICES -- ICFMR
47 REQUIREMENT. The department of human services shall
48 consult with the department of inspections and
49 appeals, the Iowa state association of counties, and
50 the Iowa association of rehabilitation and residential

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1 facilities in adopting administrative rules
2 identifying optimum staffing ratios for intermediate
3 care facilities for the mentally retarded (ICFMR).
4 The administrative rules shall be implemented on or
5 before January 1, 1996.

6 Sec. ____ COUNTY ADJUSTMENT FACTOR PAYMENT --
7 FISCAL YEAR 1995-1996.

8 1. For the fiscal year beginning July 1, 1995, the
9 adjustment factor payment from the mental health,
10 mental retardation, and developmental disabilities
11 property tax relief fund specified in section 331.438A
12 shall be paid as provided in this section. An
13 eligible county may apply to the department of human
14 services for an adjustment factor payment to reimburse
15 costs paid by the county in that fiscal year for
16 services to persons with mental illness, mental
17 retardation, or developmental disabilities in
18 accordance with the county's management plan approved
19 pursuant to section 331.439. Eligible costs shall be
20 limited to eligible consumers of services who were not
21 served in the previous fiscal year, unusual cost
22 increases, service cost inflation, and investments for
23 quality and efficiency improvements. Reimbursement
24 shall not be provided from the fund for applications
25 received after August 10, 1995.

26 2. Payment from the fund shall be limited to the
27 amount designated for this purpose and if applications
28 received exceed the available funding, payments shall
29 be prorated. The department of human services shall
30 notify the director of revenue and finance of the
31 amounts due a county under this section. The director
32 shall draw warrants on the relief fund payable to the
33 county treasurer in the amount due to each county.
34 The warrants shall be paid in a timely manner to
35 enable the county to accrue the payment in the
36 county's 1995-1996 fiscal year.

37 3. Notwithstanding section 8.33, moneys in the
38 relief fund allocated for the adjustment payment which
39 remain unobligated or unexpended at the close of the
40 fiscal year ending June 30, 1996, shall not revert to
41 the general fund of the state but shall remain
42 available for adjustment payments in the succeeding
43 fiscal year."

44 55. Page 37, line 43, by inserting after the
45 figure "2." the following: "In addition, the
46 committee should consider proposals from counties and
47 other interested persons for a distribution formula
48 factor which rewards or provides incentives for
49 economy and efficiency in providing mental health,
50 mental retardation, and developmental disabilities

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1 services; and a mechanism for a county to appeal to
2 the state if it is believed the county is unfairly
3 treated under an established funding formula."

4 56. Page 37, by striking lines 46 through 48 and
5 inserting the following:

6 "Sec. ____ . EFFECTIVE DATES.

7 1. Sections 40, 41, 42, 43, 44, 45, 46, and 51 of
8 this division of this Act take effect July 1, 1996,
9 and the tax-related provisions are applicable to taxes
10 paid in the fiscal year beginning July 1, 1996, and
11 succeeding fiscal years.

12 2. Sections 47, 48, 49, 50, 52, 101, and 201 of
13 this division of this Act, being deemed of immediate
14 importance, take effect upon enactment."

15 57. Page 38, by striking lines 2 and 3 and
16 inserting the following: "equipment phase-in
17 exemption and reimbursement, mental health, mental
18 retardation, and developmental disabilities levies and
19 expenditures, providing appropriations, and providing
20 effective dates and applicability provisions."

By HOUSER of Pottawattamie
VANDE HOEF of Osceola

H-3212 FILED FEBRUARY 23, 1995

WITHDRAWN

(P.618) 2/28/95

SENATE FILE 69

H-3210

1 Amend amendment, H-3030, to Senate File 69, as
 2 passed by the Senate, as follows:

3 1. By striking page 16, line 46, through page 19,
 4 line 7, and inserting the following:

5 "Sec. 80. Section 426.1, Code 1995, is amended to
 6 read as follows:

7 426.1 AGRICULTURAL LAND CREDIT FUND.

8 There is created as a permanent fund in the office
 9 of the treasurer of state a fund to be known as the
 10 agricultural land credit fund, and for the purpose of
 11 establishing and maintaining this fund for each fiscal
 12 year there is appropriated ~~thereto~~ from funds in the
 13 general fund of the state not otherwise appropriated
 14 the sum of ~~thirty-nine~~ forty-nine million ~~one~~ three
 15 hundred thousand dollars of which the first ten
 16 million dollars shall be transferred to and deposited
 17 into the family farm tax credit fund created in
 18 section 425A.1. Any balance in ~~said~~ the fund on June
 19 30 shall revert to the general fund of the state."

20 2. Page 19, by striking line 9.

21 3. Page 19, line 11, by striking the figure "1."

22 4. Page 19, line 11, by inserting after the
 23 figure "31," the following: "80,"

24 5. Page 19, by striking lines 15 through 20.

By MERTZ of Kossuth
 WITT of Black Hawk
 WISE of Lee
 BURNETT of Story
 MASCHER of Johnson
 DODERER of Johnson
 OLLIE of Clinton
 JOCHUM of Dubuque
 BRAND of Benton
 CATALDO of Polk
 MORELAND of Wapello
 DREES of Carroll

NELSON of Pottawattamie
 BAKER of Polk
 WEIGEL of Chickasaw
 KOENIGS of Mitchell
 O'BRIEN of Boone
 MUNDIE of Webster
 MAY of Worth
 SHOULTZ of Black Hawk
 BERNAU of Story
 CONNORS of Polk
 SCHRADER of Marion

H-3210 FILED FEBRUARY 23, 1995

A. Lost 2-28-95 (P. 618)

B. Withdrawn 2-28-95 (P. 618)

HOUSE AMENDMENT TO
SENATE FILE 69

S-3082

1 Amend Senate File 69, as passed by the Senate, as
2 follows:

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

5 "DIVISION I

6 INCOME TAX REDUCTION AND SPECIAL FUNDS

7 Section 1. Section 422.4, subsection 1, paragraphs
8 b and c, Code 1995, are amended to read as follows:

9 b. "Cumulative inflation factor" means the product
10 of the annual inflation factor for the ~~1988~~ 1995
11 calendar year and all annual inflation factors for
12 subsequent calendar years as determined pursuant to
13 this subsection. The cumulative inflation factor
14 applies to all tax years beginning on or after January
15 1 of the calendar year for which the latest annual
16 inflation factor has been determined.

17 c. The annual inflation factor for each of the
18 1988 1995, 1996, 1997, 1998, and 1999 calendar year
19 years is one hundred percent.

20 Sec. 2. Section 422.5, subsection 1, unnumbered
21 paragraph 1, and paragraphs a through i, Code 1995,
22 are amended by striking the unnumbered paragraph and
23 lettered paragraphs and inserting in lieu thereof the
24 following:

25 A tax is imposed upon every resident and
26 nonresident of the state which tax shall be levied,
27 collected, and paid annually upon and with respect to
28 the entire taxable income as defined in this division
29 at rates and for tax years beginning in the following
30 calendar years as follows:

31 On all taxable
32 income exceeding
33 the beginning
34 amount through
35 the ending
36 amount:

CALENDAR YEARS

1999 and
subsequent
years

	1995	1996	1997	1998	1999 and subsequent years
a. \$ 0- 1,060	.4 %	.4 %	.35%	.35%	.35%
b. 1,060- 2,120	.8	.75	.75	.7	.7
c. 2,120- 4,240	2.65	2.55	2.45	2.35	2.3
d. 4,240- 9,540	4.9	4.75	4.55	4.35	4.25
e. 9,540-15,900	6.65	6.45	6.2	5.95	5.8
f. 15,900-21,200	7.05	6.8	6.6	6.3	6.1
g. 21,200-31,800	7.35	7.15	6.9	6.6	6.4
h. 31,800-47,700	8.6	8.3	8.05	7.65	7.5
i. 47,700+	9.75	9.45	9.15	8.7	8.5

46 Sec. 3. Section 8.56, subsection 1, Code 1995, is
47 amended to read as follows:

48 1. A cash reserve fund is created in the state
49 treasury. The cash reserve fund shall be separate
50 from the general fund of the state and shall not be

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1 considered part of the general fund of the state
2 except in determining the cash position of the state
3 as provided in subsection 3. The moneys in the cash
4 reserve fund are not subject to section 8.33 and shall
5 not be transferred, used, obligated, appropriated, or
6 otherwise encumbered except as provided in this
7 section. Notwithstanding section 12C.7, subsection 2,
8 interest or earnings on moneys deposited in the cash
9 reserve fund shall be credited to the rebuild Iowa
10 ~~economic-emergency-fund~~ infrastructure account created
11 in section 8.57. Moneys in the cash reserve fund may
12 be used for cash flow purposes provided that any
13 moneys so allocated are returned to the cash reserve
14 fund by the end of each fiscal year. However, the
15 fund shall be considered a special account for the
16 purposes of section 8.53.

17 Sec. 4. Section 8.56, subsection 4, paragraph b,
18 Code 1995, is amended to read as follows:

19 b. In addition to the requirements of paragraph
20 "a", an appropriation shall not be made from the cash
21 reserve fund ~~which-would-cause-the-fund's-balance-to~~
22 ~~be-less-than-three-percent-of-the-adjusted-revenue~~
23 ~~estimate-for-the-year-for-which-the-appropriation-is~~
24 made unless the bill or joint resolution making the
25 appropriation is approved by vote of at least three-
26 fifths of the members of both chambers of the general
27 assembly and is signed by the governor.

28 Sec. 5. Section 8.57, subsection 1, paragraph a,
29 Code 1995, is amended by striking the paragraph and
30 inserting in lieu thereof the following:

31 a. The cash reserve goal percentage for fiscal
32 years beginning on or after July 1, 1995, is five
33 percent of the adjusted revenue estimate. For each
34 fiscal year beginning on or after July 1, 1995, in
35 which the appropriation of the surplus existing in the
36 general fund of the state at the conclusion of the
37 prior fiscal year pursuant to paragraph "b" was not
38 sufficient for the cash reserve fund to reach the cash
39 reserve goal percentage for the current fiscal year,
40 there is appropriated from the general fund of the
41 state an amount to be determined as follows:

42 (1) If the balance of the cash reserve fund in the
43 current fiscal year is not more than four percent of
44 the adjusted revenue estimate for the current fiscal
45 year, the amount of the appropriation under this
46 lettered paragraph is one percent of the adjusted
47 revenue estimate for the current fiscal year.

48 (2) If the balance of the cash reserve fund in the
49 current fiscal year is more than four percent but less
50 than five percent of the adjusted revenue estimate for

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1 that fiscal year, the amount of the appropriation
2 under this lettered paragraph is the amount necessary
3 for the cash reserve fund to reach five percent of the
4 adjusted revenue estimate for the current fiscal year.

5 (3) The moneys appropriated under this lettered
6 paragraph shall be credited in equal and proportionate
7 amounts in each quarter of the current fiscal year.

8 Sec. 6. Section 8.57, subsection 1, paragraph b,
9 Code 1995, is amended to read as follows:

10 b. ~~Commencing June 30, 1993,~~ The surplus
11 existing in the general fund of the state at the
12 conclusion of the fiscal year is appropriated for
13 distribution in the succeeding fiscal year as provided
14 in this section subsections 2 and 3. Moneys credited
15 to the cash reserve fund from the appropriation made
16 in this paragraph shall not exceed the amount
17 necessary for the cash reserve fund to reach the cash
18 reserve goal percentage for the succeeding fiscal
19 year. As used in this paragraph, "surplus" means the
20 excess of revenues and other financing sources over
21 expenditures and other financing uses for the general
22 fund of the state in a fiscal year.

23 Sec. 7. NEW SECTION. 8.57A PERSONAL INCOME TAX
24 RATE REDUCTION REPLACEMENT FUND.

25 1. The personal income tax rate reduction
26 replacement fund is created in the state treasury
27 under the authority of the department of management.
28 The fund shall be separate from the general fund of
29 the state and shall not be considered part of the
30 general fund of the state except in determining the
31 cash position of the state for payment of state
32 obligations. The moneys in the fund are not subject
33 to the provisions of section 8.33 and shall not be
34 transferred, used, obligated, appropriated, or
35 otherwise encumbered except as provided in this
36 section. Moneys in the fund may be used for cash flow
37 purposes provided that any moneys so allocated are
38 returned to the fund by the end of each fiscal year.
39 However, the fund shall be considered a special
40 account for the purposes of section 8.53, relating to
41 elimination of any GAAP deficit. The fund is created
42 upon the effective date of this section, and shall
43 remain in existence until the close of the fiscal year
44 beginning July 1, 1999.

45 2. The provisions of this subsection apply for the
46 fiscal years beginning July 1 of 1994, 1995, 1996,
47 1997, and 1998. Notwithstanding the provisions of
48 section 8.57, subsection 3, for each of the designated
49 fiscal years, moneys remaining following the
50 appropriations made pursuant to section 8.57,

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1 subsection 1, shall not be appropriated to the Iowa
2 economic emergency fund but are instead appropriated
3 to the personal income tax rate reduction replacement
4 fund.

5 3. Effective for the fiscal year beginning July 1,
6 1995, and the subsequent three fiscal years, on or
7 before December 31 of each of the fiscal years, the
8 state revenue estimating conference created in section
9 8.22A shall certify an estimate of the net change in
10 revenues deposited into the general fund of the state
11 for that fiscal year due to the personal income tax
12 rate reduction implemented pursuant to section 422.5.
13 The director of the department of management shall
14 transfer not more than the certified amount from the
15 personal income tax rate reduction replacement fund to
16 the general fund of the state. Prior to the transfer,
17 the director shall determine whether the balance of
18 the general fund of the state is sufficient to absorb
19 the revenue change, and if the certified balance is
20 sufficient the director may defer the transfer to a
21 succeeding fiscal year. Moneys transferred to the
22 general fund of the state pursuant to this section
23 shall be added to the general fund expenditure
24 limitation, to the extent not already included, for
25 the fiscal year in which the transfer takes place and
26 ninety-nine percent of the transferred amount is
27 available for expenditure as directed by the general
28 assembly.

29 4. Notwithstanding section 12C.7, subsection 2,
30 interest or earnings on moneys deposited in the
31 personal income tax rate reduction replacement fund
32 shall be credited to the rebuild Iowa infrastructure
33 account created in section 8.57.

34 5. This section is repealed September 1, 2000.

35 Sec. 8. TRANSFER TO INFRASTRUCTURE ACCOUNT.
36 Moneys in the Iowa economic emergency fund, created in
37 section 8.55, at the conclusion of the fiscal year
38 beginning July 1, 1994, shall be transferred to the
39 rebuild Iowa infrastructure account.

40 Sec. 9. EFFECTIVE DATES.

41 1. Sections 1 and 2 of this Act, being deemed of
42 immediate importance, take effect upon enactment and
43 apply retroactively to January 1, 1995, for tax years
44 beginning on or after that date.

45 2. Sections 3 through 9 of this Act, being deemed
46 of immediate importance, take effect upon enactment.

47 DIVISION II

48 SUBCHAPTER S CORPORATIONS

49 Sec. 10. Section 422.5, subsection 1, paragraph j,
50 Code 1995, is amended by adding the following new

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1 unnumbered paragraph:

2 NEW UNNUMBERED PARAGRAPH. The tax imposed upon the
3 taxable income of a resident shareholder in a
4 corporation which has in effect for the tax year an
5 election under subchapter S of the Internal Revenue
6 Code and carries on business within and without the
7 state shall be computed by reducing the amount
8 determined pursuant to paragraphs "a" through "i" by
9 the amounts of nonrefundable credits under this
10 division and by multiplying this resulting amount by a
11 fraction of which the resident's net income allocated
12 to Iowa, as determined in section 422.8, subsection 2,
13 paragraph "b", is the numerator and the resident's
14 total net income computed under section 422.7 is the
15 denominator. This paragraph also applies to
16 individuals who are residents of Iowa for less than
17 the entire tax year.

18 Sec. 11. Section 422.5, subsection 1, paragraph k,
19 unnumbered paragraph 4, Code 1995, is amended to read
20 as follows:

21 In the case of a resident, including a resident
22 estate or trust, the state's apportioned share of the
23 state alternative minimum tax is one hundred percent
24 of the state alternative minimum tax computed in this
25 subsection. In the case of a resident or part year
26 resident shareholder in a corporation which has in
27 effect for the tax year an election under subchapter S
28 of the Internal Revenue Code and carries on business
29 within and without the state, a nonresident, including
30 a nonresident estate or trust, or an individual,
31 estate, or trust that is domiciled in the state for
32 less than the entire tax year, the state's apportioned
33 share of the state alternative minimum tax is the
34 amount of tax computed under this subsection, reduced
35 by the applicable credits in sections 422.10 through
36 422.12 and this result multiplied by a fraction with a
37 numerator of the sum of state net income allocated to
38 Iowa as determined in section 422.8, subsection 2,
39 paragraph "a" or "b" as applicable, plus tax
40 preference items, adjustments, and losses under
41 subparagraph (1) attributable to Iowa and with a
42 denominator of the sum of total net income computed
43 under section 422.7 plus all tax preference items,
44 adjustments, and losses under subparagraph (1). In
45 computing this fraction, those items excludable under
46 subparagraph (1) shall not be used in computing the
47 tax preference items. Married taxpayers electing to
48 file separate returns or separately on a combined
49 return must allocate the minimum tax computed in this
50 subsection in the proportion that each spouse's

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1 respective preference items, adjustments, and losses
2 under subparagraph (1) bear to the combined preference
3 items, adjustments, and losses under subparagraph (1)
4 of both spouses.

5 Sec. 12. Section 422.8, subsection 2, Code 1995,
6 is amended to read as follows:

7 2. a. Nonresident's net income allocated to Iowa
8 is the net income, or portion thereof, which is
9 derived from a business, trade, profession, or
10 occupation carried on within this state or income from
11 any property, trust, estate, or other source within
12 Iowa. However, income derived from a business, trade,
13 profession, or occupation carried on within this state
14 and income from any property, trust, estate, or other
15 source within Iowa shall not include distributions
16 from pensions, including defined benefit or defined
17 contribution plans, annuities, individual retirement
18 accounts, and deferred compensation plans or any
19 earnings attributable thereto so long as the
20 distribution is directly related to an individual's
21 documented retirement and received while the
22 individual is a nonresident of this state. If a
23 business, trade, profession, or occupation is carried
24 on partly within and partly without the state, only
25 the portion of the net income which is fairly and
26 equitably attributable to that part of the business,
27 trade, profession, or occupation carried on within the
28 state is allocated to Iowa for purposes of section
29 422.5, subsection 1, paragraph "j", and section 422.13
30 and income from any property, trust, estate, or other
31 source partly within and partly without the state is
32 allocated to Iowa in the same manner, except that
33 annuities, interest on bank deposits and interest-
34 bearing obligations, and dividends are allocated to
35 Iowa only to the extent to which they are derived from
36 a business, trade, profession, or occupation carried
37 on within the state.

38 b. A resident's income allocable to Iowa is the
39 income determined under section 422.7 reduced by items
40 of income and expenses from a subchapter S corporation
41 which pass directly to the shareholders under
42 provisions of the Internal Revenue Code and increased
43 by the greater of the following:

44 (1) The net income or loss of the corporation
45 which is fairly and equitably attributable to this
46 state under section 422.33, subsections 2 and 3.
47 (2) The taxpayer's pro rata share of an amount
48 deemed distributed to shareholders which when added to
49 the salaries, wages, or other compensation for
50 services performed by all shareholders will equal ten

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1 percent of the net income of the corporation computed
2 in accordance with section 422.35 and considering
3 items of income and expense which pass directly to the
4 shareholders under provisions of the Internal Revenue
5 Code before deduction of shareholder's salaries,
6 wages, or other compensation for services performed.

7 (3) Any cash or the value of any property
8 distributions made to the extent they are paid from
9 income upon which Iowa income tax has not been paid as
10 determined under rules of the director.

11 Sec. 13. Section 422.8, Code 1995, is amended by
12 adding the following new subsection:

13 NEW SUBSECTION. 6. If the resident or part year
14 resident is a shareholder of a corporation which has
15 in effect an election under subchapter S of the
16 Internal Revenue Code, subsections 1 and 3 do not
17 apply to any income taxes paid to another state or
18 foreign country on the income from the corporation
19 which has in effect an election under subchapter S of
20 the Internal Revenue Code.

21 Sec. 14. This division of this Act, being deemed
22 of immediate importance, takes effect upon enactment
23 and applies retroactively to January 1, 1995, for tax
24 years beginning on or after that date.

DIVISION III

MACHINERY AND EQUIPMENT

EXEMPTION AND REPLACEMENT FUNDS

28 Sec. 15. Section 427B.17, Code 1995, is amended by
29 striking the section and inserting in lieu thereof the
30 following:

31 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

32 1. Property defined in section 427A.1, subsection
33 1, paragraphs "e" and "j", shall be valued by the
34 local assessor as follows:

35 a. For the assessment year beginning January 1,
36 1995, at twenty-six percent of the net acquisition
37 cost.

38 b. For the assessment year beginning January 1,
39 1996, at twenty-two percent of the net acquisition
40 cost.

41 c. For the assessment year beginning January 1,
42 1997, at eighteen percent of the net acquisition cost.

43 d. For the assessment year beginning January 1,
44 1998, at fourteen percent of the net acquisition cost.

45 e. For the assessment year beginning January 1,
46 1999, at ten percent of the net acquisition cost.

47 f. For the assessment year beginning January 1,
48 2000, at six percent of the net acquisition cost.

49 g. For the assessment year beginning January 1,
50 2001, and all subsequent assessment years, at zero

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1 percent of the net acquisition cost.

2 2. For purposes of this section:

3 a. Property assessed by the department of revenue
4 and finance pursuant to sections 428.24 to 428.29, or
5 chapters 433, 434, and 436 to 438 shall not receive
6 the benefits of this section.

7 Any electric power generating plant which operated
8 during the preceding assessment year at a net capacity
9 factor of more than twenty percent, shall not receive
10 the benefits of this section. For purposes of this
11 section, "electric power generating plant" means any
12 name plate rated electric power generating plant, in
13 which electric energy is produced from other forms of
14 energy, including all taxable land, buildings, and
15 equipment used in the production of such energy. "Net
16 capacity factor" means net actual generation divided
17 by the product of net maximum capacity times the
18 number of hours the unit was in the active state
19 during the assessment year. Upon commissioning, a
20 unit is in the active state until it is de-
21 commissioned. "Net actual generation" means net
22 electrical megawatt hours produced by the unit during
23 the preceding assessment year. "Net maximum capacity"
24 means the capacity the unit can sustain over a
25 specified period when not restricted by ambient
26 conditions or equipment deratings, minus the losses
27 associated with station service or auxiliary loads.

28 b. The net acquisition cost of property acquired
29 before January 1, 1995, which was owned or used by a
30 related person shall be the net acquisition cost of
31 the transferor of the property.

32 c. "Related person" means a person who owns or
33 controls the taxpayer's business and another business
34 entity from which property is acquired or leased or to
35 which property is sold or leased. Business entities
36 are owned or controlled by the same person if the same
37 person directly or indirectly owns or controls fifty
38 percent or more of the assets or any class of stock or
39 who directly or indirectly has an interest of fifty
40 percent or more in the ownership or profits.

41 d. "Net acquisition cost" means the acquired cost
42 of the property, including all foundations and
43 installation cost less any excess cost adjustment.

44 3. Property assessed pursuant to this section
45 shall not be eligible to receive a partial exemption
46 under sections 427B.1 to 427B.6.

47 4. The taxpayer's valuation of property defined in
48 section 427A.1, subsection 1, paragraphs "e" and "j",
49 and located in an urban renewal area for which an
50 urban renewal plan provides for the division of taxes

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1 as provided in section 403.19 to pay the principal and
2 interest on loans, advances, bonds issued under the
3 authority of section 403.9, subsection 1, or
4 indebtedness incurred by a city or county to finance
5 an urban renewal project within the urban renewal
6 area, if such loans, advances, or bonds were issued or
7 indebtedness incurred, on or after January 1, 1982,
8 and on or before June 30, 1995, shall be limited to
9 thirty percent of the net acquisition cost of the
10 property. Such property located in an urban renewal
11 area shall not be valued pursuant to subsection 1
12 until the assessment year following the calendar year
13 in which the obligations created by any loans,
14 advances, bonds, or indebtedness payable from the
15 division of taxes as provided in section 403.19 have
16 been retired. The taxpayer's valuation for such
17 property shall then be the valuation specified in
18 subsection 1 for the applicable assessment year. If
19 the loans, advances, or bonds issued, or indebtedness
20 incurred between January 1, 1982, and June 30, 1995,
21 are refinanced or refunded after June 30, 1995, the
22 valuation of such property shall then be the valuation
23 specified in subsection 1 for the applicable
24 assessment year beginning with the assessment year
25 following the calendar year in which any of those
26 loans, advances, bonds, or other indebtedness are
27 refinanced or refunded after June 30, 1995.

28 5. For the purpose of dividing taxes under section
29 260E.4 or 260F.4, the employer's or business's
30 valuation of property defined in section 427A.1,
31 subsection 1, paragraphs "e" and "j", and used to fund
32 a new jobs training project which project's first
33 written agreement providing for a division of taxes as
34 provided in section 403.19, is approved on or before
35 June 30, 1995, shall be limited to thirty percent of
36 the net acquisition cost of the property. An
37 employer's or business's taxable property used to fund
38 a new jobs training project shall not be valued
39 pursuant to subsection 1 until the assessment year
40 following the calendar year in which the certificates
41 or other funding obligations have been retired or
42 escrowed. The taxpayer's valuation for such property
43 shall then be the valuation specified in subsection 1
44 for the applicable assessment year. If the
45 certificates issued, or other funding obligations
46 incurred, between January 1, 1982, and June 30, 1995,
47 are refinanced or refunded after June 30, 1995, the
48 valuation of such property shall then be the valuation
49 specified in subsection 1 for the applicable
50 assessment year beginning with the assessment year

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1 following the calendar year in which those
2 certificates or other funding obligations are
3 refinanced or refunded after June 30, 1995.

4 Sec. 16. NEW SECTION. 427B.18 ASSESSOR AND
5 COUNTY AUDITOR DUTIES.

6 1. On or before July 1 of each year, the assessor
7 shall determine the taxpayer's valuation of the
8 property specified in section 427B.17 for that year
9 and the valuation of the property if the property were
10 valued, for assessment purposes, at thirty percent of
11 net acquisition cost and shall report the valuations
12 to the county auditor.

13 2. On or before July 1, 1996, and on or before
14 July 1 of each subsequent year, the county auditor
15 shall prepare a statement listing for each taxing
16 district in the county:

17 a. Beginning with the assessment year beginning
18 January 1, 1995, the difference between the assessed
19 valuation of property defined in section 427A.1,
20 subsection 1, paragraphs "e" and "j", and assessed
21 pursuant to section 427B.17 and the valuation of the
22 property if the property were valued, for assessment
23 purposes, at thirty percent of net acquisition cost.

24 b. The tax levy rate for each taxing district
25 levied against assessments made as of January 1 of the
26 previous year.

27 c. The industrial machinery, equipment and
28 computers tax replacement claim for each taxing
29 district, which is equal to the amount determined
30 pursuant to paragraph "a", multiplied by the tax rate
31 specified in paragraph "b".

32 3. The county auditor shall certify and forward
33 one copy of the statement to the department of revenue
34 and finance not later than July 1 of each year.

35 Sec. 17. NEW SECTION. 427B.19 REPLACEMENT.

36 Each county treasurer shall be paid an amount equal
37 to the following percentages of the industrial
38 machinery, equipment and computers tax replacement
39 claim for that county determined pursuant to section
40 427B.18, subsection 2:

41 1. For the fiscal year beginning July 1, 1996,
42 ninety percent.

43 2. For the fiscal year beginning July 1, 1997,
44 seventy-five percent.

45 3. For the fiscal year beginning July 1, 1998,
46 sixty percent.

47 4. For the fiscal year beginning July 1, 1999,
48 forty-five percent.

49 5. For the fiscal year beginning July 1, 2000,
50 thirty percent.

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- 1 6. For the fiscal year beginning July 1, 2001,
2 twenty percent.
3 7. For the fiscal year beginning July 1, 2002,
4 twenty percent.
5 8. For the fiscal year beginning July 1, 2003,
6 twenty percent.
7 9. For the fiscal year beginning July 1, 2004,
8 fifteen percent.
9 10. For the fiscal year beginning July 1, 2005,
10 ten percent.

11 Sec. 18. NEW SECTION. 427B.19A FUND CREATED.

12 1. The industrial machinery, equipment and
13 computers property tax replacement fund is created.
14 There is appropriated annually from the general fund
15 of the state to the department of revenue and finance
16 to be credited to the industrial machinery, equipment
17 and computers property tax replacement fund, the
18 amounts specified in section 427B.19B.

19 2. Each county treasurer shall be paid from the
20 fund created in this section the amount calculated
21 pursuant to section 427B.19. The payment shall be
22 made in two equal installments on or before September
23 30 and March 30 of each year. The county treasurer
24 shall apportion the payment in the manner provided in
25 section 445.57.

26 3. If an amount appropriated in section 427B.19B
27 for a fiscal year is insufficient to pay all claims
28 according to the replacement schedule in section
29 427B.19, the director shall prorate the disbursements
30 from the fund to the county treasurers and shall
31 notify the county auditors of the pro rata percentage
32 on or before August 1. If an amount appropriated in
33 section 427B.19B for a fiscal year is in excess of the
34 amount necessary to pay all claims according to the
35 replacement schedule in section 427B.19, the director
36 shall prorate the disbursements from the fund to the
37 county treasurers, notwithstanding the amount
38 calculated pursuant to section 427B.19, and shall
39 notify the county auditors of the pro rata percentage
40 on or before August 1.

41 4. The replacement amount paid to each school
42 district shall be regarded as property tax for the
43 purposes of the school foundation property tax levy in
44 section 257.3 and the additional property tax levy in
45 section 257.4. The department of management shall
46 annually make the adjustments necessary to implement
47 this subsection.

48 Sec. 19. NEW SECTION. 427B.19B APPROPRIATION.

49 There is appropriated in each of the following
50 fiscal years from the general fund of the state to the

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1 industrial machinery, equipment and computers property
2 tax replacement fund the following amounts:
3 1. For the fiscal year beginning July 1, 1996,
4 eight million, one hundred thousand dollars.
5 2. For the fiscal year beginning July 1, 1997,
6 fifteen million, two hundred thousand dollars.
7 3. For the fiscal year beginning July 1, 1998,
8 twenty-one million, one hundred thousand dollars.
9 4. For the fiscal year beginning July 1, 1999,
10 twenty-three million, four hundred thousand dollars.
11 5. For the fiscal year beginning July 1, 2000,
12 twenty-one million, one hundred thousand dollars.
13 6. For the fiscal year beginning July 1, 2001,
14 eighteen million, one hundred thousand dollars.
15 7. For the fiscal year beginning July 1, 2002,
16 twenty-four million dollars.
17 8. For the fiscal year beginning July 1, 2003,
18 twenty-five million, six hundred thousand dollars.
19 9. For the fiscal year beginning July 1, 2004,
20 twenty million, four hundred thousand dollars.
21 10. For the fiscal year beginning July 1, 2005,
22 fourteen million, five hundred thousand dollars.
23 Sec. 20. NEW SECTION. 427B.19C PHASEOUT OF TAX.
24 Effective on July 1, 2002, all property taxes on
25 property defined in section 427A.1, subsection 1,
26 paragraphs "e" and "j", are repealed. For assessment
27 years beginning on or after January 1, 2005, such
28 property shall not be listed or assessed. This
29 section shall prevail over all inconsistent statutes.
30 Sec. 21. NEW SECTION. 427B.19D GUARANTEE OF
31 STATE REPLACEMENT FUNDS.
32 If for any reason an appropriation specified in
33 section 427B.19B is not made or the appropriation made
34 is less than that specified in section 427B.19B for
35 the applicable fiscal year, the director of revenue
36 and finance shall compute for each county the
37 difference between the total of all replacement claims
38 for taxing districts within the county and the amount
39 paid to the county treasurer for disbursement to the
40 taxing districts in the county. The department shall
41 divide that difference by the consolidated tax levy
42 rate in each county computed for the fiscal year in
43 which the specified appropriation should have been
44 made and shall certify the amount of taxable value
45 necessary to raise the difference at that tax rate.
46 The department shall notify the local assessor of such
47 amount of taxable value. The assessor, for the
48 assessment year beginning January 1 preceding the
49 fiscal year for which the specified appropriation was
50 not made, shall reassess all taxable property

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1 described in section 427B.17 in the county at a
2 percentage of net acquisition cost which will yield
3 such taxable value and the property shall be assessed
4 and taxed in such manner for taxes due and payable in
5 the following fiscal year in addition to being
6 assessed and taxed in the applicable manner under
7 section 427B.17. Property tax dollar amounts
8 certified pursuant to this section shall not be
9 considered property tax dollars certified for purposes
10 of the property tax limitation in chapter 444.

11 Sec. 22. NEW SECTION. 427B.19E INDUSTRIAL
12 MACHINERY, EQUIPMENT AND COMPUTERS RELIEF FUND.

13 1. The industrial machinery, equipment and
14 computers relief fund is created. There is
15 appropriated annually from the general fund of the
16 state to the department of revenue and finance to be
17 credited to the relief fund, the following amounts:

18 a. For the fiscal year beginning July 1, 1996, one
19 million, nine hundred thousand dollars.

20 b. For the fiscal year beginning July 1, 1997, one
21 million, eight hundred thousand dollars.

22 c. For the fiscal year beginning July 1, 1998, one
23 million, nine hundred thousand dollars.

24 Moneys in the fund at the end of a fiscal year
25 shall not revert to the general fund of the state,
26 notwithstanding section 8.33.

27 2. a. The purpose of the industrial machinery,
28 equipment and computers relief fund is to provide
29 funds to those taxing districts in which an increase
30 in property tax revenue has not been realized as a
31 result of the elimination of the property tax on
32 property assessed pursuant to section 427B.17.
33 Beginning with the fiscal year beginning July 1, 1996,
34 a taxing district may apply for funds under this
35 section by filing an application with the director of
36 the department of management not later than March 1
37 preceding the fiscal year in which the funds will be
38 distributed. The state appeal board shall approve,
39 disapprove, or reduce the amount of funds requested by
40 the taxing district.

41 b. On forms provided by the department of
42 management, the taxing district shall request an
43 amount not exceeding the product of the decrease in
44 assessed valuation for the fiscal year for which the
45 application is filed compared to the assessed
46 valuation in the previous fiscal year, as determined
47 pursuant to subsection 3, and the property tax rate
48 applied in the previous fiscal year, less any property
49 tax replacement funds received pursuant to section
50 427B.19A in the previous fiscal year. The taxing

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1 district shall also submit with the application the
2 district's plan to improve its future budget position.
3 c. Claims approved by the state appeal board shall
4 be paid to the taxing district by October 1 following
5 submission of the application for funds.

6 3. To be eligible to receive funds under this
7 section, a taxing district must show that there has
8 been a decrease of more than three percent in the
9 assessed valuation for taxes payable in the fiscal
10 year for which the application is submitted compared
11 to the assessed valuation for taxes payable in the
12 previous fiscal year, which decrease is attributable
13 to the elimination of the property tax on industrial
14 machinery, equipment and computers pursuant to section
15 427B.17. The taxing district, to be eligible for
16 funds, must also show that the district has exhausted
17 all other lawful alternatives for improving the
18 district's budget position.

19 4. If the amount appropriated in this section is
20 insufficient to pay all applications approved, the
21 director of revenue and finance shall prorate the
22 disbursements from the relief fund and shall report
23 the amount of the shortfall to the director of the
24 department of management. By January 1 of the
25 following year, the director of the department of
26 management shall submit to the general assembly a plan
27 for the funding of approved applications that were not
28 fully funded in that fiscal year.

29 5. Amounts received pursuant to this section shall
30 not be considered property tax dollars certified for
31 purposes of the property tax limitation in chapter
32 444.

33 6. The department of revenue and finance and the
34 department of management shall adopt rules necessary
35 to implement this section.

DIVISION IV

PROPERTY TAX CREDITS

36
37
38 Sec. 23. Section 8.59, Code 1995, is amended to
39 read as follows:

40 8.59 APPROPRIATIONS FREEZE.

41 Notwithstanding contrary provisions of the Code,
42 the amounts appropriated under the applicable sections
43 of the Code for fiscal years commencing on or after
44 July 1, 1993, are limited to those amounts expended
45 under those sections for the fiscal year commencing
46 July 1, 1992. If an applicable section appropriates
47 moneys to be distributed to different recipients and
48 the operation of this section reduces the total amount
49 to be distributed under the applicable section, the
50 moneys shall be prorated among the recipients. As

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1 used in this section, "applicable sections" means the
2 following sections: 53.50, 229.35, 230.8, 230.11,
3 405A-8, 411.20, 425.17, 425.39, 426A.17, 663.44, and
4 822.5.

5 Sec. 24. Section 405A.8, subsection 1, Code 1995,
6 is amended to read as follows:

7 1. a. There are appropriated from the general
8 fund of the state to the department of revenue and
9 finance the following sums to carry out the provisions
10 of this chapter: For the fiscal year beginning July
11 1, 1988, and each subsequent fiscal year ending before
12 July 1, 1995, sixty-seven million seven hundred
13 thirty-seven thousand dollars. For the fiscal year
14 beginning July 1, 1995, and each subsequent fiscal
15 year, sixty-five million one hundred thousand dollars
16 of which eight million eight hundred thousand dollars
17 shall be allocated as provided in paragraph "b".

18 b. Beginning with the fiscal year beginning July
19 1, 1995, of the appropriations made in paragraph "a",
20 eight million eight hundred thousand dollars for each
21 fiscal year shall be allocated with sixty percent to
22 be allocated to cities and forty percent to counties
23 from which the franchise taxes were collected under
24 chapter 422, division V. The amount to each city or
25 county shall be based upon the amount of tax the
26 financial institution located in the city or county
27 pays in franchise tax. If the financial institution
28 maintains one or more offices for the transaction of
29 business, other than its principal office, a portion
30 of its franchise tax shall be allocated to each
31 office, based upon a reasonable measure of the
32 business activity of each office. The director of
33 revenue and finance shall prescribe, for each type of
34 financial institution, a method of measuring the
35 business activity of each office. Financial
36 institutions shall furnish all necessary information
37 for this purpose at the request of the director.

38 Sec. 25. Section 422.65, Code 1995, is amended by
39 striking the section and inserting in lieu thereof the
40 following:

41 422.65 DEPOSIT OF REVENUE.

42 All moneys received from the franchise tax on or
43 after July 1, 1995, shall be deposited into the
44 general fund of the state.

45 Sec. 26. Section 425.1, subsection 1, Code 1995,
46 is amended to read as follows:

47 1. A homestead credit fund is created. There is
48 appropriated annually from the general fund of the
49 state to the department of revenue and finance to be
50 credited to the homestead credit fund, an amount

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1 ~~sufficient-to-implement-this-chapter~~ equal to one
2 million dollars more than was appropriated for the
3 fiscal year beginning July 1, 1994.

4 The director of revenue and finance shall issue
5 warrants on the homestead credit fund payable to the
6 county treasurers of the several counties of the state
7 under this chapter.

8 If the amount in the fund is insufficient to pay
9 all claims in full, the director shall prorate the
10 amounts paid to the county treasurers based upon the
11 amount of certified claims submitted by each.

12 Sec. 27. Section 425.17, subsections 2 and 8, Code
13 1995, are amended to read as follows:

14 2. "Claimant" means ~~either-of-the-following:~~

15 a.--A a person filing a claim for credit or
16 reimbursement under this division who has attained the
17 age of sixty-five years on or before December 31 of
18 the base year, who is a surviving spouse having
19 attained the age of fifty-five years on or before
20 December 31, 1988, or who is totally disabled and was
21 totally disabled on or before December 31 of the base
22 year, and was domiciled in this state during the
23 entire base year, and is domiciled in this state at
24 the time the claim is filed or at the time of the
25 person's death in the case of a claim filed by the
26 executor or administrator of the claimant's estate.

27 b.--~~A person filing a claim for credit or~~
28 ~~reimbursement under this division who has attained the~~
29 ~~age of twenty-three years on or before December 31 of~~
30 ~~the base year or was a head of household on December~~
31 ~~31 of the base year, as defined in the Internal~~
32 ~~Revenue Code, but has not attained the age or~~
33 ~~disability status described in paragraph "a", and was~~
34 ~~domiciled in this state during the entire base year,~~
35 ~~and is domiciled in this state at the time the claim~~
36 ~~is filed or at the time of the person's death in the~~
37 ~~case of a claim filed by the executor or administrator~~
38 ~~of the claimant's estate, and was not claimed as a~~
39 ~~dependent on any other person's tax return for the~~
40 ~~base year.~~

41 "Claimant" under paragraph "a" or "b" includes a
42 vendee in possession under a contract for deed and may
43 include one or more joint tenants or tenants in
44 common. In the case of a claim for rent constituting
45 property taxes paid, the claimant shall have rented
46 the property during any part of the base year. If a
47 homestead is occupied by two or more persons, and more
48 than one person is able to qualify as a claimant, the
49 persons may determine among them who will be the
50 claimant. If they are unable to agree, the matter

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1 shall be referred to the director of revenue and
2 finance not later than June 1 of each year and the
3 director's decision is final.

4 8. "Property taxes due" means property taxes
5 including any special assessments, but exclusive of
6 delinquent interest and charges for services, due on a
7 claimant's homestead in this state, but includes only
8 property taxes for which the claimant is liable and
9 which will actually be paid by the claimant. However,
10 if the claimant is a person whose property taxes have
11 been suspended under sections 427.8 and 427.9,
12 "property taxes due" means property taxes including
13 any special assessments, but exclusive of delinquent
14 interest and charges for services, due on a claimant's
15 homestead in this state, but includes only property
16 taxes for which the claimant is liable and which would
17 have to be paid by the claimant if the payment of the
18 taxes has not been suspended pursuant to sections
19 427.8 and 427.9. "Property taxes due" shall be
20 computed with no deduction for any credit under this
21 division or for any homestead credit allowed under
22 section 425.1. Each claim shall be based upon the
23 taxes due during the fiscal year next following the
24 base year. If a homestead is owned by two or more
25 persons as joint tenants or tenants in common, and one
26 or more persons are not members of claimant's
27 household, "property taxes due" is that part of
28 property taxes due on the homestead which equals the
29 ownership percentage of the claimant and the
30 claimant's household. ~~The county treasurer shall~~
31 ~~include with the tax receipt a statement that if the~~
32 ~~owner of the property is eighteen years of age or~~
33 ~~over, the person may be eligible for the credit~~
34 ~~allowed under this division.~~ If a homestead is an
35 integral part of a farm, the claimant may use the
36 total property taxes due for the larger unit. If a
37 homestead is an integral part of a multidwelling or
38 multipurpose building the property taxes due for the
39 purpose of this subsection shall be prorated to
40 reflect the portion which the value of the property
41 that the household occupies as its homestead is to the
42 value of the entire structure. For purposes of this
43 subsection, "unit" refers to that parcel of property
44 covered by a single tax statement of which the
45 homestead is a part.

46 Sec. 28. Section 425.23, subsection 1, paragraph
47 a, Code 1995, is amended to read as follows:

48 a. The tentative credit or reimbursement ~~for a~~
49 ~~claimant described in section 425.17, subsection 2,~~
50 ~~paragraph "a" and paragraph "b" if no appropriation is~~

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1 ~~made-to-the-fund-created-in-section-425.40~~ shall be
 2 determined in accordance with the following schedule:
 3
 4 Percent of property taxes
 5 due or rent constituting
 6 If the household property taxes paid
 7 income is: allowed as a credit or
 reimbursement:

8	\$	0	--	5,999.99.....	100%
9		6,000	--	6,999.99.....	85
10		7,000	--	7,999.99.....	70
11		8,000	--	9,999.99.....	50
12		10,000	--	11,999.99.....	35
13		12,000	--	13,999.99.....	25

14 Sec. 29. Section 425.23, subsection 1, paragraph
 15 b, Code 1995, is amended by striking the paragraph.

16 Sec. 30. Section 425.23, subsection 3, paragraph
 17 a, Code 1995, is amended to read as follows:

18 a. A person who is eligible to file a claim for
 19 credit for property taxes due and who has a household
 20 income of six thousand dollars or less and who has an
 21 unpaid special assessment levied against the homestead
 22 may file a claim with the county treasurer that the
 23 claimant had a household income of six thousand
 24 dollars or less and that an unpaid special assessment
 25 is presently levied against the homestead. The
 26 department shall provide to the respective treasurers
 27 the forms necessary for the administration of this
 28 subsection. The claim shall be filed not later than
 29 September 30 of each year. Upon the filing of the
 30 claim, interest for late payment shall not accrue
 31 against the amount of the unpaid special assessment
 32 due and payable. The claim filed by the claimant
 33 constitutes a claim for credit of an amount equal to
 34 the actual amount due upon the unpaid special
 35 assessment, plus interest, payable during the fiscal
 36 year for which the claim is filed against the
 37 homestead of the claimant. ~~However, where the~~
 38 ~~claimant is an individual described in section 425.17,~~
 39 ~~subsection 2, paragraph "b", and the tentative credit~~
 40 ~~is determined according to the schedule in section~~
 41 ~~425.23, subsection 1, paragraph "b", subparagraph (2),~~
 42 ~~the claim filed constitutes a claim for credit of an~~
 43 ~~amount equal to one-half of the actual amount due and~~
 44 ~~payable during the fiscal year.~~ The department of
 45 revenue and finance shall, upon the filing of the
 46 claim with the department by the treasurer, pay that
 47 amount of the unpaid special assessment during the
 48 current fiscal year to the treasurer. The treasurer
 49 shall submit the claims to the director of revenue and
 50 finance not later than October 15 of each year. The

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1 director of revenue and finance shall certify the
2 amount of reimbursement due each county for unpaid
3 special assessment credits allowed under this
4 subsection. The amount of reimbursement due each
5 county shall be paid by the director of revenue and
6 finance on October 20 of each year, drawn upon
7 warrants payable to the respective treasurer. There
8 is appropriated annually from the general fund of the
9 state to the department of revenue and finance an
10 amount sufficient to carry out the provisions of this
11 subsection. The treasurer shall credit any moneys
12 received from the department against the amount of the
13 unpaid special assessment due and payable on the
14 homestead of the claimant.

15 Sec. 31. Section 425.39, subsection 2, Code 1995,
16 is amended by striking the subsection.

17 Sec. 32. Section 426.1, Code 1995, is amended to
18 read as follows:

19 426.1 ~~AGRICULTURAL-LAND~~ FARM TAX CREDIT FUND.

20 There is created as a permanent fund in the office
21 of the treasurer of state a fund to be known as the
22 ~~agricultural-land farm tax credit fund~~, and for the
23 purpose of establishing and maintaining this fund for
24 each fiscal year there is appropriated ~~thereto~~ from
25 funds in the general fund of the state not otherwise
26 appropriated the sum of ~~thirty-nine~~ forty-nine million
27 ~~one three hundred thousand dollars of which the first~~
28 ~~ten million dollars shall be transferred to and~~
29 ~~deposited into the family farm tax credit fund created~~
30 ~~in section 425A.1.~~ Any balance in ~~said~~ the fund on
31 June 30 shall revert to the general fund of the state.

32 Sec. 33. Section 426.3, Code 1995, is amended to
33 read as follows:

34 426.3 WHERE CREDIT GIVEN.

35 The ~~agricultural-land farm tax credit fund~~ shall be
36 apportioned each year in the manner ~~hereinafter~~
37 provided so as to give a credit against the tax on
38 each tract of agricultural lands within the several
39 school districts of the state in which the levy for
40 the general school fund exceeds five dollars and forty
41 cents per thousand dollars of assessed value ~~the~~.
42 The amount of ~~such~~ the credit on each tract of ~~such~~
43 lands shall be a percentage of the amount the tax
44 levied for the general school fund exceeds the amount
45 of tax which would be levied on ~~said~~ the tract of ~~such~~
46 lands were the levy for the general school fund five
47 dollars and forty cents per thousand dollars of
48 assessed value for the previous year, except in the
49 case of a deficiency in the ~~agricultural-land credits~~
50 farm tax credit fund to pay ~~said~~ the credits in full,

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1 in which case the credit on each eligible tract of
2 such lands in the state shall be proportionate and
3 shall be applied as hereinafter provided.

4 Sec. 34. Section 426.6, Code 1995, is amended to
5 read as follows:

6 426.6 COMPUTATION BY AUDITOR -- APPEAL.

7 The ~~agricultural-land~~ farm tax credit allowed each
8 year shall be computed as follows: On or before the
9 first of June the county auditor shall list by school
10 districts all tracts of agricultural lands which they
11 are entitled to credit, together with the taxable
12 value for the previous year, together with the budget
13 from each school district for the previous year, and
14 the tax rate determined for the general fund of the
15 district in the manner prescribed in section 444.3 for
16 the previous year, and if such tax rate is in excess
17 of five dollars and forty cents per thousand dollars
18 of assessed value, the auditor shall multiply the tax
19 levy which is in excess of five dollars and forty
20 cents per thousand dollars of assessed value by the
21 total taxable value of the agricultural lands entitled
22 to credit in the district, and multiply this amount by
23 the applicable fiscal year percentage and on or before
24 the first of June certify the this last amount to the
25 department of revenue and finance.

26 For purposes of this chapter, the "applicable
27 fiscal year percentage" means for the fiscal year
28 beginning July 1, 1996, the amount equal to the
29 appropriation made in section 426.1 for the fiscal
30 year beginning July 1, 1996, divided by the amount of
31 credits certified under this section to the department
32 of revenue and finance for the fiscal year beginning
33 July 1, 1995. For succeeding fiscal years, the
34 applicable fiscal year percentage equals the
35 appropriation for that fiscal year divided by the
36 amount of credits certified under this section to the
37 department of revenue and finance for the previous
38 fiscal year times the applicable fiscal year
39 percentage calculated under this paragraph for the
40 previous fiscal year.

41 In the event the county auditor denies a credit
42 upon any such lands, the auditor shall immediately
43 mail to the owner at the owner's last known address
44 notice of the decision thereon. The owner may, within
45 thirty days thereafter, appeal to the board of
46 supervisors of the county wherein the land involved is
47 situated by serving notice of said appeal upon the
48 chairperson of said the board. The board shall hear
49 such the appeal promptly and shall determine anew all
50 questions involved in said the appeal and shall within

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1 ten days after ~~such~~ the hearing, mail to the owner at
2 the owner's last known address, notice of its
3 decision. In the event of disallowance the owner may,
4 within ten days from the date ~~such~~ notice is mailed,
5 appeal ~~such~~ the disallowance by the board of
6 supervisors to the district court of that county by
7 serving written notice of appeal on the county
8 auditor. The appeal shall be tried de novo and may be
9 heard in term time or vacation. The decision of the
10 district court ~~thereon~~ shall be final.

11 Sec. 35. Section 426.7, Code 1995, is amended to
12 read as follows:

13 426.7 WARRANTS DRAWN BY DIRECTOR.

14 After receiving from the county auditors the
15 certifications provided for in section 426.6, and
16 during the following fiscal year, the director of
17 revenue and finance shall draw warrants on the
18 ~~agricultural-land-credits~~ farm tax credit fund created
19 in section 426.1, payable to the county treasurers in
20 the amount certified by the county auditors of the
21 respective counties and mail the warrants to the
22 county auditors on August 15 of each year taking into
23 consideration the relative budget and cash position of
24 the state resources. However, if the ~~agricultural~~
25 ~~land-credits~~ farm tax credit fund is insufficient to
26 pay in full the total of the amounts certified to the
27 director of revenue and finance, the director shall
28 prorate the fund to the county treasurers and notify
29 the county auditors of the pro rata percentage on or
30 before August July 1.

31 Sec. 36. Section 441.21, subsection 1, Code 1995,
32 is amended by adding the following new paragraph:

33 NEW PARAGRAPH. h. (1) Notwithstanding any other
34 provision of this section, beginning with valuations
35 established as of January 1, 1996, in computing actual
36 value of agricultural structures, other than
37 agricultural dwellings, the assessor shall exclude the
38 first one hundred fifty thousand dollars in total
39 actual value of all such structures on each parcel of
40 land as provided in subparagraph (2). The excluded
41 valuation of such structures shall not be removed from
42 the productivity formula in establishing agricultural
43 values.

44 (2) An owner of agricultural structures shall not
45 file a claim for or be granted more than one one
46 hundred fifty thousand dollar exclusion under
47 subparagraph (1) for more than one parcel in the
48 state. For purposes of determining if a claim is
49 filed for more than one parcel and computing the
50 amount of a claim, agricultural structures are

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1 considered owned by the same person, if in the case
2 where the owner is an individual, the individual owns
3 or controls an entity that owns other agricultural
4 structures in the state, or if in the case where the
5 owner is an entity, a person which owns or controls
6 the entity owns or controls another entity that owns
7 other agricultural structures in the state. Entities
8 are owned or controlled by the same person if the same
9 person directly or indirectly owns or controls more
10 than fifty percent of the assets or any class of stock
11 or who directly or indirectly has an interest of more
12 than fifty percent in the ownership or profits.

13 (3) An owner shall file a claim for the exclusion
14 under subparagraph (1) by February 15 of the
15 assessment year for only one parcel. The assessor
16 shall notify the owner of the acceptance of the
17 owner's claim by March 15. An owner denied a claim or
18 had the amount of a claim reduced may appeal the
19 assessor's decision in the same manner as provided for
20 the appeal of the denial of the farm tax credit under
21 section 426.6. Upon the filing and allowance of the
22 claim, the claim shall be allowed on that parcel for
23 successive years without further filing as long as the
24 property is legally or equitably owned by that person.
25 If ownership of the structure changes, the owner
26 wishes to file a claim for another parcel, or the
27 value significantly exceeds the exclusion amount as a
28 result of added improvements or new construction, the
29 owner must notify the assessor and refile a claim with
30 the appropriate assessor.

31 (4) If an allowed claim is subsequently disallowed
32 or the owner fails to notify the assessor as required
33 in subparagraph (3), the person shall be subject to a
34 civil penalty equal to the amount of property tax that
35 would have been due but for the exclusion, plus fifty
36 percent of such amount, and interest as provided in
37 section 445.39. Such person shall also no longer be
38 eligible to receive the exclusion under subparagraph
39 (1).

40 Sec. 37. Section 425.40, Code 1995, is repealed.

41 Sec. 38. Chapter 425A, Code 1995, is repealed.

42 Sec. 39. EFFECTIVE DATES.

43 1. Sections 23, 24, 25, 26, 27, 28, 29, 30, 31,
44 and 37 of this Act, being deemed of immediate
45 importance, take effect upon enactment for purposes of
46 property tax credits payable on or after July 1, 1995.

47 2. Sections 32, 33, 34, 35, and 38 of this Act
48 take effect January 1, 1996, for property taxes
49 payable on or after July 1, 1996.

50 3. Section 36 of this Act takes effect January 1,

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1 1996, for computing valuations for taxes payable on or
2 after July 1, 1997.

3

DIVISION V

4 MENTAL HEALTH PROPERTY TAX RELIEF -- LIMITATION

5 Sec. 40. Section 123.38, unnumbered paragraph 2,
6 Code 1995, is amended to read as follows:

7 Any licensee or permittee, or the licensee's or
8 permittee's executor or administrator, or any person
9 duly appointed by the court to take charge of and
10 administer the property or assets of the licensee or
11 permittee for the benefit of the licensee's or
12 permittee's creditors, may voluntarily surrender a
13 license or permit to the division. When a license or
14 permit is surrendered the division shall notify the
15 local authority, and the division or the local
16 authority shall refund to the person surrendering the
17 license or permit, a proportionate amount of the fee
18 received by the division or the local authority for
19 the license or permit as follows: If a license or
20 permit is surrendered during the first three months of
21 the period for which it was issued, the refund shall
22 be three-fourths of the amount of the fee; if
23 surrendered more than three months but not more than
24 six months after issuance, the refund shall be one-
25 half of the amount of the fee; if surrendered more
26 than six months but not more than nine months after
27 issuance, the refund shall be one-fourth of the amount
28 of the fee. No refund shall be made, however, for any
29 special liquor permit, nor for a liquor control
30 license, wine permit, or beer permit surrendered more
31 than nine months after issuance. For purposes of this
32 paragraph, any portion of license or permit fees used
33 for the purposes authorized in section 331.424,
34 subsection 1, paragraphs "a", "b", "c", "d", "e",
35 "f", "g", and "h", and in section 331.438A, shall not
36 be deemed received either by the division or by a
37 local authority. No refund shall be made to any
38 licensee or permittee, upon the surrender of the
39 license or permit, if there is at the time of
40 surrender, a complaint filed with the division or
41 local authority, charging the licensee or permittee
42 with a violation of this chapter. If upon a hearing
43 on a complaint the license or permit is not revoked or
44 suspended, then the licensee or permittee is eligible,
45 upon surrender of the license or permit, to receive a
46 refund as provided in this section; but if the license
47 or permit is revoked or suspended upon hearing the
48 licensee or permittee is not eligible for the refund
49 of any portion of the license or permit fee.

50 Sec. 41. Section 218.99, Code 1995, is amended to

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1 read as follows:

2 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
3 PERSONAL ACCOUNTS.

4 The administrator of a division of the department
5 of human services in control of a state institution
6 shall direct the business manager of each institution
7 under the administrator's jurisdiction which is
8 mentioned in section 331.424, subsection 1, paragraphs
9 "a" through-"g" and "b" and for which services are
10 paid under section 331.438A to quarterly inform the
11 auditor of the county of legal settlement of any
12 patient or resident who has an amount in excess of two
13 hundred dollars on account in the patients' personal
14 deposit fund and the amount on deposit. The
15 administrators shall direct the business manager to
16 further notify the auditor of the county at least
17 fifteen days before the release of funds in excess of
18 two hundred dollars or upon the death of the patient
19 or resident. If the patient or resident has no county
20 of legal settlement, notice shall be made to the
21 director of the department of human services and the
22 administrator of the division of the department in
23 control of the institution involved.

24 Sec. 42. Section 222.60, Code 1995, is amended to
25 read as follows:

26 222.60 COSTS PAID BY COUNTY OR STATE.

27 All necessary and legal expenses for the cost of
28 admission or commitment or for the treatment,
29 training, instruction, care, habilitation, support and
30 transportation of patients, as provided for in the
31 county management plan provisions implemented pursuant
32 to section 331.439, subsection 1, in a state hospital-
33 school for the-mentally-retarded persons with mental
34 retardation, or in a special unit, or any public or
35 private facility within or without the state, approved
36 by the director of the department of human services,
37 shall be paid by either:

38 1. The county in which such-person the patient has
39 legal settlement as defined in section 252.16.

40 2. The state when such-person the patient has no
41 legal settlement or when such legal settlement is
42 unknown.

43 Sec. 43. Section 225C.4, subsection 2, paragraph
44 b, Code 1995, is amended to read as follows:

45 b. Establish mental health and mental retardation
46 services for all institutions under the control of the
47 director of human services and establish an autism
48 unit, following mutual planning with and consultation
49 from the medical director of the state psychiatric
50 hospital, at an institution or a facility administered

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1 by the administrator to provide psychiatric and
2 related services and other specific programs to meet
3 the needs of autistic persons ~~as defined in section~~
4 ~~331.424, subsection 1~~, and to furnish appropriate
5 diagnostic evaluation services.

6 Sec. 44. Section 331.301, subsection 12, Code
7 1995, is amended to read as follows:

8 12. The board of supervisors may credit funds to a
9 reserve for the purposes authorized by subsection 11
10 of this section; section 331.424, subsection 1,
11 paragraph "1" "f"; and section 331.441, subsection 2,
12 paragraph "b". Moneys credited to the reserve, and
13 interest earned on such moneys, shall remain in the
14 reserve until expended for purposes authorized by
15 subsection 11 of this section; section 331.424,
16 subsection 1, paragraph "1" "f"; or section 331.441,
17 subsection 2, paragraph "b".

18 Sec. 45. Section 331.424, subsection 1, Code 1995,
19 is amended to read as follows:

20 1. For general county services, an amount
21 sufficient to pay the charges for the following:

22 a. To the extent that the county is obligated by
23 statute to pay the charges for:

24 ~~(1) Care and treatment of patients by a state~~
25 ~~mental health institute.~~

26 ~~---(2) Care and treatment of patients by either of~~
27 ~~the state hospital schools or by any other facility~~
28 ~~established under chapter 222 and diagnostic~~
29 ~~evaluation under section 222.31.~~

30 ~~---(3) Care and treatment of patients under chapter~~
31 ~~225.~~

32 ~~(4) (1) Care and treatment of persons at the~~
33 ~~alcoholic treatment center at Oakdale. However, the~~
34 ~~county may require that an admission to the center~~
35 ~~shall be reported to the board by the center within~~
36 ~~five days as a condition of the payment of county~~
37 ~~funds for that admission.~~

38 ~~(5) (2) Care of children admitted or committed to~~
39 ~~the Iowa juvenile home at Toledo.~~

40 ~~(6) (3) Clothing, transportation, medical, or~~
41 ~~other services provided persons attending the Iowa~~
42 ~~braille and sight saving school, the Iowa school for~~
43 ~~the deaf, or the state hospital-school for severely~~
44 ~~handicapped children at Iowa City, for which the~~
45 ~~county becomes obligated to pay pursuant to sections~~
46 ~~263.12, 269.2, and 270.4 through 270.7.~~

47 ~~b. To the extent that the board deems it advisable~~
48 ~~to pay, the charges for professional evaluation,~~
49 ~~treatment, training, habilitation, and care of persons~~
50 ~~who are mentally retarded, autistic persons, or~~

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1 persons who are afflicted by any other developmental
2 disability, at a suitable public or private facility
3 providing inpatient or outpatient care in the county.
4 As used in this paragraph:
5 --- (1) --- "Developmental disability" has the meaning
6 assigned that term by 42 U.S.C. sec. 6001(7) (1976),
7 Supp. II, 1978, and Supp. III, 1979.
8 --- (2) --- "Autistic persons" means persons, regardless
9 of age, with severe communication and behavior
10 disorders that became manifest during the early stages
11 of childhood development and that are characterized by
12 a severely disabling inability to understand,
13 communicate, learn, and participate in social
14 relationships. "Autistic persons" includes but is not
15 limited to those persons afflicted by infantile
16 autism, profound aphasia, and childhood psychosis.
17 --- c. --- Care and treatment of persons placed in the
18 county hospital, county care facility, a health care
19 facility as defined in section 135C.1, subsection 6,
20 or any other public or private facility, which
21 placement is in lieu of admission or commitment to or
22 is upon discharge, removal, or transfer from a state
23 mental health institute, hospital, school, or other
24 facility established pursuant to chapter 222.
25 --- d. --- Amounts budgeted by the board for the cost of
26 establishment and initial operation of a community
27 mental health center in the manner and subject to the
28 limitations provided by state law.
29 --- e. b. Foster care and related services provided
30 under court order to a child who is under the
31 jurisdiction of the juvenile court, including court-
32 ordered costs for a guardian ad litem under section
33 232.71.
34 f. --- The care, admission, commitment, and
35 transportation of mentally ill patients in state
36 hospitals, to the extent that expenses for these
37 services are required to be paid by the county,
38 including compensation for the advocate appointed
39 under section 229.19.
40 --- g. --- Amounts budgeted by the board for mental health
41 services or mental retardation services furnished to
42 persons on either an outpatient or inpatient basis, to
43 a school or other public agency, or to the community
44 at large, by a community mental health center or other
45 suitable facility located in or reasonably near the
46 county, provided that services meet the standards of
47 the mental health and developmental disabilities
48 commission created in section 225C.5 and are
49 consistent with the annual plan for services approved
50 by the board.

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1 ~~h. Reimbursement on behalf of mentally retarded~~
2 ~~persons under section 249A.12.~~
3 ~~i. c.~~ Elections, and voter registration pursuant
4 to chapter 48A.
5 ~~j. d.~~ Employee benefits under chapters 96, 97B,
6 and 97C, which are associated with salaries for
7 general county services.
8 ~~k. e.~~ Joint county and city building authorities
9 established under section 346.27, as provided in
10 subsection 22 of that section.
11 ~~l. f.~~ Tort liability insurance, property
12 insurance, and any other insurance that may be
13 necessary in the operation of the county, costs of a
14 self-insurance program, costs of a local government
15 risk pool, and amounts payable under any insurance
16 agreements to provide or procure such insurance, self-
17 insurance program, or local government risk pool.
18 ~~m. g.~~ The maintenance and operation of the courts,
19 including but not limited to the salary and expenses
20 of the clerk of the district court and other employees
21 of the clerk's office, and bailiffs, court costs if
22 the prosecution fails or if the costs cannot be
23 collected from the person liable, costs and expenses
24 of prosecution under section 189A.17, salaries and
25 expenses of juvenile court officers under chapter 602,
26 court-ordered costs in domestic abuse cases under
27 section 236.5, the county's expense for confinement of
28 prisoners under chapter 356A, temporary assistance to
29 the county attorney, county contributions to a
30 retirement system for bailiffs, reimbursement for
31 judicial magistrates under section 602.6501, claims
32 filed under section 622.93, interpreters' fees under
33 section 622B.7, uniform citation and complaint
34 supplies under section 805.6, and costs of prosecution
35 under section 815.13.
36 ~~n. h.~~ Court-ordered costs of conciliation
37 procedures under section 598.16.
38 ~~o. i.~~ Establishment and maintenance of a joint
39 county indigent defense fund pursuant to an agreement
40 under section 28E.19.
41 ~~p. j.~~ The maintenance and operation of a local
42 emergency management agency established pursuant to
43 chapter 29C.
44 The board may require a public or private facility,
45 as a condition of receiving payment from county funds
46 for services it has provided, to furnish the board
47 with a statement of the income, assets, and legal
48 residence including township and county of each person
49 who has received services from that facility for which
50 payment has been made from county funds under

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1 paragraphs "a" through-"h" and "b". However, the
2 facility shall not disclose to anyone the name or
3 street or route address of a person receiving services
4 for which commitment is not required, without first
5 obtaining that person's written permission.

6 Parents or other persons may voluntarily reimburse
7 the county or state for the reasonable cost of caring
8 for a patient or an inmate in a county or state
9 facility.

10 Sec. 46. Section 331.424, Code 1995, is amended by
11 adding the following new subsection:

12 NEW SUBSECTION. 1A. The maximum amount of
13 property tax dollars which may be certified by a
14 county for taxes levied under subsection 1 and payable
15 in the fiscal year beginning July 1, 1996, and
16 succeeding fiscal years shall not exceed the amount of
17 property tax dollars certified by the county for taxes
18 payable in the fiscal year beginning July 1, 1995,
19 minus an adjustment for the amounts levied by the
20 county under subsection 1 for mental health, mental
21 retardation, and developmental disabilities services
22 in the fiscal year beginning July 1, 1995. The
23 adjustment and maximum amount which may be levied by
24 the county shall be determined by the county auditor,
25 subject to the approval of the department of
26 management. A county which disagrees with the
27 adjustment and maximum amount proposed for the county
28 by the department of management may appeal the
29 determination to the state appeal board created in
30 section 24.26 which shall make a final determination.

31 Sec. 47. Section 331.426, subsection 1, Code 1995,
32 is amended by adding the following new paragraph:

33 NEW PARAGRAPH. h. An unusual need for a service
34 or cost paid from levies under section 331.424,
35 subsection 1, which would cause the total expenditures
36 of services and costs paid from those levies to exceed
37 the maximum levies authorized under section 331.424,
38 subsection 1A.

39 Sec. 48. Section 331.438, subsection 1, paragraph
40 b, Code 1995, is amended to read as follows:

41 b. "State payment" means the payment made by the
42 state under section 331.438A to a county determined to
43 be eligible for the payment in accordance with section
44 331.439. ~~Except-as-modified-based-upon-the-actual~~
45 ~~amount-of-the-appropriation-for-purposes-of-state~~
46 ~~payment-under-section-331.439,-the-amount-of-the-state~~
47 ~~payment-for-a-fiscal-year-shall-be-calculated-as-fifty~~
48 ~~percent-of-the-amount-by-which-the-county's-qualified~~
49 ~~expenditures-during-the-immediately-preceding-fiscal~~
50 ~~year-were-in-excess-of-the-amount-of-the-county's-base~~

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1 year-expenditures-

2 Sec. 49. Section 331.438, Code 1995, is amended by
3 adding the following new subsection:

4 NEW SUBSECTION. 1A. The state of Iowa shall
5 provide funding to counties for the costs of mental
6 health and mental retardation services so that over
7 the five-year period beginning July 1, 1995, and
8 ending June 30, 2000, the relative shares of the state
9 and counties for these expenditures shall become
10 either equal or greater for the state.

11 Sec. 50. Section 331.438, subsection 3, paragraph
12 c, Code 1995, is amended by adding the following new
13 subparagraph:

14 NEW SUBPARAGRAPH. (15) Consider tort and other
15 liability issues associated with a county managing
16 mental health, mental retardation, and developmental
17 disabilities services in accordance with a fixed
18 budget and make recommendations to address the issues.

19 Sec. 51. NEW SECTION. 331.438A STATE AND COUNTY
20 EXPENDITURES FOR MENTAL HEALTH, MENTAL RETARDATION,
21 AND DEVELOPMENTAL DISABILITIES ASSISTANCE -- FUND
22 CREATED.

23 1. The mental health, mental retardation, and
24 developmental disabilities property tax relief fund is
25 created in the office of the treasurer of state under
26 the authority of the department of revenue and
27 finance. The relief fund shall consist of moneys
28 appropriated to the fund and the amount of allocations
29 from the fund for property tax relief pursuant to
30 subsection 2 and for the adjustment factor pursuant to
31 subsection 5 shall be as specified in law by the
32 general assembly. There is appropriated to the mental
33 health, mental retardation, and developmental
34 disabilities property tax relief fund for the
35 indicated fiscal years from the general fund of the
36 state the following amounts:

37 a. For the fiscal year beginning July 1, 1995,
38 sixteen million dollars of which ten million dollars
39 is allocated to counties for property tax relief in
40 accordance with subsection 2 and six million dollars
41 is allocated to counties as the adjustment factor
42 pursuant to subsection 5.

43 b. For the fiscal year beginning July 1, 1996,
44 thirty million dollars.

45 c. For the fiscal year beginning July 1, 1997,
46 forty-seven million dollars.

47 d. For the fiscal year beginning July 1, 1998,
48 sixty-four million dollars.

49 e. For the fiscal year beginning July 1, 1999, and
50 succeeding fiscal years, eighty-one million dollars.

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- 1 2. In each fiscal year, a county shall receive for
2 property tax relief the county's proportion of the
3 moneys in the relief fund allocated for property tax
4 relief. A county's proportion of the moneys shall be
5 equivalent to the sum of the following three factors:
- 6 a. One-third based upon the county's proportion of
7 the state's general population.
- 8 b. One-third based upon the county's proportion of
9 the state's total taxable property valuation assessed
10 for taxes payable in the previous fiscal year.
- 11 c. One-third based upon the county's proportion of
12 all counties' base year expenditures, as defined in
13 section 331.438.
- 14 3. The department of human services shall notify
15 the department of revenue and finance of the amount
16 due each county and the director of revenue and
17 finance shall draw warrants on the relief fund,
18 payable quarterly to the county treasurer in the
19 amount due a county in accordance with subsection 2,
20 and mail the warrants to county auditors by September
21 1, December 1, March 1, and June 1 of each year.
- 22 4. Before June 1, 1995, the director of human
23 services shall notify the county auditor of each
24 county of the amount of moneys the county will receive
25 from the relief fund for property tax relief pursuant
26 to subsection 2 in the succeeding fiscal year. For
27 the fiscal year beginning July 1, 1995, the department
28 of management shall reduce the amount of the county's
29 certified budget to be raised by property tax, for
30 that fiscal year by an amount equal to the amount the
31 county will receive from the relief fund for property
32 tax relief pursuant to subsection 2 and the department
33 of management shall determine the rate of taxation
34 necessary to raise the reduced amount. For subsequent
35 fiscal years, the levy for the mental health, mental
36 retardation, and developmental disabilities fund shall
37 be reduced by the county auditor and the board of
38 supervisors in the manner specified in section
39 331.424A.
- 40 5. In addition to moneys received by a county for
41 a fiscal year pursuant to subsection 2, the county may
42 be paid an adjustment factor payment for services
43 provided in accordance with the county's management
44 plan implemented pursuant to section 331.439 and paid
45 for from the county's services fund under section
46 331.424A. The amount of the adjustment factor payment
47 to a county is subject to the amount appropriated for
48 this purpose and shall be paid as provided by the
49 general assembly for that fiscal year.
- 50 6. The department of human services, in

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1 consultation with the state-county management
2 committee, shall prescribe forms and adopt rules
3 pursuant to chapter 17A to administer this section.

4 Sec. 52. Section 331.439, Code 1995, is amended by
5 striking the section and inserting in lieu thereof the
6 following:

7 331.439 ELIGIBILITY FOR STATE PAYMENT.

8 1. The state payment to eligible counties under
9 this section shall be made as provided in section
10 331.438A. A county is eligible for the state payment,
11 as defined in section 331.438, for the fiscal year
12 beginning July 1, 1995, and for subsequent fiscal
13 years if the director of human services determines for
14 a specific fiscal year that all of the following
15 conditions are met:

16 a. The county accurately reported by October 15
17 the county's expenditures for mental health, mental
18 retardation, and developmental disabilities services
19 for the previous fiscal year on forms prescribed by
20 the department of human services.

21 b. The county developed and implemented a county
22 management plan for the county's mental health, mental
23 retardation, and developmental disabilities services
24 in accordance with the provisions of this paragraph.
25 The plan shall comply with the administrative rules
26 adopted for this purpose by the council on human
27 services and is subject to the approval of the
28 director of human services in consultation with the
29 state-county management committee created in section
30 331.438. The plan shall include a description of the
31 county's service management provision for mental
32 health, mental retardation, and developmental
33 disabilities services. The plan shall have the
34 following two parts:

35 (1) For mental health service management, the
36 county must contract with a state-approved managed
37 mental health care contractor or provide a comparable
38 system of managed care. For the fiscal year beginning
39 July 1, 1995, this part of the plan shall be submitted
40 by October 15, 1995, and the county shall implement
41 the approved plan by January 1, 1996. For subsequent
42 fiscal years, this part of the plan shall be submitted
43 to the department by April 1 for the succeeding fiscal
44 year.

45 (2) For mental retardation and developmental
46 disabilities services management, the county must
47 contract with a state-approved managed care contractor
48 or develop and implement a managed system of care
49 which addresses a full array of appropriate services
50 and cost-effective delivery of services. The managed

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1 system of care shall incorporate a single entry point
2 process developed in accordance with the provisions of
3 section 331.440. The elements of the managed system
4 of care shall be specified in rules developed by the
5 department in consultation with the state-county
6 management committee and adopted by the council on
7 human services. The county shall implement either the
8 state-approved contract or implement a comparable
9 system of care within six months of the date by which
10 the department approves a managed care contractor. In
11 fiscal years succeeding the fiscal year of initial
12 implementation this part of the plan shall be
13 submitted to the department of human services by April
14 1 for the succeeding fiscal year.

15 c. Changes to the approved plan are submitted
16 sixty days prior to the proposed change and are not to
17 be implemented prior to the director of human
18 services' approval.

19 2. The county management plan shall address the
20 county's criteria for serving persons with chronic
21 mental illness, including any rationale used for
22 decision making regarding this population.

23 3. If funding is available under the fixed budget,
24 a county that has not provided services to a service
25 population which is not included in the service
26 management provisions required under subsection 1, may
27 provide such services.

28 4. For the fiscal year beginning July 1, 1996, and
29 succeeding fiscal years, implementation of the county
30 management plan is subject to a fixed budget
31 consisting of the moneys deposited by the state and
32 county in the county mental health, mental
33 retardation, and developmental disabilities services
34 fund created in section 331.424A. The amount of the
35 fixed budget shall be the amount specified for the
36 fiscal year in the county's management plan and
37 budgeted for such services.

38 5. A county shall implement the county's
39 management plan in a manner so as to provide adequate
40 funding for the entire fiscal year by budgeting for
41 ninety-nine percent of the funding anticipated to be
42 available for the plan.

43 6. A county's implementation of the service
44 management provisions required under subsection 1 for
45 mental health, mental retardation, and developmental
46 disabilities shall incorporate the single entry point
47 process described in section 331.440.

48 7. The basis for determining whether a managed
49 care system for mental health proposed by a county is
50 comparable to a managed care contractor approved by

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1 the department of human services shall include but is
2 not limited to all of the following elements which
3 shall be specified in administrative rules adopted by
4 the department in consultation with the state-county
5 management committee:

- 6 a. The enrollment and eligibility process.
- 7 b. The scope of services included.
- 8 c. The method of plan administration.
- 9 d. The process for managing utilization and access
10 to services and other assistance.
- 11 e. The quality assurance process.
- 12 f. The risk management provisions and fiscal
13 viability of the provisions.

14 8. The director's approval of a county's mental
15 health, mental retardation, and developmental
16 disabilities services management plan shall not be
17 construed to constitute certification of the county's
18 budget.

19 Sec. 53. Section 331.440, subsection 1, Code 1995,
20 is amended by adding the following new paragraph:

21 NEW PARAGRAPH. c. The single entry point process
22 shall include provision for the county's participation
23 in a management information system developed in
24 accordance with rules adopted pursuant to subsection
25 3.

26 Sec. 54. NEW SECTION. 331.424A MENTAL HEALTH,
27 MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES
28 SERVICES FUND.

29 1. For the purposes of this chapter, unless the
30 context otherwise requires, "services fund" means the
31 county mental health, mental retardation, and
32 developmental disabilities services fund created in
33 subsection 2.

34 2. For the fiscal year beginning July 1, 1996, and
35 succeeding fiscal years, county revenues from taxes
36 and other sources designated for mental health, mental
37 retardation, and developmental disabilities services
38 shall be credited to the mental health, mental
39 retardation, and developmental disabilities services
40 fund of the county. The board shall make
41 appropriations from the fund for payment of services
42 provided under the county management plan approved
43 pursuant to section 331.439.

44 3. For the fiscal year beginning July 1, 1996, and
45 succeeding fiscal years, receipts from the state or
46 federal government for such services shall be credited
47 to the services fund, including but not limited to
48 moneys received by a county under section 331.438A.

49 4. For the fiscal year beginning July 1, 1996, and
50 for each subsequent fiscal year, the county may

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1 certify a levy for payment of services. Unless
2 otherwise provided by state law, for each fiscal year,
3 county revenues from taxes imposed by the county
4 credited to the services fund shall not exceed an
5 amount equal to the amount of base year expenditures
6 from property taxes imposed by the county and paid for
7 services in the fiscal year beginning July 1, 1993,
8 and ending June 30, 1994, as defined in section
9 331.438, less the amount of property tax relief to be
10 received pursuant to section 331.438A in the fiscal
11 year for which the budget is certified. The county
12 auditor and the board of supervisors shall reduce the
13 amount of the levy certified under this section by the
14 amount of property tax relief to be received.

15 5. Appropriations specifically authorized to be
16 made from the mental health, mental retardation, and
17 disabilities services fund shall not be made from the
18 general fund of the county.

19 Sec. 55. Section 444.25A, subsection 1, Code 1995,
20 is amended to read as follows:

21 1. COUNTY LIMITATION. The maximum amount of
22 property tax dollars which may be certified by a
23 county for taxes payable in the fiscal year beginning
24 July 1, 1995, shall not exceed the amount of property
25 tax dollars certified by the county for taxes payable
26 in the fiscal year beginning July 1, 1994, minus the
27 amount of the property tax relief payment to be
28 received by the county for the fiscal year beginning
29 July 1, 1995, pursuant to section 331.438A, subsection
30 2, and the maximum amount of property tax dollars
31 which may be certified by a county for taxes payable
32 in the fiscal year beginning July 1, 1996, shall not
33 exceed the amount of property tax dollars certified by
34 the county for taxes payable in the fiscal year
35 beginning July 1, 1995, minus the amount by which the
36 property tax relief payment to be received by the
37 county in the fiscal year beginning July 1, 1996,
38 exceeds the amount of the property tax relief payment
39 received in the fiscal year beginning July 1, 1995,
40 pursuant to section 331.438A, subsection 2, for each
41 of the levies for the following, except for the levies
42 on the increase in taxable valuation due to new
43 construction, additions or improvements to existing
44 structures, remodeling of existing structures for
45 which a building permit is required, annexation, and
46 phasing out of tax exemptions, and on the increase in
47 valuation of taxable property as a result of a
48 comprehensive revaluation by a private appraiser under
49 a contract entered into prior to January 1, 1992, or
50 as a result of a comprehensive revaluation directed or

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1 authorized by the conference board prior to January 1,
2 1992, with documentation of the contract,
3 authorization, or directive on the revaluation
4 provided to the director of revenue and finance, if
5 the levies are equal to or less than the levies for
6 the previous year, levies on that portion of the
7 taxable property located in an urban renewal project
8 the tax revenues from which are no longer divided as
9 provided in section 403.19, subsection 2, or as
10 otherwise provided in this section:

11 a. General county services under section 331.422,
12 subsection 1.

13 b. Rural county services under section 331.422,
14 subsection 2.

15 c. Other taxes under section 331.422, subsection
16 4.

17 Sec. 56. Section 444.25A, subsection 3, paragraph
18 b, subparagraph (3), Code 1995, is amended to read as
19 follows:

20 (3) Need for additional moneys for health care,
21 treatment, and facilities, including ~~mental-health-and~~
22 ~~mental-retardation-care-and~~ treatment pursuant to
23 section 331.424, subsection 1, paragraphs "a" through
24 "h" and "b".

25 Sec. 57. NEW SECTION. 444.25B PROPERTY TAX
26 LIMITATIONS FOR 1998 AND 1999 FISCAL YEARS.

27 1. COUNTY LIMITATION. The maximum amount of
28 property tax dollars which may be certified by a
29 county for taxes payable in the fiscal year beginning
30 July 1, 1997, shall not exceed the amount of property
31 tax dollars certified by the county for taxes payable
32 in the fiscal year beginning July 1, 1996, minus the
33 amount by which the property tax relief payment to be
34 received by the county in the fiscal year beginning
35 July 1, 1997, exceeds the amount of the property tax
36 relief payment received by the county in the fiscal
37 year beginning July 1, 1996, pursuant to section
38 331.438A, subsection 2, and the maximum amount of
39 property tax dollars which may be certified by a
40 county for taxes payable in the fiscal year beginning
41 July 1, 1998, shall not exceed the amount of property
42 tax dollars certified by the county for taxes payable
43 in the fiscal year beginning July 1, 1997, minus the
44 amount by which the property tax relief payment to be
45 received by the county in the fiscal year beginning
46 July 1, 1998, exceeds the amount of the property tax
47 relief payment received by the county in the fiscal
48 year beginning July 1, 1997, pursuant to section
49 331.438A, subsection 2, for each of the levies for the
50 following, except for the levies on the increase in

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1 taxable valuation due to new construction, additions
2 or improvements to existing structures, remodeling of
3 existing structures for which a building permit is
4 required, annexation, and phasing out of tax
5 exemptions, and on the increase in valuation of
6 taxable property as a result of a comprehensive
7 revaluation by a private appraiser under a contract
8 entered into prior to January 1, 1992, or as a result
9 of a comprehensive revaluation directed or authorized
10 by the conference board prior to January 1, 1992, with
11 documentation of the contract, authorization, or
12 directive on the revaluation provided to the director
13 of revenue and finance, if the levies are equal to or
14 less than the levies for the previous year, levies on
15 that portion of the taxable property located in an
16 urban renewal project the tax revenues from which are
17 no longer divided as provided in section 403.19,
18 subsection 2, or as otherwise provided in this
19 section:

20 a. General county services under section 331.422,
21 subsection 1.

22 b. Rural county services under section 331.422,
23 subsection 2.

24 c. Other taxes under section 331.422, subsection
25 4.

26 2. EXCEPTIONS. The limitations provided in
27 subsection 1 do not apply to the levies made for the
28 following:

29 a. Debt service to be deposited into the debt
30 service fund pursuant to section 331.430.

31 b. Taxes approved by a vote of the people which
32 are payable during the fiscal year beginning July 1,
33 1997, or July 1, 1998.

34 c. Hospitals pursuant to chapters 37, 347, and
35 347A.

36 d. Emergency management to be deposited into the
37 local emergency management fund and expended for
38 development of hazardous substance teams pursuant to
39 chapter 29C.

40 e. Unusual need for additional moneys to finance
41 existing programs which would provide substantial
42 benefit to county residents or compelling need to
43 finance new programs which would provide substantial
44 benefit to county residents. The increase in taxes
45 levied under this exception for the fiscal year
46 beginning July 1, 1997, is limited to no more than the
47 product of the total tax dollars levied in the fiscal
48 year beginning July 1, 1996, and the percent change,
49 computed to two decimal places, in the price index for
50 government purchases by type for state and local

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1 governments computed for the third quarter of calendar
2 year 1996 from that computed for the third quarter of
3 calendar year 1995. The increase in taxes levied
4 under this exception for the fiscal year beginning
5 July 1, 1998, is limited to no more than the product
6 of the total tax dollars levied in the fiscal year
7 beginning July 1, 1997, and the percent change,
8 computed to two decimal places, in the price index for
9 government purchases by type for state and local
10 governments computed for the third quarter of calendar
11 year 1997 from that computed for the third quarter of
12 calendar year 1996.

13 For purposes of this paragraph, the price index for
14 government purchases by type for state and local
15 governments is defined by the bureau of economic
16 analysis of the United States department of commerce
17 and published in table 7.11 of the national income and
18 products accounts. For the fiscal years beginning
19 July 1, 1997, and July 1, 1998, the price index used
20 shall be the revision published in the November 1996
21 and November 1997 issues, respectively, of the United
22 States department of commerce publication, "survey of
23 current business". For purposes of this paragraph,
24 tax dollars levied in the fiscal years beginning July
25 1, 1996, and July 1, 1997, shall not include funds
26 levied for paragraphs "a", "b", and "c" of this
27 subsection.

28 Application of this exception shall require an
29 original publication of the budget and a public
30 hearing and a second publication and a second hearing
31 both in the manner and form prescribed by the director
32 of the department of management, notwithstanding the
33 provisions of section 331.434. The publications and
34 hearings prescribed in this paragraph shall be held
35 and the budget certified no later than March 15. The
36 taxes levied for counties whose budgets are certified
37 after March 15, 1997, shall be frozen at the fiscal
38 year beginning July 1, 1996, level, and the taxes
39 levied for counties whose budgets are certified after
40 March 15, 1998, shall be frozen at the fiscal year
41 beginning July 1, 1997, level.

42 3. APPEAL PROCEDURES. In lieu of the procedures
43 in sections 24.48 and 331.426, which procedures do not
44 apply for taxes payable in the fiscal years beginning
45 July 1, 1997, and July 1, 1998, if a county needs to
46 raise property tax dollars from a tax levy in excess
47 of the limitations imposed by subsection 1, the
48 following procedures apply:

49 a. Not later than March 1, and after the
50 publication and public hearing on the budget in the

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1 manner and form prescribed by the director of the
2 department of management, notwithstanding section
3 331.434, the county shall petition the state appeal
4 board for approval of a property tax increase in
5 excess of the increase provided for in subsection 2,
6 paragraph "e", on forms furnished by the director of
7 the department of management. Applications received
8 after March 1 shall be automatically ineligible for
9 consideration by the board.

10 b. Additional costs incurred by the county due to
11 any of the following circumstances shall be the basis
12 for justifying the excess in property tax dollars:

13 (1) Natural disaster or other life-threatening
14 emergencies.

15 (2) Unusual need for additional moneys to finance
16 existing programs which would provide substantial
17 benefit to county residents or compelling need to
18 finance new programs which would provide substantial
19 benefit to county residents.

20 (3) Need for additional moneys for health care,
21 treatment, and facilities pursuant to section 331.424,
22 subsection 1, paragraphs "a" and "b".

23 (4) Judgments, settlements, and related costs
24 arising out of civil claims against the county and its
25 officers, employees, and agents, as defined in chapter
26 670.

27 c. The state appeal board shall approve,
28 disapprove, or reduce the amount of excess property
29 tax dollars requested. The board shall take into
30 account the intent of this section to provide property
31 tax relief. The decision of the board shall be
32 rendered at a regular or special meeting of the board
33 within twenty days of the board's receipt of an
34 appeal.

35 d. Within seven days of receipt of the decision of
36 the state appeal board, the county shall adopt and
37 certify its budget under section 331.434, which budget
38 may be protested as provided in section 331.436. The
39 budget shall not contain an amount of property tax
40 dollars in excess of the amount approved by the state
41 appeal board.

42 4. Rate adjustment by county auditor. In addition
43 to the requirement of the county auditor in section
44 444.3 to establish a rate of tax which does not exceed
45 the rate authorized by law, the county auditor shall
46 also adjust the rate if the amount of property tax
47 dollars to be raised is in excess of the amount
48 specified in subsection 1, as may be adjusted pursuant
49 to subsection 3.

50 Sec. 58. NEW SECTION. 444.25C PROPERTY TAX

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1 LIMITATION FOR FISCAL YEAR 2000.

2 1. COUNTY LIMITATION. The maximum amount of
3 property tax dollars which may be certified by a
4 county for taxes payable in the fiscal year beginning
5 July 1, 1999, shall not exceed the amount of property
6 tax dollars certified by the county for taxes payable
7 in the fiscal year beginning July 1, 1998, minus the
8 difference between the amount by which the property
9 tax relief payment to be received by the county in the
10 fiscal year beginning July 1, 1999, exceeds the amount
11 of the property tax relief payment received by the
12 county in the fiscal year beginning July 1, 1998,
13 pursuant to section 331.438A, subsection 2, for each
14 of the levies for the following, except for the levies
15 on the increase in taxable valuation due to new
16 construction, additions or improvements to existing
17 structures, remodeling of existing structures for
18 which a building permit is required, annexation, and
19 phasing out of tax exemptions, and on the increase in
20 valuation of taxable property as a result of a
21 comprehensive revaluation by a private appraiser under
22 a contract entered into prior to January 1, 1992, or
23 as a result of a comprehensive revaluation directed or
24 authorized by the conference board prior to January 1,
25 1992, with documentation of the contract,
26 authorization, or directive on the revaluation
27 provided to the director of revenue and finance, if
28 the levies are equal to or less than the levies for
29 the previous year, levies on that portion of the
30 taxable property located in an urban renewal project
31 the tax revenues from which are no longer divided as
32 provided in section 403.19, subsection 2, or as
33 otherwise provided in this section:

34 a. General county services under section 331.422,
35 subsection 1.

36 b. Rural county services under section 331.422,
37 subsection 2.

38 c. Other taxes under section 331.422, subsection
39 4.

40 2. EXCEPTIONS. The limitations provided in
41 subsection 1 do not apply to the levies made for the
42 following:

43 a. Debt service to be deposited into the debt
44 service fund pursuant to section 331.430.

45 b. Taxes approved by a vote of the people which
46 are payable during the fiscal year beginning July 1,
47 1999, or July 1, 2000.

48 c. Hospitals pursuant to chapters 37, 347, and
49 347A.

50 d. Emergency management to be deposited into the

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1 local emergency management fund and expended for
2 development of hazardous substance teams pursuant to
3 chapter 29C.

4 e. Unusual need for additional moneys to finance
5 existing programs which would provide substantial
6 benefit to county residents or compelling need to
7 finance new programs which would provide substantial
8 benefit to county residents. The increase in taxes
9 levied under this exception for the fiscal year
10 beginning July 1, 1999, is limited to no more than the
11 product of the total tax dollars levied in the fiscal
12 year beginning July 1, 1998, and the percent change,
13 computed to two decimal places, in the price index for
14 government purchases by type for state and local
15 governments computed for the third quarter of calendar
16 year 1998 from that computed for the third quarter of
17 calendar year 1997.

18 For purposes of this paragraph, the price index for
19 government purchases by type for state and local
20 governments is defined by the bureau of economic
21 analysis of the United States department of commerce
22 and published in table 7.11 of the national income and
23 products accounts. For the fiscal year beginning July
24 1, 1999, the price index used shall be the revision
25 published in the November 1998 of the United States
26 department of commerce publication, "survey of current
27 business". For purposes of this paragraph, tax
28 dollars levied in the fiscal year beginning July 1,
29 1998, shall not include funds levied for paragraphs
30 "a", "b", and "c" of this subsection.

31 Application of this exception shall require an
32 original publication of the budget and a public
33 hearing and a second publication and a second hearing
34 both in the manner and form prescribed by the director
35 of the department of management, notwithstanding the
36 provisions of section 331.434. The publications and
37 hearings prescribed in this paragraph shall be held
38 and the budget certified no later than March 15. The
39 taxes levied for counties whose budgets are certified
40 after March 15, 1999, shall be frozen at the fiscal
41 year beginning July 1, 1998, level.

42 3. APPEAL PROCEDURES. In lieu of the procedures
43 in sections 24.48 and 331.426, which procedures do not
44 apply for taxes payable in the fiscal year beginning
45 July 1, 1999, if a county needs to raise property tax
46 dollars from a tax levy in excess of the limitations
47 imposed by subsection 1, the following procedures
48 apply:

49 a. Not later than March 1, and after the
50 publication and public hearing on the budget in the

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1 manner and form prescribed by the director of the
2 department of management, notwithstanding section
3 331.434, the county shall petition the state appeal
4 board for approval of a property tax increase in
5 excess of the increase provided for in subsection 2,
6 paragraph "e", on forms furnished by the director of
7 the department of management. Applications received
8 after March 1 shall be automatically ineligible for
9 consideration by the board.

10 b. Additional costs incurred by the county due to
11 any of the following circumstances shall be the basis
12 for justifying the excess in property tax dollars:

13 (1) Natural disaster or other life-threatening
14 emergencies.

15 (2) Unusual need for additional moneys to finance
16 existing programs which would provide substantial
17 benefit to county residents or compelling need to
18 finance new programs which would provide substantial
19 benefit to county residents.

20 (3) Need for additional moneys for health care,
21 treatment, and facilities pursuant to section 331.424,
22 subsection 1, paragraphs "a" and "b".

23 (4) Judgments, settlements, and related costs
24 arising out of civil claims against the county and its
25 officers, employees, and agents, as defined in chapter
26 670.

27 c. The state appeal board shall approve,
28 disapprove, or reduce the amount of excess property
29 tax dollars requested. The board shall take into
30 account the intent of this section to provide property
31 tax relief. The decision of the board shall be
32 rendered at a regular or special meeting of the board
33 within twenty days of the board's receipt of an
34 appeal.

35 d. Within seven days of receipt of the decision of
36 the state appeal board, the county shall adopt and
37 certify its budget under section 331.434, which budget
38 may be protested as provided in section 331.436. The
39 budget shall not contain an amount of property tax
40 dollars in excess of the amount approved by the state
41 appeal board.

42 4. Rate adjustment by county auditor. In addition
43 to the requirement of the county auditor in section
44 444.3 to establish a rate of tax which does not exceed
45 the rate authorized by law, the county auditor shall
46 also adjust the rate if the amount of property tax
47 dollars to be raised is in excess of the amount
48 specified in subsection 1, as may be adjusted pursuant
49 to subsection 3.

50 Sec. 59. Section 444.27, Code 1995, is amended to

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1 read as follows:

2 444.27 SECTIONS VOID.

3 1. For purposes of section 444.25, sections 24.48
4 and 331.426 are void for the fiscal years beginning
5 July 1, 1993, and July 1, 1994. For purposes of
6 section 444.25A, sections 24.48 and 331.426 are void
7 for the fiscal years beginning July 1, 1995, and July
8 1, 1996.

9 2. For purposes of sections 444.25B and 444.25C,
10 sections 24.48 and 331.426 are void for the fiscal
11 years beginning July 1, 1997, July 1, 1998, and July
12 1, 1999.

13 Sec. 60. Section 445.23, Code 1995, is amended to
14 read as follows:

15 445.23 STATEMENT OF TAXES DUE.

16 1. ~~Upon request,~~ The county treasurer shall
17 state in writing the full amount of taxes against a
18 parcel, all sales for unpaid taxes, and the amount
19 needed to redeem the parcel, if redeemable. If the
20 person requesting the statement is not the titleholder
21 of record or contract holder of record of the parcel,
22 that person shall pay a fee at the rate of two dollars
23 per parcel for each year for which information is
24 requested, and the money shall be deposited in the
25 county general fund.

26 2. The county treasurer shall include in a
27 prominent place on the tax statement the amount of
28 each of the following state tax credits that apply to
29 the parcel and amount by which each credit reduced the
30 taxes due on the parcel:

31 a. Homestead credit under chapter 425.

32 b. Military service credit under chapter 426A.

33 c. Extraordinary credit under chapter 425.

34 d. Mental health, mental retardation, and de-
35 velopmental disabilities property tax relief under
36 section 331.438A.

37 e. Farm tax credit under chapter 426.

38 Sec. 61. REPEAL. 1994 Iowa Acts, chapter 1163,
39 section 8, is repealed.

40 Sec. 62. DEPARTMENT OF HUMAN SERVICES -- ICFMR
41 REQUIREMENT. The department of human services shall
42 consult with the department of inspections and
43 appeals, the Iowa state association of counties, and
44 the Iowa association of rehabilitation and residential
45 facilities in adopting administrative rules
46 identifying optimum staffing ratios for intermediate
47 care facilities for the mentally retarded (ICFMR).
48 The administrative rules shall be implemented on or
49 before January 1, 1996.

50 Sec. 63. COUNTY ADJUSTMENT FACTOR PAYMENT --

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1 FISCAL YEAR 1995-1996.

2 1. For the fiscal year beginning July 1, 1995, the
3 adjustment factor payment from the mental health,
4 mental retardation, and developmental disabilities
5 property tax relief fund specified in section 331.438A
6 shall be paid as provided in this section. An
7 eligible county may apply to the department of human
8 services for an adjustment factor payment to reimburse
9 costs paid by the county in that fiscal year for
10 services to persons with mental illness, mental
11 retardation, or developmental disabilities in
12 accordance with the county's management plan approved
13 pursuant to section 331.439. Eligible costs shall be
14 limited to eligible consumers of services who were not
15 served in the previous fiscal year, unusual cost
16 increases, service cost inflation, and investments for
17 quality and efficiency improvements. Reimbursement
18 shall not be provided from the fund for applications
19 received after August 10, 1995.

20 2. Payment from the fund shall be limited to the
21 amount designated for this purpose and if applications
22 received exceed the available funding, payments shall
23 be prorated. The department of human services shall
24 notify the director of revenue and finance of the
25 amounts due a county under this section. The director
26 shall draw warrants on the relief fund payable to the
27 county treasurer in the amount due to each county.
28 The warrants shall be paid in a timely manner to
29 enable the county to accrue the payment in the
30 county's 1995-1996 fiscal year.

31 3. Notwithstanding section 8.33, moneys in the
32 relief fund allocated for the adjustment payment which
33 remain unobligated or unexpended at the close of the
34 fiscal year ending June 30, 1996, shall not revert to
35 the general fund of the state but shall remain
36 available for adjustment payments in the succeeding
37 fiscal year.

38 Sec. 64. INTERIM COMMITTEE CREATED. The
39 legislative council is requested to establish an
40 interim committee comprised of members of the general
41 assembly with the charge of developing a system to
42 regulate and contain county expenditures for mental
43 health, mental retardation, and developmental
44 disabilities services and to develop a formula for
45 distribution of property tax relief moneys to counties
46 under section 331.438A, subsection 2. In addition,
47 the committee should consider proposals from counties
48 and other interested persons for a distribution
49 formula factor which rewards or provides incentives
50 for economy and efficiency in providing mental health,

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1 mental retardation, and developmental disabilities
 2 services; and a mechanism for a county to appeal to
 3 the state if it is believed the county is unfairly
 4 treated under an established funding formula. The
 5 committee should be directed to report to the governor
 6 and the general assembly prior to the 1996 legislative
 7 session.

8 Sec. 65. EFFECTIVE DATES.

9 1. Sections 40, 41, 42, 43, and 44 of this
 10 division of this Act take effect July 1, 1996.

11 2. Sections 45, 46, 47, 54, and 56 take effect
 12 January 1, 1996, and are applicable to taxes paid in
 13 the fiscal year beginning July 1, 1996, and succeeding
 14 fiscal years.

15 3. The remainder of this division of this Act,
 16 being deemed of immediate importance, takes effect
 17 upon enactment."

18 2. Title page, by striking lines 1 through 4 and
 19 inserting the following: "An Act relating to income
 20 tax relief, property tax relief, machinery and
 21 equipment phase-in exemption and reimbursement, levies
 22 for mental health, mental retardation, and
 23 developmental disabilities services, providing
 24 appropriations, and providing effective dates and
 25 applicability provisions."

RECEIVED FROM THE HOUSE

S-3082 FILED MARCH 1, 1995

*Senate concurred 4/27/95 (p. 1463)
 in as amended*

SENATE FILE 69

S-3172

1 Amend the House amendment, S-3082, to Senate File
 2 69, as passed by the Senate, as follows:

3 1. By striking page 4, line 47, through page 7,
 4 line 24.

5 2. By striking page 7, line 25, through page 14,
 6 line 35.

7 3. Page 44, lines 20 and 21, by striking the
 8 words "machinery and equipment phase-in exemption and
 9 reimbursement,".

By JIM LIND

S-3172 FILED MARCH 22, 1995

% 4/27/95 (p. 1462)

SENATE FILE 69

S-3361

1 Amend the House amendment, S-3082, to Senate File
2 69, as passed by the Senate, as follows:

3 1. By striking page 1, line 3, through page 44,
4 line 25, and inserting the following:

5 "____. By striking everything after the enacting
6 clause and inserting the following:

7 "DIVISION I
8 MENTAL HEALTH EXPENDITURES, PROPERTY TAX REDUCTIONS,
9 AND PROPERTY TAX CREDITS

10 Section 1. NEW SECTION. 24.49 EMERGENCY NEEDS
11 FUNDS.

12 For budget years commencing on or after July 1,
13 1996, the state board shall review requests and
14 authorize payment to a county for emergency needs
15 funds from the property tax relief fund, in accordance
16 with the provisions of section 426B.1, subsection 3.
17 Payment of the funds shall be authorized if the
18 request is for expenditures above a county's fixed
19 budget amount for services provided in accordance with
20 the requesting county's management plan for mental
21 health and mental retardation services approved under
22 section 331.439.

23 Sec. 2. Section 123.38, unnumbered paragraph 2,
24 Code 1995, is amended to read as follows:

25 Any licensee or permittee, or the licensee's or
26 permittee's executor or administrator, or any person
27 duly appointed by the court to take charge of and
28 administer the property or assets of the licensee or
29 permittee for the benefit of the licensee's or
30 permittee's creditors, may voluntarily surrender a
31 license or permit to the division. When a license or
32 permit is surrendered the division shall notify the
33 local authority, and the division or the local
34 authority shall refund to the person surrendering the
35 license or permit, a proportionate amount of the fee
36 received by the division or the local authority for
37 the license or permit as follows: If a license or
38 permit is surrendered during the first three months of
39 the period for which it was issued, the refund shall
40 be three-fourths of the amount of the fee; if
41 surrendered more than three months but not more than
42 six months after issuance, the refund shall be one-
43 half of the amount of the fee; if surrendered more
44 than six months but not more than nine months after
45 issuance, the refund shall be one-fourth of the amount
46 of the fee. No refund shall be made, however, for any
47 special liquor permit, nor for a liquor control
48 license, wine permit, or beer permit surrendered more
49 than nine months after issuance. For purposes of this
50 paragraph, any portion of license or permit fees used

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1 for the purposes authorized in section 331.424,
2 subsection 1, paragraphs "a", and "b", "c", "d", "e",
3 "f", "g", and "h", and in section 331.424A, shall not
4 be deemed received either by the division or by a
5 local authority. No refund shall be made to any
6 licensee or permittee, upon the surrender of the
7 license or permit, if there is at the time of
8 surrender, a complaint filed with the division or
9 local authority, charging the licensee or permittee
10 with a violation of this chapter. If upon a hearing
11 on a complaint the license or permit is not revoked or
12 suspended, then the licensee or permittee is eligible,
13 upon surrender of the license or permit, to receive a
14 refund as provided in this section; but if the license
15 or permit is revoked or suspended upon hearing the
16 licensee or permittee is not eligible for the refund
17 of any portion of the license or permit fee.

18 Sec. 3. Section 218.99, Code 1995, is amended to
19 read as follows:

20 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
21 PERSONAL ACCOUNTS.

22 The administrator of a division of the department
23 of human services in control of a state institution
24 shall direct the business manager of each institution
25 under the administrator's jurisdiction which is
26 mentioned in section 331.424, subsection 1, paragraphs
27 "a" through "g" and "b" and for which services are
28 paid under section 331.424A to quarterly inform the
29 auditor of the county of legal settlement of any
30 patient or resident who has an amount in excess of two
31 hundred dollars on account in the patients' personal
32 deposit fund and the amount on deposit. The
33 administrators shall direct the business manager to
34 further notify the auditor of the county at least
35 fifteen days before the release of funds in excess of
36 two hundred dollars or upon the death of the patient
37 or resident. If the patient or resident has no county
38 of legal settlement, notice shall be made to the
39 director of the department of human services and the
40 administrator of the division of the department in
41 control of the institution involved.

42 Sec. 4. Section 225C.4, subsection 2, paragraph b,
43 Code 1995, is amended to read as follows:

44 b. Establish mental health and mental retardation
45 services for all institutions under the control of the
46 director of human services and establish an autism
47 unit, following mutual planning with and consultation
48 from the medical director of the state psychiatric
49 hospital, at an institution or a facility administered
50 by the administrator to provide psychiatric and

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1 related services and other specific programs to meet
2 the needs of autistic persons as-defined-in-section
3 331-424, subsection 1, and to furnish appropriate
4 diagnostic evaluation services.

5 Sec. 5. Section 331.301, subsection 12, Code 1995,
6 is amended to read as follows:

7 12. The board of supervisors may credit funds to a
8 reserve for the purposes authorized by subsection 11
9 of this section; section 331.424, subsection 1,
10 paragraph "f"; and section 331.441, subsection 2,
11 paragraph "b". Moneys credited to the reserve, and
12 interest earned on such moneys, shall remain in the
13 reserve until expended for purposes authorized by
14 subsection 11 of this section; section 331.424,
15 subsection 1, paragraph "f"; or section 331.441,
16 subsection 2, paragraph "b".

17 Sec. 6. Section 331.424, subsection 1, Code 1995,
18 is amended to read as follows:

19 1. For general county services, an amount
20 sufficient to pay the charges for the following:

21 a. To the extent that the county is obligated by
22 statute to pay the charges for:

23 ~~(1) Care and treatment of patients by a state~~
24 ~~mental health institute.~~

25 ~~---(2) Care and treatment of patients by either of~~
26 ~~the state hospital schools or by any other facility~~
27 ~~established under chapter 222 and diagnostic~~
28 ~~evaluation under section 222.31.~~

29 ~~---(3) Care and treatment of patients under chapter~~
30 ~~225.~~

31 ~~(4) (1) Care and treatment of persons at the~~
32 ~~alcoholic treatment center at Oakdale. However, the~~
33 ~~county may require that an admission to the center~~
34 ~~shall be reported to the board by the center within~~
35 ~~five days as a condition of the payment of county~~
36 ~~funds for that admission.~~

37 ~~(5) (2) Care of children admitted or committed to~~
38 ~~the Iowa juvenile home at Toledo.~~

39 ~~(6) (3) Clothing, transportation, medical, or~~
40 ~~other services provided persons attending the Iowa~~
41 ~~braille and sight saving school, the Iowa school for~~
42 ~~the deaf, or the state hospital-school for severely~~
43 ~~handicapped children at Iowa City, for which the~~
44 ~~county becomes obligated to pay pursuant to sections~~
45 ~~263.12, 269.2, and 270.4 through 270.7.~~

46 ~~b.---To the extent that the board deems it advisable~~
47 ~~to pay, the charges for professional evaluation,~~
48 ~~treatment, training, habilitation, and care of persons~~
49 ~~who are mentally retarded, autistic persons, or~~
50 ~~persons who are afflicted by any other developmental~~

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1 disability, at a suitable public or private facility
2 providing inpatient or outpatient care in the county.
3 As used in this paragraph:
4 --- (1) --- "Developmental disability" has the meaning
5 assigned that term by 42 U.S.C. sec. 6001(7) (1976),
6 Supp. II, 1978, and Supp. III, 1979.
7 --- (2) --- "Autistic persons" means persons, regardless
8 of age, with severe communication and behavior
9 disorders that became manifest during the early stages
10 of childhood development and that are characterized by
11 a severely disabling inability to understand,
12 communicate, learn, and participate in social
13 relationships. --- "Autistic persons" includes but is not
14 limited to those persons afflicted by infantile
15 autism, profound aphasia, and childhood psychosis.
16 --- c. --- Care and treatment of persons placed in the
17 county hospital, county care facility, a health care
18 facility as defined in section 135C.1, subsection 6,
19 or any other public or private facility, which
20 placement is in lieu of admission or commitment to or
21 is upon discharge, removal, or transfer from a state
22 mental health institute, hospital school, or other
23 facility established pursuant to chapter 222.
24 --- d. --- Amounts budgeted by the board for the cost of
25 establishment and initial operation of a community
26 mental health center in the manner and subject to the
27 limitations provided by state law.
28 --- e. b. Foster care and related services provided
29 under court order to a child who is under the
30 jurisdiction of the juvenile court, including court-
31 ordered costs for a guardian ad litem under section
32 232.71.
33 f. --- The care, admission, commitment, and
34 transportation of mentally ill patients in state
35 hospitals, to the extent that expenses for these
36 services are required to be paid by the county,
37 including compensation for the advocate appointed
38 under section 229.19.
39 --- g. --- Amounts budgeted by the board for mental health
40 services or mental retardation services furnished to
41 persons on either an outpatient or inpatient basis, to
42 a school or other public agency, or to the community
43 at large, by a community mental health center or other
44 suitable facility located in or reasonably near the
45 county, provided that services meet the standards of
46 the mental health and developmental disabilities
47 commission created in section 225C.5 and are
48 consistent with the annual plan for services approved
49 by the board.
50 --- h. --- Reimbursement on behalf of mentally retarded

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1 ~~persons under section 249A.12.~~
2 ~~i. c.~~ Elections, and voter registration pursuant
3 to chapter 48A.
4 ~~j. d.~~ Employee benefits under chapters 96, 97B,
5 and 97C, which are associated with salaries for
6 general county services.
7 ~~k. e.~~ Joint county and city building authorities
8 established under section 346.27, as provided in
9 subsection 22 of that section.
10 ~~l. f.~~ Tort liability insurance, property
11 insurance, and any other insurance that may be
12 necessary in the operation of the county, costs of a
13 self-insurance program, costs of a local government
14 risk pool, and amounts payable under any insurance
15 agreements to provide or procure such insurance, self-
16 insurance program, or local government risk pool.
17 ~~m. g.~~ The maintenance and operation of the courts,
18 including but not limited to the salary and expenses
19 of the clerk of the district court and other employees
20 of the clerk's office, and bailiffs, court costs if
21 the prosecution fails or if the costs cannot be
22 collected from the person liable, costs and expenses
23 of prosecution under section 189A.17, salaries and
24 expenses of juvenile court officers under chapter 602,
25 court-ordered costs in domestic abuse cases under
26 section 236.5, the county's expense for confinement of
27 prisoners under chapter 356A, temporary assistance to
28 the county attorney, county contributions to a
29 retirement system for bailiffs, reimbursement for
30 judicial magistrates under section 602.6501, claims
31 filed under section 622.93, interpreters' fees under
32 section 622B.7, uniform citation and complaint
33 supplies under section 805.6, and costs of prosecution
34 under section 815.13.
35 ~~n. h.~~ Court-ordered costs of conciliation
36 procedures under section 598.16.
37 ~~o. i.~~ Establishment and maintenance of a joint
38 county indigent defense fund pursuant to an agreement
39 under section 28E.19.
40 ~~p. j.~~ The maintenance and operation of a local
41 emergency management agency established pursuant to
42 chapter 29C.
43 The board may require a public or private facility,
44 as a condition of receiving payment from county funds
45 for services it has provided, to furnish the board
46 with a statement of the income, assets, and legal
47 residence including township and county of each person
48 who has received services from that facility for which
49 payment has been made from county funds under
50 paragraphs "a" through "h" and "b". However, the

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1 facility shall not disclose to anyone the name or
2 street or route address of a person receiving services
3 for which commitment is not required, without first
4 obtaining that person's written permission.

5 Parents or other persons may voluntarily reimburse
6 the county or state for the reasonable cost of caring
7 for a patient or an inmate in a county or state
8 facility.

9 Sec. 7. NEW SECTION. 331.424A COUNTY MENTAL
10 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
11 DISABILITIES SERVICES FUND.

12 1. For the purposes of this chapter, unless the
13 context otherwise requires, "services fund" means the
14 county mental health, mental retardation, and
15 developmental disabilities services fund created in
16 subsection 2. The county finance committee created in
17 section 333A.2 shall adopt rules and prescribe forms
18 for administering the services fund.

19 2. For the fiscal year beginning July 1, 1995, and
20 succeeding fiscal years, county revenues from taxes
21 and other sources designated for mental health, mental
22 retardation, and developmental disabilities services
23 shall be credited to the mental health, mental
24 retardation, and developmental disabilities services
25 fund of the county. The board may make appropriations
26 from the fund for payment of services provided under
27 the county management plan approved pursuant to
28 section 331.439.

29 3. For the fiscal year beginning July 1, 1995, and
30 succeeding fiscal years, receipts from the state or
31 federal government for such services shall be credited
32 to the services fund, including moneys allotted to the
33 county from the state payment made pursuant to section
34 331.439 and moneys allotted to the county for property
35 tax relief pursuant to section 426B.1.

36 4. For the fiscal year beginning July 1, 1995, and
37 for each subsequent fiscal year, the county shall
38 certify a levy for payment of services. Unless
39 otherwise provided by state law, for each fiscal year,
40 county revenues from taxes imposed by the county
41 credited to the services fund shall not exceed an
42 amount equal to the amount of base year expenditures
43 for services in the fiscal year beginning July 1,
44 1993, and ending June 30, 1994, as defined in section
45 331.438 less the amount of property tax relief to be
46 received pursuant to section 426B.2, subsections 1 and
47 3, in the fiscal year for which the budget is
48 certified. The county auditor and the board of
49 supervisors shall reduce the amount of the levy
50 certified for the services fund by the amount of

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1 property tax relief to be received.

2 5. Appropriations specifically authorized to be
3 made from the mental health, mental retardation, and
4 developmental disabilities services fund shall not be
5 made from the general fund of the county.

6 Sec. 8. Section 331.438, subsection 1, paragraph
7 b, Code 1995, is amended to read as follows:

8 b. "State payment" means the payment made by the
9 state to a county determined to be eligible for the
10 payment in accordance with section 331.439.

11 1A. Except as modified based upon the actual
12 amount of the appropriation for purposes of state
13 payment under section 331.439, the amount of the state
14 payment for a fiscal year shall be calculated as fifty
15 one hundred percent of the amount by which the
16 county's qualified expenditures during the immediately
17 preceding fiscal year were in excess of the amount of
18 the county's base year expenditures. A state payment
19 is the state funding a county receives pursuant to
20 section 426B.2, subsection 2. Any state funding
21 received by a county for property tax relief in
22 accordance with section 426B.2, subsections 1 and 3,
23 is not a state payment and shall not be included in
24 the state payment calculation made pursuant to this
25 subsection.

26 Sec. 9. Section 331.438, subsection 3, paragraph
27 c, subparagraph (9), Code 1995, is amended to read as
28 follows:

29 (9) Make recommendations to the council on human
30 services for administrative rules for the county
31 ~~single-entry-point~~ central point of coordination and
32 clinical assessment processes required under section
33 331.440 and other rules necessary for the
34 implementation of county management plans and
35 expenditure reports required for state payment
36 pursuant to section 331.439.

37 Sec. 10. Section 331.438, subsection 3, paragraph
38 c, Code 1995, is amended by adding the following new
39 subparagraph:

40 NEW SUBPARAGRAPH. (15) On or before December 1,
41 1995, submit to the governor and the general assembly
42 any recommended changes in the formula for
43 distributing property tax relief moneys to counties
44 under section 426B.2, subsections 1 through 3.

45 Sec. 11. Section 331.439, Code 1995, is amended by
46 striking the section and inserting in lieu thereof the
47 following:

48 331.439 ELIGIBILITY FOR STATE PAYMENT.

49 1. The state payment to eligible counties under
50 this section shall be made as provided in sections

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1 331.438 and 426B.2. A county is eligible for the
2 state payment, as defined in section 331.438, for the
3 fiscal year beginning July 1, 1995, and for subsequent
4 fiscal years if the director of human services, in
5 consultation with the state-county management
6 committee, determines for a specific fiscal year that
7 all of the following conditions are met:

8 a. The county accurately reported by December 1
9 the county's expenditures for mental health, mental
10 retardation, and developmental disabilities services
11 for the previous fiscal year on forms prescribed by
12 the department of human services.

13 b. The county developed and implemented a county
14 management plan for the county's mental health and
15 mental retardation services in accordance with the
16 provisions of this paragraph. The plan shall comply
17 with the administrative rules adopted for this purpose
18 by the council on human services and is subject to the
19 approval of the director of human services in
20 consultation with the state-county management
21 committee created in section 331.438. The plan shall
22 include a description of the county's service
23 management provision for mental health, mental
24 retardation, and developmental disabilities services.
25 The plan shall have the following two parts:

26 (1) For mental health service management, the
27 county may either directly implement a system of
28 service management and contract with service
29 providers, or contract with a private entity to manage
30 the system, provided all requirements of this
31 subparagraph are met by the private entity. For the
32 fiscal year beginning July 1, 1995, the county shall
33 submit the plan for approval by January 1, 1996, and
34 implement the approved plan on or before July 1, 1996.
35 For subsequent fiscal years, this part of the plan
36 shall be submitted to the department by April 1 for
37 the succeeding fiscal year.

38 (2) For mental retardation and developmental
39 disabilities service management, the plan shall
40 describe the county's development and implementation
41 of a managed system of cost-effective individualized
42 services and other support to assist the individuals
43 to be served to be as independent, productive, and
44 integrated with the community as possible. The plan
45 shall provide for consideration of the type and level
46 of services and support needed and desired by the
47 individual. The plan may allow the provision of
48 services through vouchers or cash payments to allow
49 individuals to arrange for their own services or
50 support, if these methods are appropriate and cost-

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1 effective. The county may directly implement the
2 system and contract with service providers, or
3 contract with a private entity to manage the system,
4 provided all requirements of this subparagraph are met
5 by the private entity. For the fiscal year beginning
6 July 1, 1996, this part of the plan shall be submitted
7 to the department of human services by January 1,
8 1996. For subsequent fiscal years, this part of the
9 plan shall be submitted prior to April 1 for the
10 succeeding fiscal year.

11 c. Changes to the approved plan are submitted at
12 least sixty days prior to the proposed change and are
13 not to be implemented prior to the director of human
14 services' approval, following the director's
15 consultation with the state-county management
16 committee.

17 2. A county may provide services to service
18 populations with disabilities who are not included in
19 the service management provisions required under
20 subsection 1, subject to the availability of funding.

21 3. a. For the fiscal year beginning July 1, 1996,
22 and succeeding fiscal years, the county's mental
23 health, mental retardation, and developmental
24 disabilities service expenditures for a fiscal year
25 are limited to a fixed budget amount. The fixed
26 budget amount shall be the amount identified in the
27 county's management plan and budget for the fiscal
28 year. The county shall be allowed an inflation factor
29 adjustment for services paid from the county's
30 services fund under section 331.424A which is in
31 accordance with the county's management plan and
32 budget, implemented pursuant to this section.

33 b. Based upon information contained in county
34 management plans and budgets, the state-county
35 management committee shall recommend an inflation
36 factor adjustment by January 1 for the succeeding
37 fiscal year. The inflation factor adjustment shall
38 address costs associated with new consumers of
39 service, service cost inflation, and investments for
40 economy and efficiency.

41 4. A county's implementation of the service
42 management provisions required under subsection 1 for
43 mental health and mental retardation shall incorporate
44 the central point of coordination process described in
45 section 331.440.

46 5. The basis for determining whether a managed
47 care system for mental health proposed by a county is
48 comparable to a mental health managed care contractor
49 approved by the department of human services shall
50 include but is not limited to all of the following

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1 elements which shall be specified in administrative
2 rules adopted by the council on human services in
3 consultation with the state-county management
4 committee:
5 a. The enrollment and eligibility process.
6 b. The scope of services included.
7 c. The method of plan administration.
8 d. The process for managing utilization and access
9 to services and other assistance.
10 e. The quality assurance process.
11 f. The risk management provisions and fiscal
12 viability of the provisions, if the county contracts
13 with a private managed care entity.

14 6. Notwithstanding any other provision of law to
15 the contrary, a county shall have no obligation to pay
16 for or provide mental health, mental retardation, or
17 developmental disabilities services for any person
18 that applies through the county's central point of
19 coordination and clinical assessment processes after
20 the moneys in the county services fund under section
21 331.424A are expended. If a county has expended its
22 fixed budget amount for services pursuant to the
23 management plan approved under subsection 1, the state
24 shall assume financial responsibility and the county
25 may apply to the state appeal board for emergency
26 funds reserved in section 426B.1, subsection 3.

27 7. The director's approval of a county's mental
28 health, mental retardation, and developmental
29 disabilities services management plan shall not be
30 construed to constitute certification of the county's
31 budget.

32 Sec. 12. Section 331.440, Code 1995, is amended to
33 read as follows:

34 331.440 MENTAL HEALTH, MENTAL RETARDATION, AND
35 DEVELOPMENTAL DISABILITIES SERVICES -- SINGLE-ENTRY
36 CENTRAL POINT OF COORDINATION PROCESS.

37 1. a. For the purposes of this section, unless
38 the context otherwise requires, "single-entry central
39 point of coordination process" means a single-entry
40 central point of coordination process established by a
41 county or consortium of counties for the delivery of
42 mental health, mental retardation, and developmental
43 disabilities services which are paid for in whole or
44 in part by county funds. The single-entry central
45 point of coordination process may include but is not
46 limited to reviewing a person's eligibility for
47 services, determining the appropriateness of the type,
48 level, and duration of services, and performing
49 periodic review of the person's continuing eligibility
50 and need for services. Any recommendations developed

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1 concerning a person's plan of services shall be
2 consistent with the person's unique strengths,
3 circumstances, priorities, concerns, abilities, and
4 capabilities. For those services funded under the
5 medical assistance program, the single-entry central
6 point of coordination process shall be used to assure
7 that the person is aware of the appropriate service
8 options available to the person.

9 b. The single-entry central point of coordination
10 process may include a clinical assessment process to
11 identify a person's service needs and to make
12 recommendations regarding the person's plan for
13 services. The clinical assessment process shall
14 utilize qualified mental health professionals and
15 qualified mental retardation professionals.

16 2. The department of human services shall seek
17 federal approval as necessary for the single-entry
18 central point of coordination and clinical assessment
19 processes to be eligible for federal financial
20 participation under medical assistance. A county may
21 implement the single-entry central point of
22 coordination process as part of a consortium of
23 counties and may implement the process beginning with
24 the fiscal year ending June 30, 1995.

25 3. The council on human services shall consider
26 the recommendations of the state-county management
27 committee established in section 331.438 in adopting
28 rules outlining standards and requirements for
29 implementation of the single-entry central point of
30 coordination and clinical assessment processes on the
31 date required by subsection 2. The rules shall permit
32 counties options in implementing the process based
33 upon a county's consumer population and available
34 service delivery system.

35 Sec. 13. NEW SECTION. 426B.1 APPROPRIATIONS --
36 PROPERTY TAX RELIEF FUND.

37 1. A property tax relief fund is created in the
38 state treasury under the authority of the department
39 of revenue and finance. The fund shall be separate
40 from the general fund of the state and shall not be
41 considered part of the general fund of the state
42 except in determining the cash position of the state
43 for payment of state obligations. The moneys in the
44 fund are not subject to the provisions of section 8.33
45 and shall not be transferred, used, obligated,
46 appropriated, or otherwise encumbered except as
47 provided in this section. Moneys in the fund may be
48 used for cash flow purposes, provided that any moneys
49 so allocated are returned to the fund by the end of
50 each fiscal year. However, the fund shall be

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1 considered a special account for the purposes of
2 section 8.53, relating to elimination of any GAAP
3 deficit. For the purposes of this chapter, unless the
4 context otherwise requires, "property tax relief fund"
5 means the property tax relief fund created in this
6 section.

7 2. There is appropriated to the property tax
8 relief fund for the indicated fiscal years from the
9 general fund of the state the following amounts:

10 a. For the fiscal year beginning July 1, 1995,
11 sixty-five million dollars.

12 b. For the fiscal year beginning July 1, 1996,
13 eighty-five million dollars.

14 c. For the fiscal year beginning July 1, 1997, one
15 hundred five million dollars.

16 d. For the fiscal year beginning July 1, 1998, one
17 hundred twenty-five million dollars.

18 e. For the fiscal year beginning July 1, 1999, one
19 hundred forty-five million dollars.

20 f. For the fiscal year beginning July 1, 2000, and
21 succeeding fiscal years, one hundred sixty-five
22 million dollars.

23 3. In the fiscal year beginning July 1, 1996, and
24 in each subsequent fiscal year, of the funds
25 appropriated to the property tax relief fund, the
26 amount necessary to reserve one million dollars shall
27 be set aside in the fund. The reserved moneys shall
28 be used for payment of county emergency needs for
29 funds in excess of the fixed budget amount for
30 services provided in accordance with the county's
31 management plan approved under section 331.439. Any
32 reserved moneys remaining unexpended or unobligated at
33 the close of the fiscal year shall remain available in
34 the succeeding fiscal year to be combined with the
35 amount of funds appropriated in the succeeding fiscal
36 year necessary to reach the one million dollar reserve
37 amount. The director of revenue and finance shall pay
38 a county's request for funds reserved under this
39 subsection upon the approval of the request by the
40 state appeal board pursuant to section 24.49.

41 Sec. 14. NEW SECTION. 426B.2 PROPERTY TAX RELIEF
42 FUND DISTRIBUTIONS.

43 Moneys in the property tax relief fund shall be
44 utilized in each fiscal year as follows in the order
45 listed:

46 1. The first sixty-five million dollars plus the
47 amount paid pursuant to subsection 3 in the previous
48 fiscal year in the property tax relief fund shall be
49 paid to each county for property tax relief in the
50 same proportion that the county's base year

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1 expenditure bears to the total of all counties' base
2 year expenditures as defined in section 331.438.

3 2. Payment of moneys to eligible counties of the
4 state payment in accordance with the provisions of
5 sections 331.438 and 331.439. Moneys provided to a
6 county for property tax relief in a fiscal year in
7 accordance with this section shall not be less than
8 the amount provided for property tax relief in the
9 previous fiscal year.

10 3. The department of human services shall estimate
11 the amount of moneys required for the state payment
12 pursuant to subsection 2. Moneys remaining in the
13 property tax relief fund following the payment made
14 pursuant to subsection 1 and the estimated amount of
15 the state payment pursuant to subsection 2 shall be
16 paid to counties for property tax relief in the same
17 manner as provided in subsection 1. These payments
18 shall continue until the combined amount of the
19 payments made under this subsection and subsection 1
20 are equal to fifty percent of the total of all
21 counties' base year expenditures as defined in section
22 331.438. The amount of moneys paid to a county
23 pursuant to this subsection shall be added in
24 subsequent fiscal years to the amount of moneys paid
25 under subsection 1.

26 4. Moneys remaining in the property tax relief
27 fund following the payments made pursuant to
28 subsections 1, 2, and 3 shall be transferred to the
29 homestead credit fund created in section 425.1. This
30 transfer shall continue until the homestead credit is
31 fully funded.

32 5. Moneys remaining in the property tax relief
33 fund following the payments made pursuant to
34 subsections 1, 2, and 3, and the transfer made
35 pursuant to subsection 4, shall be transferred to the
36 appropriation made in section 426A.1 for funding the
37 military service tax credit. This transfer shall
38 continue until the combination of the appropriation
39 made in section 426A.1 and the funds transferred are
40 sufficient to fully fund the military service tax
41 credit.

42 6. Moneys remaining in the property tax relief
43 fund following the payments made pursuant to
44 subsections 1, 2, and 3, and the transfers made
45 pursuant to subsections 4 and 5, shall be transferred
46 to the extraordinary property tax credit and re-
47 imbursement fund created in section 425.39. This
48 transfer shall continue until the combination of the
49 appropriation made in section 425.39 and the funds
50 transferred are sufficient to fully fund all claims on

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1 the extraordinary property tax credit and
2 reimbursement fund.

3 7. Moneys remaining in the property tax relief
4 fund following the payments made pursuant to
5 subsections 1, 2, and 3, and the transfers made
6 pursuant to subsections 4, 5, and 6, shall be
7 transferred to the low-income tax credit and
8 reimbursement fund created in section 425.40. This
9 transfer shall continue until the low-income tax
10 credit is fully funded.

11 8. Moneys remaining in the property tax relief
12 fund following the payments made pursuant to
13 subsections 1, 2, and 3, and the transfers made
14 pursuant to subsections 4, 5, 6, and 7, shall be
15 transferred to the agricultural land credit fund
16 created in section 426.1. This transfer shall
17 continue until the agricultural land tax credit is
18 fully funded.

19 9. The director of revenue and finance shall draw
20 warrants on the property tax relief fund, payable to
21 the county treasurer in the amount due to a county in
22 accordance with subsections 1 and 3 and mail the
23 warrants to the county auditors in September and March
24 of each year. Warrants for the state payment in
25 accordance with subsection 2 shall be mailed in
26 January of each year. The director shall initiate the
27 transfers required by this section.

28 Sec. 15. NEW SECTION. 426B.3 NOTIFICATION OF
29 MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
30 DISABILITIES EXPENDITURE RELIEF FUND PAYMENT.

31 1. Before June 1, 1995, and before February 15 of
32 each succeeding fiscal year, the director of revenue
33 and finance shall notify the county auditor of each
34 county of the amount of moneys the county will receive
35 from the property tax relief fund pursuant to section
36 426B.2, subsections 1 and 3, for the succeeding fiscal
37 year. The county auditor shall reduce the certified
38 budget amount received from the board of supervisors
39 for the succeeding fiscal year for the county mental
40 health, mental retardation, and development
41 disabilities services fund created in section 331.424A
42 by an amount equal to the amount the county will
43 receive and the auditor shall determine the rate of
44 taxation necessary to raise the reduced amount. On
45 the tax list, the county auditor shall compute the
46 amount of taxes due and payable on each parcel before
47 and after the amount received from the property tax
48 relief fund is used to reduce the county budget.

49 2. The amount of property tax dollars reduced on
50 each parcel as a result of the moneys received from

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1 the property tax relief fund pursuant to section
2 426B.2, subsections 1 and 3, shall be noted on each
3 tax statement prepared by the county treasurer
4 pursuant to section 445.23.

5 Sec. 16. NEW SECTION. 426B.4 RULES.

6 The director of revenue and finance shall prescribe
7 forms and adopt rules pursuant to chapter 17A to
8 administer this chapter.

9 Sec. 17. PILOT PROJECT FOR A MANAGED SYSTEM OF
10 INDIVIDUALIZED SERVICES.

11 1. The department of human services, in
12 cooperation with a county or consortium of counties,
13 shall develop, test, and evaluate a pilot project for
14 a managed system of individualized services and
15 support for individuals with mental retardation and
16 developmental disabilities in at least two areas of
17 the state. One area shall be urban and one rural.
18 The system shall be designed to provide the
19 individuals being served with a choice of services and
20 other support that will assist the individuals to be
21 as independent, productive, and integrated into the
22 community as possible.

23 2. In implementing the managed system pilot
24 project, the department and the county or consortium
25 of counties may directly manage the system and
26 contract with service providers and others for needed
27 services or support after identifying the type and
28 level of services and support needed by the
29 individual. The pilot project shall provide a
30 reasonable rate of reimbursement. If costs are equal
31 to or less than providing vouchers or cash payments to
32 the individuals and the individuals served so desire,
33 vouchers or cash payments may be provided to the
34 individuals to allow them to arrange for their own
35 services or support. The department and the county or
36 consortium of counties may enter into a contract with
37 a private entity to manage this individualized system
38 provided all pilot project requirements are met
39 through the private entity.

40 3. The department and the county or consortium of
41 counties shall seek the advice of persons with mental
42 retardation and developmental disabilities and their
43 family members in designing the pilot project. The
44 state-county management committee created in section
45 331.438 shall also have an opportunity to make
46 recommendations regarding the pilot project.

47 4. The department shall apply for all necessary
48 federal waivers so that in addition to state and
49 county funds, federal moneys available for these
50 services may also be flexibly used in the pilot

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1 project. The planning for the pilot project shall be
2 completed prior to January 1, 1996, and the pilot
3 project shall commence on or before March 1, 1996.

4 Sec. 18. FUNDING OF SESSION LAW REQUIREMENTS. If
5 the appropriations in section 426B.1, subsection 2, as
6 created in this division of this Act, are enacted by
7 this Act, the requirements of 1994 Iowa Acts, chapter
8 1163, section 8, subsection 2, to fully fund
9 provisions of sections 331.438 and 331.439 shall be
10 considered to be met and the repeals contained in 1994
11 Iowa Acts, chapter 1163, section 8, subsection 2,
12 shall be void.

13 Sec. 19. EFFECTIVE DATE. Sections 2, 3, and 4
14 take effect July 1, 1995, and the remainder of this
15 division of this Act, being deemed of immediate
16 importance, takes effect upon enactment; however, the
17 provisions of sections 5, 6, and 7, relating to the
18 supplemental levy and the county mental health, mental
19 retardation, and developmental disabilities fund, are
20 applicable to taxes payable in the fiscal year
21 beginning July 1, 1995.

DIVISION II

SUBCHAPTER S CORPORATIONS

22
23
24 Sec. 20. Section 422.5, subsection 1, paragraph j,
25 Code 1995, is amended by adding the following new
26 unnumbered paragraph:

27 NEW UNNUMBERED PARAGRAPH. The tax imposed upon the
28 taxable income of a resident shareholder in a
29 corporation which has in effect for the tax year an
30 election under subchapter S of the Internal Revenue
31 Code and carries on business within and without the
32 state shall be computed by reducing the amount
33 determined pursuant to paragraphs "a" through "i" by
34 the amounts of nonrefundable credits under this
35 division and by multiplying this resulting amount by a
36 fraction of which the resident's net income allocated
37 to Iowa, as determined in section 422.8, subsection 2,
38 paragraph "b", is the numerator and the resident's
39 total net income computed under section 422.7 is the
40 denominator. This paragraph also applies to
41 individuals who are residents of Iowa for less than
42 the entire tax year.

43 Sec. 21. Section 422.5, subsection 1, paragraph k,
44 unnumbered paragraph 4, Code 1995, is amended to read
45 as follows:

46 In the case of a resident, including a resident
47 estate or trust, the state's apportioned share of the
48 state alternative minimum tax is one hundred percent
49 of the state alternative minimum tax computed in this
50 subsection. In the case of a resident or part year

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1 resident shareholder in a corporation which has in
2 effect for the tax year an election under subchapter S
3 of the Internal Revenue Code and carries on business
4 within and without the state, a nonresident, including
5 a nonresident estate or trust, or an individual,
6 estate, or trust that is domiciled in the state for
7 less than the entire tax year, the state's apportioned
8 share of the state alternative minimum tax is the
9 amount of tax computed under this subsection, reduced
10 by the applicable credits in sections 422.10 through
11 422.12 and this result multiplied by a fraction with a
12 numerator of the sum of state net income allocated to
13 Iowa as determined in section 422.8, subsection 2,
14 paragraph "a" or "b" as applicable, plus tax
15 preference items, adjustments, and losses under
16 subparagraph (1) attributable to Iowa and with a
17 denominator of the sum of total net income computed
18 under section 422.7 plus all tax preference items,
19 adjustments, and losses under subparagraph (1). In
20 computing this fraction, those items excludable under
21 subparagraph (1) shall not be used in computing the
22 tax preference items. Married taxpayers electing to
23 file separate returns or separately on a combined
24 return must allocate the minimum tax computed in this
25 subsection in the proportion that each spouse's
26 respective preference items, adjustments, and losses
27 under subparagraph (1) bear to the combined preference
28 items, adjustments, and losses under subparagraph (1)
29 of both spouses.

30 Sec. 22. Section 422.8, subsection 2, Code 1995,
31 is amended to read as follows:

32 2. a. Nonresident's net income allocated to Iowa
33 is the net income, or portion thereof, which is
34 derived from a business, trade, profession, or
35 occupation carried on within this state or income from
36 any property, trust, estate, or other source within
37 Iowa. However, income derived from a business, trade,
38 profession, or occupation carried on within this state
39 and income from any property, trust, estate, or other
40 source within Iowa shall not include distributions
41 from pensions, including defined benefit or defined
42 contribution plans, annuities, individual retirement
43 accounts, and deferred compensation plans or any
44 earnings attributable thereto so long as the
45 distribution is directly related to an individual's
46 documented retirement and received while the
47 individual is a nonresident of this state. If a
48 business, trade, profession, or occupation is carried
49 on partly within and partly without the state, only
50 the portion of the net income which is fairly and

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1 equitably attributable to that part of the business,
2 trade, profession, or occupation carried on within the
3 state is allocated to Iowa for purposes of section
4 422.5, subsection 1, paragraph "j", and section 422.13
5 and income from any property, trust, estate, or other
6 source partly within and partly without the state is
7 allocated to Iowa in the same manner, except that
8 annuities, interest on bank deposits and interest-
9 bearing obligations, and dividends are allocated to
10 Iowa only to the extent to which they are derived from
11 a business, trade, profession, or occupation carried
12 on within the state.

13 b. A resident's income allocable to Iowa is the
14 income determined under section 422.7 reduced by items
15 of income and expenses from a subchapter S corporation
16 which pass directly to the shareholders under
17 provisions of the Internal Revenue Code and increased
18 by the greater of the following:

19 (1) The net income or loss of the corporation
20 which is fairly and equitably attributable to this
21 state under section 422.33, subsections 2 and 3.

22 (2) The taxpayer's pro rata share of an amount
23 deemed distributed to shareholders which when added to
24 the salaries, wages, or other compensation for
25 services performed by all shareholders will equal ten
26 percent of the net income of the corporation computed
27 in accordance with section 422.35 and considering
28 items of income and expense which pass directly to the
29 shareholders under provisions of the Internal Revenue
30 Code before deduction of shareholder's salaries,
31 wages, or other compensation for services performed.

32 (3) Any cash or the value of any property
33 distributions made to the extent they are paid from
34 income upon which Iowa income tax has not been paid as
35 determined under rules of the director.

36 Sec. 23. Section 422.8, Code 1995, is amended by
37 adding the following new subsection:

38 NEW SUBSECTION. 6. If the resident or part year
39 resident is a shareholder of a corporation which has
40 in effect an election under subchapter S of the
41 Internal Revenue Code, subsections 1 and 3 do not
42 apply to any income taxes paid to another state or
43 foreign country on the income from the corporation
44 which has in effect an election under subchapter S of
45 the Internal Revenue Code.

46 Sec. 24. This division of this Act, being deemed
47 of immediate importance, takes effect upon enactment
48 and applies retroactively to January 1, 1995, for tax
49 years beginning on or after that date.

50

DIVISION III

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1 MACHINERY AND EQUIPMENT
2 EXEMPTION AND REPLACEMENT FUNDS
3 Sec. 25. Section 427B.17, Code 1995, is amended by
4 striking the section and inserting in lieu thereof the
5 following:
6 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.
7 1. Property defined in section 427A.1, subsection
8 1, paragraphs "e" and "j", acquired or initially
9 leased on or after July 1, 1995, shall be exempt from
10 taxation.
11 2. Property defined in section 427A.1, subsection
12 1, paragraphs "e" and "j", and acquired or initially
13 leased before July 1, 1995, shall be valued by the
14 local assessor as follows:
15 a. For the assessment year beginning January 1,
16 1995, at twenty-five percent of the net acquisition
17 cost.
18 b. For the assessment year beginning January 1,
19 1996, at twenty percent of the net acquisition cost.
20 c. For the assessment year beginning January 1,
21 1997, at fifteen percent of the net acquisition cost.
22 d. For the assessment year beginning January 1,
23 1998, at ten percent of the net acquisition cost.
24 e. For the assessment year beginning January 1,
25 1999, at five percent of the net acquisition cost.
26 f. For the assessment year beginning January 1,
27 2000, and all subsequent assessment years, at zero
28 percent of the net acquisition cost.
29 3. For purposes of this section:
30 a. Property assessed by the department of revenue
31 and finance pursuant to sections 428.24 to 428.29, or
32 chapters 433, 434, and 436 to 438 shall not receive
33 the benefits of this section.
34 Any electric power generating plant which operated
35 during the preceding assessment year at a net capacity
36 factor of more than twenty percent, shall not receive
37 the benefits of this section. For purposes of this
38 section, "electric power generating plant" means any
39 name plate rated electric power generating plant, in
40 which electric energy is produced from other forms of
41 energy, including all taxable land, buildings, and
42 equipment used in the production of such energy. "Net
43 capacity factor" means net actual generation divided
44 by the product of net maximum capacity times the
45 number of hours the unit was in the active state
46 during the assessment year. Upon commissioning, a
47 unit is in the active state until it is de-
48 commissioned. "Net actual generation" means net
49 electrical megawatt hours produced by the unit during
50 the preceding assessment year. "Net maximum capacity"

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1 means the capacity the unit can sustain over a
2 specified period when not restricted by ambient
3 conditions or equipment deratings, minus the losses
4 associated with station service or auxiliary loads.

5 b. Property acquired or initially leased on or
6 after July 1, 1995, which was owned or used before
7 July 1, 1995, by a related person shall be assessed
8 and taxed in the manner provided in subsection 2, and
9 the net acquisition cost of the property shall be the
10 net acquisition cost of the transferor of the
11 property.

12 c. "Related person" means a person who owns or
13 controls the taxpayer's business and another business
14 entity from which property is acquired or leased or to
15 which property is sold or leased. Business entities
16 are owned or controlled by the same person if the same
17 person directly or indirectly owns or controls fifty
18 percent or more of the assets or any class of stock or
19 who directly or indirectly has an interest of fifty
20 percent or more in the ownership or profits.

21 d. "Net acquisition cost" means the acquired cost
22 of the property, including all foundations and
23 installation cost less any excess cost adjustment.

24 4. Property assessed pursuant to this section
25 shall not be eligible to receive a partial exemption
26 under sections 427B.1 to 427B.6.

27 5. The taxpayer's valuation of property defined in
28 section 427A.1, subsection 1, paragraphs "e" and "j",
29 acquired or initially leased before July 1, 1995, and
30 located in an urban renewal area for which an urban
31 renewal plan provides for the division of taxes as
32 provided in section 403.19 to pay the principal and
33 interest on loans, advances, bonds issued under the
34 authority of section 403.9, subsection 1, or
35 indebtedness incurred by a city or county to finance
36 an urban renewal project within the urban renewal
37 area, if such loans, advances, or bonds were issued or
38 indebtedness incurred, on or after January 1, 1982,
39 and on or before June 30, 1995, shall be limited to
40 thirty percent of the net acquisition cost of the
41 property. Such property located in an urban renewal
42 area shall not be valued pursuant to subsection 2
43 until the assessment year following the calendar year
44 in which the obligations created by any loans,
45 advances, bonds, or indebtedness payable from the
46 division of taxes as provided in section 403.19 have
47 been retired. The taxpayer's valuation for such
48 property shall then be the valuation specified in
49 subsection 2 for the applicable assessment year. If
50 the loans, advances, or bonds issued, or indebtedness

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1 incurred between January 1, 1982, and June 30, 1995,
2 are refinanced or refunded after June 30, 1995, the
3 valuation of such property shall then be the valuation
4 specified in subsection 2 for the applicable
5 assessment year beginning with the assessment year
6 following the calendar year in which any of those
7 loans, advances, bonds, or other indebtedness are
8 refinanced or refunded after June 30, 1995.

9 6. For the purpose of dividing taxes under section
10 260E.4 or 260F.4, the employer's or business's
11 valuation of property defined in section 427A.1,
12 subsection 1, paragraphs "e" and "j", acquired or
13 initially leased before July 1, 1995, and used to fund
14 a new jobs training project which project's first
15 written agreement providing for a division of taxes as
16 provided in section 403.19, is approved on or before
17 June 30, 1995, shall be limited to thirty percent of
18 the net acquisition cost of the property. An
19 employer's or business's taxable property used to fund
20 a new jobs training project shall not be valued
21 pursuant to subsection 2 until the assessment year
22 following the calendar year in which the certificates
23 or other funding obligations have been retired or
24 escrowed. The taxpayer's valuation for such property
25 shall then be the valuation specified in subsection 2
26 for the applicable assessment year. If the
27 certificates issued, or other funding obligations
28 incurred, between January 1, 1982, and June 30, 1995,
29 are refinanced or refunded after June 30, 1995, the
30 valuation of such property shall then be the valuation
31 specified in subsection 2 for the applicable
32 assessment year beginning with the assessment year
33 following the calendar year in which those
34 certificates or other funding obligations are
35 refinanced or refunded after June 30, 1995.

36 Sec. 26. NEW SECTION. 427B.18 REPLACEMENT.

37 Each county treasurer shall be paid an amount equal
38 to the amount of the industrial machinery, equipment
39 and computers tax replacement claim to replace the
40 reduction in property tax revenues from the amount
41 collected in the fiscal year beginning July 1, 1995,
42 from the industrial machinery, equipment and computers
43 assessed pursuant to section 427B.17 less the increase
44 in property tax revenues from the amount collected in
45 the fiscal year beginning July 1, 1995, from
46 commercial and industrial property as calculated
47 pursuant to section 427B.19.

48 Sec. 27. NEW SECTION. 427B.19 ASSESSOR AND
49 COUNTY AUDITOR DUTIES.

50 1. On or before July 1 of each year, the assessor

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1 shall determine the total valuation of all property
2 assessed under section 427B.17, for that year and the
3 valuation of such property assessed as of January 1,
4 1994, and the value of all commercial and industrial
5 property assessed for that year and the valuation of
6 such property assessed as of January 1, 1994, and
7 shall report the valuations to the county auditor.

8 2. On or before July 1, 1996, and on or before
9 July 1 of each subsequent year, the county auditor
10 shall prepare a statement listing for each taxing
11 district in the county:

12 a. Beginning with the assessment year beginning
13 January 1, 1995, the difference between the reduced
14 assessed valuations of property defined in section
15 427A.1, subsection 1, paragraphs "e" and "j", and
16 assessed pursuant to section 427B.17, and the
17 increased assessed valuations of commercial and
18 industrial property. The auditor shall make other
19 adjustments as directed by rule of the department of
20 revenue and finance.

21 b. The tax levy rate for each taxing district
22 levied against assessments made as of January 1 of the
23 previous year.

24 c. If the calculation under subsection 2 indicates
25 a net decrease in aggregate valuation of such
26 property, the industrial machinery, equipment and
27 computers tax replacement claim for each taxing
28 district, which is equal to the net decrease
29 determined pursuant to paragraph "a", multiplied by
30 the tax rate specified in paragraph "b".

31 3. The county auditor shall certify and forward
32 one copy of the statement to the department of revenue
33 and finance not later than July 1 of each year.

34 Sec. 28. NEW SECTION. 427B.19A FUND CREATED.

35 1. The industrial machinery, equipment and
36 computers property tax replacement fund is created.
37 There is appropriated annually from the general fund
38 of the state to the department of revenue and finance
39 to be credited to the industrial machinery, equipment
40 and computers property tax replacement fund, the
41 amounts specified in section 427B.19B.

42 2. Each county treasurer shall be paid from the
43 fund created in this section the amount calculated
44 pursuant to section 427B.19. The payment shall be
45 made in two equal installments on or before September
46 30 and March 30 of each year. The county treasurer
47 shall apportion the payment in the manner provided in
48 section 445.57.

49 3. If an amount appropriated in section 427B.19B
50 for a fiscal year is insufficient to pay all claims,

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1 the director shall prorate the disbursements from the
2 fund to the county treasurers and shall notify the
3 county auditors of the pro rata percentage on or
4 before August 1. If an amount appropriated in section
5 427B.19B for a fiscal year is in excess of the amount
6 necessary to pay all claims according to the
7 replacement schedule in section 427B.19, the director
8 shall prorate the disbursements from the fund to the
9 county treasurers, notwithstanding the amount of the
10 claims, and shall notify the county auditors of the
11 pro rata percentage on or before August 1.

12 4. The replacement amount paid to each school
13 district shall be regarded as property tax for the
14 purposes of the school foundation property tax levy in
15 section 257.3 and the additional property tax levy in
16 section 257.4. The department of management shall
17 annually make the adjustments necessary to implement
18 this subsection.

19 Sec. 29. NEW SECTION. 427B.19B APPROPRIATION.

20 There is appropriated in each of the following
21 fiscal years from the general fund of the state to the
22 industrial machinery, equipment and computers property
23 tax replacement fund the following amounts:

24 1. For the fiscal year beginning July 1, 1996,
25 nine million, one hundred thousand dollars.

26 2. For the fiscal year beginning July 1, 1997,
27 twenty-two million, four hundred thousand dollars.

28 3. For the fiscal year beginning July 1, 1998,
29 thirty-three million, five hundred thousand dollars.

30 4. For the fiscal year beginning July 1, 1999,
31 forty-one million, six hundred thousand dollars.

32 5. For the fiscal year beginning July 1, 2000,
33 forty-six million, eight hundred thousand dollars.

34 6. For the fiscal year beginning July 1, 2001,
35 forty-nine million, five hundred thousand dollars.

36 7. For the fiscal year beginning July 1, 2002,
37 fifty-two million, nine hundred thousand dollars.

38 8. For the fiscal year beginning July 1, 2003,
39 forty-five million, two hundred thousand dollars.

40 9. For the fiscal year beginning July 1, 2004,
41 thirty-six million, six hundred thousand dollars.

42 10. For the fiscal year beginning July 1, 2005,
43 twenty-six million, nine hundred thousand dollars.

44 11. For the fiscal year beginning July 1, 2006,
45 sixteen million, one hundred thousand dollars.

46 12. For the fiscal year beginning July 1, 2007,
47 four million, two hundred thousand dollars.

48 Sec. 30. NEW SECTION. 427B.19C PHASEOUT OF TAX.

49 Effective on July 1, 2001, all property taxes on
50 property defined in section 427A.1, subsection 1,

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1 paragraphs "e" and "j", which was assessed pursuant to
2 section 427B.17 are repealed. For assessment years
3 beginning after January 1, 2006, such property shall
4 not be listed or assessed. This section shall prevail
5 over all inconsistent statutes.

6 Sec. 31. NEW SECTION. 427B.19D GUARANTEE OF
7 STATE REPLACEMENT FUNDS.

8 If for any reason an appropriation specified in
9 section 427B.19B is not made or the appropriation made
10 is less than that specified in section 427B.19B for
11 the applicable fiscal year, the director of revenue
12 and finance shall compute for each county the
13 difference between the total of all replacement claims
14 for taxing districts within the county and the amount
15 paid to the county treasurer for disbursement to the
16 taxing districts in the county. The department shall
17 divide that difference by the consolidated tax levy
18 rate in each county computed for the fiscal year in
19 which the specified appropriation should have been
20 made and shall certify the amount of taxable value
21 necessary to raise the difference at that tax rate.
22 The department shall notify the local assessor of such
23 amount of taxable value. The assessor, for the
24 assessment year beginning January 1 preceding the
25 fiscal year for which the specified appropriation was
26 not made, shall reassess all taxable property
27 described in section 427B.17, subsection 2, in the
28 county at a percentage of net acquisition cost which
29 will yield such taxable value and the property shall
30 be assessed and taxed in such manner for taxes due and
31 payable in the following fiscal year in addition to
32 being assessed and taxed in the applicable manner
33 under section 427B.17. Property tax dollar amounts
34 certified pursuant to this section shall not be
35 considered property tax dollars certified for purposes
36 of the property tax limitation in chapter 444.

37 DIVISION IV

38 INCOME TAX

39 Sec. 32. Section 422.5, subsections 2 and 8, Code
40 1995, are amended to read as follows:

41 2. However, the tax shall not be imposed on a
42 resident or nonresident whose net income, as defined
43 in section 422.7, is ~~thirteen~~ fourteen thousand five
44 hundred dollars or less in the case of married persons
45 filing jointly or filing separately on a combined
46 return, unmarried heads of household, and surviving
47 spouses or ~~nine~~ ten thousand dollars or less in the
48 case of all other persons; but in the event that the
49 payment of tax under this division would reduce the
50 net income to less than ~~thirteen~~ fourteen thousand

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1 five hundred dollars or nine ten thousand dollars as
2 applicable, then the tax shall be reduced to that
3 amount which would result in allowing the taxpayer to
4 retain a net income of thirteen fourteen thousand five
5 hundred dollars or nine ten thousand dollars as
6 applicable. The preceding sentence does not apply to
7 estates or trusts. For the purpose of this
8 subsection, the entire net income, including any part
9 of the net income not allocated to Iowa, shall be
10 taken into account. For purposes of this subsection,
11 net income includes all amounts of pensions or other
12 retirement income received from any source which is
13 not taxable under this division as a result of the
14 government pension exclusions in section 422.7, or any
15 other state law. If the combined net income of a
16 husband and wife exceeds thirteen fourteen thousand
17 five hundred dollars, neither of them shall receive
18 the benefit of this subsection, and it is immaterial
19 whether they file a joint return or separate returns.
20 However, if a husband and wife file separate returns
21 and have a combined net income of thirteen fourteen
22 thousand five hundred dollars or less, neither spouse
23 shall receive the benefit of this paragraph, if one
24 spouse has a net operating loss and elects to carry
25 back or carry forward the loss as provided in section
26 422.9, subsection 3. A person who is claimed as a
27 dependent by another person as defined in section
28 422.12 shall not receive the benefit of this
29 subsection if the person claiming the dependent has
30 net income exceeding thirteen fourteen thousand five
31 hundred dollars or nine ten thousand dollars as
32 applicable or the person claiming the dependent and
33 the person's spouse have combined net income exceeding
34 thirteen fourteen thousand five hundred dollars or
35 nine ten thousand dollars as applicable.

36 In addition, if the married persons', filing
37 jointly or filing separately on a combined return,
38 unmarried head of household's, or surviving spouse's
39 net income exceeds thirteen fourteen thousand five
40 hundred dollars, the regular tax imposed under this
41 division shall be the lesser of the maximum state
42 individual income tax rate times the portion of the
43 net income in excess of thirteen fourteen thousand
44 five hundred dollars or the regular tax liability
45 computed without regard to this sentence. Taxpayers
46 electing to file separately shall compute the
47 alternate tax described in this paragraph using the
48 total net income of the husband and wife. The
49 alternate tax described in this paragraph does not
50 apply if one spouse elects to carry back or carry

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1 forward the loss as provided in section 422.9,
2 subsection 3.

3 8. In addition to the other taxes imposed by this
4 section, a tax is imposed on the amount of a lump sum
5 distribution for which the taxpayer has elected under
6 section 402(e) of the Internal Revenue Code to be
7 separately taxed for federal income tax purposes for
8 the tax year. The rate of tax is equal to twenty-five
9 percent of the separate federal tax imposed on the
10 amount of the lump sum distribution. A nonresident is
11 liable for this tax only on that portion of the lump
12 sum distribution allocable to Iowa. The total amount
13 of the lump sum distribution subject to separate
14 federal tax shall be included in net income for
15 purposes of determining eligibility under the ~~thirteen~~
16 fourteen thousand five hundred dollar or less or ~~nine~~
17 ten thousand dollar or less exclusion, as applicable.

18 Sec. 33. Section 422.7, Code 1995, is amended by
19 adding the following new subsection:

20 NEW SUBSECTION. 33. For a person who is disabled,
21 or is fifty-five years of age or older, or is the
22 surviving spouse of an individual or a survivor having
23 an insurable interest in an individual who would have
24 qualified for the exemption under this subsection for
25 the tax year, subtract, to the extent included, the
26 total amount of a governmental or other pension or
27 retirement pay, including, but not limited to, defined
28 benefit or defined contribution plans, annuities,
29 individual retirement accounts, plans maintained or
30 contributed to by an employer, or maintained or
31 contributed to by a self-employed person as an
32 employer, and deferred compensation plans or any
33 earnings attributable to the deferred compensation
34 plans, up to a maximum of three thousand dollars for a
35 person who files a separate state income tax return,
36 and up to a maximum of six thousand dollars for a
37 husband and wife who file a joint state income tax
38 return. However, a surviving spouse who is not
39 disabled or fifty-five years of age or older can only
40 exclude the amount of annuities or other similar
41 periodic payments received as a result of the death of
42 the other spouse.

43 Sec. 34. Section 422.12, subsection 1, paragraph
44 c, Code 1995, is amended to read as follows:

45 c. For each dependent, an additional ~~fifteen~~ forty
46 dollars. As used in this section, the term
47 "dependent" has the same meaning as provided by the
48 Internal Revenue Code.

49 Sec. 35. Section 422.13, subsection 1, paragraph
50 a, Code 1995, is amended to read as follows:

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1 a. The individual has net income of nine ten
2 thousand dollars or more for the tax year from sources
3 taxable under this division.

4 Sec. 36. APPLICABILITY. This division of this Act
5 applies retroactively to January 1, 1995, for tax
6 years beginning on or after that date."

7 _____. Title page, by striking lines 1 through 6
8 and inserting the following: "An Act relating to tax
9 provisions involving income tax, machinery, equipment
10 and computers property tax reimbursement, subchapter S
11 corporations, and services paid for by property taxes
12 and property tax reductions and credits and providing
13 appropriations, penalties, effective dates, and
14 retroactive applicability provisions.""

By WAYNE BENNETT

S-3361 FILED APRIL 5, 1995

o/o 4/27/95 (p. 1463)

SEVENTY-SIXTH GENERAL ASSEMBLY

1995 REGULAR SESSION

DAILY

SENATE CLIP SHEET

APRIL 27, 1995

SENATE FILE 69

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1 Amend the House amendment, S-3082, to Senate File
2 69, as passed by the Senate, as follows:

3 1. By striking page 1, line 1, through page 44,
4 line 25, and inserting the following:

5 "Amend Senate File 69, as passed by the Senate, as
6 follows:

7 1. By striking everything after the enacting
8 clause and inserting the following:

9 "DIVISION I
10 INCOME TAX

11 Section 1. Section 422.7, Code 1995, is amended by
12 adding the following new subsection:

13 NEW SUBSECTION. 33. For a person who is disabled,
14 or is fifty-five years of age or older, or is the
15 surviving spouse of an individual or a survivor having
16 an insurable interest in an individual who would have
17 qualified for the exemption under this subsection for
18 the tax year, subtract, to the extent included, the
19 total amount of a governmental or other pension or
20 retirement pay, including, but not limited to, defined
21 benefit or defined contribution plans, annuities,
22 individual retirement accounts, plans maintained or
23 contributed to by an employer, or maintained or
24 contributed to by a self-employed person as an
25 employer, and deferred compensation plans or any
26 earnings attributable to the deferred compensation
27 plans, up to a maximum of three thousand dollars for a
28 person who files a separate state income tax return
29 and up to a maximum of six thousand dollars for a
30 husband and wife who file a joint state income tax
31 return. However, a surviving spouse who is not
32 disabled or fifty-five years of age or older can only
33 exclude the amount of pension or retirement pay
34 received as a result of the death of the other spouse.

35 Sec. 2. Section 422.12, subsection 1, paragraph c,
36 Code 1995, is amended to read as follows:

37 c. For each dependent, an additional fifteen forty
38 dollars. As used in this section, the term
39 "dependent" has the same meaning as provided by the
40 Internal Revenue Code.

41 Sec. 3. TAXATION STUDIES. The legislative council
42 is requested to establish two taxation studies during
43 the 1995 legislative interim. One study would address
44 taxation of businesses, including subchapter S
45 corporations, taxation incentives and disincentives
46 for economic development, and the long-term objectives
47 of business taxation. The legislative council is
48 requested to authorize up to \$100,000 for consultants
49 and other costs associated with the business taxation
50 study. The other study would address other state

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1 taxes, including inheritance, income, and sales taxes.
2 Sec. 4. RETROACTIVE APPLICABILITY. This division
3 of this Act applies retroactively to January 1, 1995,
4 for tax years beginning on or after that date.

DIVISION II

SUPPLEMENTAL LEVY AND COUNTY MENTAL HEALTH FUND

7 Sec. 5. Section 123.38, unnumbered paragraph 2,
8 Code 1995, is amended to read as follows:

9 Any licensee or permittee, or the licensee's or
10 permittee's executor or administrator, or any person
11 duly appointed by the court to take charge of and
12 administer the property or assets of the licensee or
13 permittee for the benefit of the licensee's or
14 permittee's creditors, may voluntarily surrender a
15 license or permit to the division. When a license or
16 permit is surrendered the division shall notify the
17 local authority, and the division or the local
18 authority shall refund to the person surrendering the
19 license or permit, a proportionate amount of the fee
20 received by the division or the local authority for
21 the license or permit as follows: If a license or
22 permit is surrendered during the first three months of
23 the period for which it was issued, the refund shall
24 be three-fourths of the amount of the fee; if
25 surrendered more than three months but not more than
26 six months after issuance, the refund shall be one-
27 half of the amount of the fee; if surrendered more
28 than six months but not more than nine months after
29 issuance, the refund shall be one-fourth of the amount
30 of the fee. No refund shall be made, however, for any
31 special liquor permit, nor for a liquor control
32 license, wine permit, or beer permit surrendered more
33 than nine months after issuance. For purposes of this
34 paragraph, any portion of license or permit fees used
35 for the purposes authorized in section 331.424,
36 subsection 1, paragraphs "a", "b", "c", "d", "e",
37 "f", "g", and "h", and in section 331.424A, shall not
38 be deemed received either by the division or by a
39 local authority. No refund shall be made to any
40 licensee or permittee, upon the surrender of the
41 license or permit, if there is at the time of
42 surrender, a complaint filed with the division or
43 local authority, charging the licensee or permittee
44 with a violation of this chapter. If upon a hearing
45 on a complaint the license or permit is not revoked or
46 suspended, then the licensee or permittee is eligible,
47 upon surrender of the license or permit, to receive a
48 refund as provided in this section; but if the license
49 or permit is revoked or suspended upon hearing the
50 licensee or permittee is not eligible for the refund

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1 of any portion of the license or permit fee.

2 Sec. 6. Section 218.99, Code 1995, is amended to
3 read as follows:

4 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
5 PERSONAL ACCOUNTS.

6 The administrator of a division of the department
7 of human services in control of a state institution
8 shall direct the business manager of each institution
9 under the administrator's jurisdiction which is
10 mentioned in section 331.424, subsection 1, paragraphs
11 "a" through "g" and "b" and for which services are
12 paid under section 331.424A to quarterly inform the
13 auditor of the county of legal settlement of any
14 patient or resident who has an amount in excess of two
15 hundred dollars on account in the patients' personal
16 deposit fund and the amount on deposit. The
17 administrators shall direct the business manager to
18 further notify the auditor of the county at least
19 fifteen days before the release of funds in excess of
20 two hundred dollars or upon the death of the patient
21 or resident. If the patient or resident has no county
22 of legal settlement, notice shall be made to the
23 director of the department of human services and the
24 administrator of the division of the department in
25 control of the institution involved.

26 Sec. 7. Section 225C.4, subsection 2, paragraph b,
27 Code 1995, is amended to read as follows:

28 b. Establish mental health and mental retardation
29 services for all institutions under the control of the
30 director of human services and establish an autism
31 unit, following mutual planning with and consultation
32 from the medical director of the state psychiatric
33 hospital, at an institution or a facility administered
34 by the administrator to provide psychiatric and
35 related services and other specific programs to meet
36 the needs of autistic persons ~~as defined in section~~
37 ~~331.424, subsection 1~~, and to furnish appropriate
38 diagnostic evaluation services.

39 Sec. 8. Section 331.301, subsection 12, Code 1995,
40 is amended to read as follows:

41 12. The board of supervisors may credit funds to a
42 reserve for the purposes authorized by subsection 11
43 of this section; section 331.424, subsection 1,
44 paragraph "f"; and section 331.441, subsection 2,
45 paragraph "b". Moneys credited to the reserve, and
46 interest earned on such moneys, shall remain in the
47 reserve until expended for purposes authorized by
48 subsection 11 of this section; section 331.424,
49 subsection 1, paragraph "f"; or section 331.441,
50 subsection 2, paragraph "b".

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1 Sec. 9. Section 331.424, subsection 1, Code 1995,
2 is amended to read as follows:

3 1. For general county services, an amount
4 sufficient to pay the charges for the following:

5 a. To the extent that the county is obligated by
6 statute to pay the charges for:

7 ~~(1) Care and treatment of patients by a state
8 mental health institute;~~

9 ~~---(2) Care and treatment of patients by either of
10 the state hospital, schools or by any other facility
11 established under chapter 222 and diagnostic
12 evaluation under section 222.31;~~

13 ~~---(3) Care and treatment of patients under chapter
14 225;~~

15 ~~(4) (1) Care and treatment of persons at the
16 alcoholic treatment center at Oakdale. However, the
17 county may require that an admission to the center
18 shall be reported to the board by the center within
19 five days as a condition of the payment of county
20 funds for that admission.~~

21 ~~(5) (2) Care of children admitted or committed to
22 the Iowa juvenile home at Toledo.~~

23 ~~(6) (3) Clothing, transportation, medical, or
24 other services provided persons attending the Iowa
25 braille and sight saving school, the Iowa school for
26 the deaf, or the state hospital-school for severely
27 handicapped children at Iowa City, for which the
28 county becomes obligated to pay pursuant to sections
29 263.12, 269.2, and 270.4 through 270.7.~~

30 ~~b. To the extent that the board deems it advisable
31 to pay, the charges for professional evaluation,
32 treatment, training, habilitation, and care of persons
33 who are mentally retarded, autistic persons, or
34 persons who are afflicted by any other developmental
35 disability, at a suitable public or private facility
36 providing inpatient or outpatient care in the county.
37 As used in this paragraph:~~

38 ~~---(1) "Developmental disability" has the meaning
39 assigned that term by 42 U.S.C. sec. 6001(7) (1976),
40 Supp. II, 1978, and Supp. III, 1979;~~

41 ~~---(2) "Autistic persons" means persons, regardless
42 of age, with severe communication and behavior
43 disorders that became manifest during the early stages
44 of childhood development and that are characterized by
45 a severely disabling inability to understand,
46 communicate, learn, and participate in social
47 relationships. "Autistic persons" includes but is not
48 limited to those persons afflicted by infantile
49 autism, profound aphasia, and childhood psychosis.~~

50 ~~c. Care and treatment of persons placed in the~~

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1 county-hospital, county-care-facility, a health-care
2 facility-as-defined-in-section-135C.1, subsection-6,
3 or-any-other-public-or-private-facility, which
4 placement-is-in-lieu-of-admission-or-commitment-to-or
5 is-upon-discharge, removal, or-transfer-from-a-state
6 mental-health-institute, hospital-school, or-other
7 facility-established-pursuant-to-chapter-222.

8 ---d.---Amounts-budgeted-by-the-board-for-the-cost-of
9 establishment-and-initial-operation-of-a-community
10 mental-health-center-in-the-manner-and-subject-to-the
11 limitations-provided-by-state-law.

12 ---e. b. Foster care and related services provided
13 under court order to a child who is under the
14 jurisdiction of the juvenile court, including court-
15 ordered costs for a guardian ad litem under section
16 232.71.

17 f.---The-care, admission, commitment, and
18 transportation-of-mentally-ill-patients-in-state
19 hospitals, to-the-extent-that-expenses-for-these
20 services-are-required-to-be-paid-by-the-county,
21 including-compensation-for-the-advocate-appointed
22 under-section-229.19.

23 ---g.---Amounts-budgeted-by-the-board-for-mental-health
24 services-or-mental-retardation-services-furnished-to
25 persons-on-either-an-outpatient-or-inpatient-basis, to
26 a-school-or-other-public-agency, or-to-the-community
27 at-large, by-a-community-mental-health-center-or-other
28 suitable-facility-located-in-or-reasonably-near-the
29 county, provided-that-services-meet-the-standards-of
30 the-mental-health-and-developmental-disabilities
31 commission-created-in-section-225C.5-and-are
32 consistent-with-the-annual-plan-for-services-approved
33 by-the-board.

34 ---h.---Reimbursement-on-behalf-of-mentally-retarded
35 persons-under-section-249A.12.

36 i. c. Elections, and voter registration pursuant
37 to chapter 48A.

38 j. d. Employee benefits under chapters 96, 97B,
39 and 97C, which are associated with salaries for
40 general county services.

41 k. e. Joint county and city building authorities
42 established under section 346.27, as provided in
43 subsection 22 of that section.

44 l. f. Tort liability insurance, property
45 insurance, and any other insurance that may be
46 necessary in the operation of the county, costs of a
47 self-insurance program, costs of a local government
48 risk pool, and amounts payable under any insurance
49 agreements to provide or procure such insurance, self-
50 insurance program, or local government risk pool.

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1 m. g. The maintenance and operation of the courts,
2 including but not limited to the salary and expenses
3 of the clerk of the district court and other employees
4 of the clerk's office, and bailiffs, court costs if
5 the prosecution fails or if the costs cannot be
6 collected from the person liable, costs and expenses
7 of prosecution under section 189A.17, salaries and
8 expenses of juvenile court officers under chapter 602,
9 court-ordered costs in domestic abuse cases under
10 section 236.5, the county's expense for confinement of
11 prisoners under chapter 356A, temporary assistance to
12 the county attorney, county contributions to a
13 retirement system for bailiffs, reimbursement for
14 judicial magistrates under section 602.6501, claims
15 filed under section 622.93, interpreters' fees under
16 section 622B.7, uniform citation and complaint
17 supplies under section 805.6, and costs of prosecution
18 under section 815.13.

19 n. h. Court-ordered costs of conciliation
20 procedures under section 598.16.

21 o. i. Establishment and maintenance of a joint
22 county indigent defense fund pursuant to an agreement
23 under section 28E.19.

24 p. j. The maintenance and operation of a local
25 emergency management agency established pursuant to
26 chapter 29C.

27 The board may require a public or private facility,
28 as a condition of receiving payment from county funds
29 for services it has provided, to furnish the board
30 with a statement of the income, assets, and legal
31 residence including township and county of each person
32 who has received services from that facility for which
33 payment has been made from county funds under
34 paragraphs "a" through "h" and "b". However, the
35 facility shall not disclose to anyone the name or
36 street or route address of a person receiving services
37 for which commitment is not required, without first
38 obtaining that person's written permission.

39 Parents or other persons may voluntarily reimburse
40 the county or state for the reasonable cost of caring
41 for a patient or an inmate in a county or state
42 facility.

43 Sec. 10. NEW SECTION. 331.424A COUNTY MENTAL
44 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
45 DISABILITIES SERVICES FUND.

46 1. For the purposes of this chapter, unless the
47 context otherwise requires, "services fund" means the
48 county mental health, mental retardation, and
49 developmental disabilities services fund created in
50 subsection 2. The county finance committee created in

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1 section 333A.2 shall consult with the state-county
2 management committee in adopting rules and prescribing
3 forms for administering the services fund.

4 2. For the fiscal year beginning July 1, 1996, and
5 succeeding fiscal years, county revenues from taxes
6 and other sources designated for mental health, mental
7 retardation, and developmental disabilities services
8 shall be credited to the mental health, mental
9 retardation, and developmental disabilities services
10 fund of the county. The board shall make
11 appropriations from the fund for payment of services
12 provided under the county management plan approved
13 pursuant to section 331.439.

14 3. For the fiscal year beginning July 1, 1996, and
15 succeeding fiscal years, receipts from the state or
16 federal government for such services shall be credited
17 to the services fund, including moneys allotted to the
18 county from the state payment made pursuant to section
19 331.439 and moneys allotted to the county for property
20 tax relief pursuant to section 426B.1.

21 4. For the fiscal year beginning July 1, 1996, and
22 for each subsequent fiscal year, the county shall
23 certify a levy for payment of services. Unless
24 otherwise provided by state law, for each fiscal year,
25 county revenues from taxes imposed by the county
26 credited to the services fund shall not exceed an
27 amount equal to the amount of base year expenditures
28 for services in the fiscal year beginning July 1,
29 1993, and ending June 30, 1994, as defined in section
30 331.438 less the amount of property tax relief to be
31 received pursuant to section 426B.2, subsections 1 and
32 3, in the fiscal year for which the budget is
33 certified. The county auditor and the board of
34 supervisors shall reduce the amount of the levy
35 certified for the services fund by the amount of
36 property tax relief to be received.

37 5. Appropriations specifically authorized to be
38 made from the mental health, mental retardation, and
39 developmental disabilities services fund shall not be
40 made from any other fund of the county.

41 Sec. 11. Section 444.25A, subsection 3, paragraph
42 b, subparagraph (3), Code 1995, is amended to read as
43 follows:

44 (3) Need for additional moneys for health care,
45 treatment, and facilities, including ~~mental-health-and~~
46 ~~mental-retardation-care-and~~ treatment pursuant to
47 section 331.424, subsection 1, paragraphs "a" through
48 "h" and "b".

49 Sec. 12. EFFECTIVE AND APPLICABILITY DATES. This
50 division of this Act takes effect January 1, 1996, and

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1 is applicable to taxes payable in the fiscal year
2 beginning July 1, 1996, and subsequent fiscal years.

3 DIVISION III

4 PROPERTY TAX RELIEF PROVISIONS

5 Sec. 13. Section 222.60, unnumbered paragraph 1,
6 Code 1995, as amended by 1995 Iowa Acts, House File
7 483, section 12, is amended to read as follows:

8 All necessary and legal expenses for the cost of
9 admission or commitment or for the treatment,
10 training, instruction, care, habilitation, support and
11 transportation of persons with mental retardation, as
12 provided for in the county management plan provisions
13 implemented pursuant to section 331.439, subsection 1,
14 in a state hospital-school, or in a special unit, or
15 any public or private facility within or without the
16 state, approved by the director of the department of
17 human services, shall be paid by either:

18 Sec. 14. Section 331.438, subsection 1, paragraph
19 b, Code 1995, is amended to read as follows:

20 b. "State payment" means the payment made by the
21 state to a county determined to be eligible for the
22 payment in accordance with section 331.439.

23 1A. Except as modified based upon the actual
24 amount of the appropriation for purposes of state
25 payment under section 331.439, the amount of the state
26 payment for a fiscal year shall be calculated as-fifty
27 percent-of-the-amount-by-which-the-county's-qualified
28 expenditures-during-the-immediately-preceding-fiscal
29 year-were-in-excess-of-the-amount-of-the-county's-base
30 year-expenditures by applying the inflation factor
31 adjustment established in accordance with section
32 331.439, subsection 3, for that fiscal year to the
33 amount of county expenditures for qualified services
34 in the previous fiscal year. A state payment is the
35 state funding a county receives pursuant to section
36 426B.2, subsection 2. Any state funding received by a
37 county for property tax relief in accordance with
38 section 426B.2, subsections 1 and 3, is not a state
39 payment and shall not be included in the state payment
40 calculation made pursuant to this subsection.

41 Sec. 15. Section 331.439, Code 1995, is amended by
42 striking the section and inserting in lieu thereof the
43 following:

44 331.439 ELIGIBILITY FOR STATE PAYMENT.

45 1. The state payment to eligible counties under
46 this section shall be made as provided in sections
47 331.438 and 426B.2. A county is eligible for the
48 state payment, as defined in section 331.438, for the
49 fiscal year beginning July 1, 1996, and for subsequent
50 fiscal years if the director of human services, in

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1 consultation with the state-county management
2 committee, determines for a specific fiscal year that
3 all of the following conditions are met:

4 a. The county accurately reported by October 15
5 the county's expenditures for mental health, mental
6 retardation, and developmental disabilities services
7 for the previous fiscal year on forms prescribed by
8 the department of human services.

9 b. The county developed and implemented a county
10 management plan for the county's mental health, mental
11 retardation, and developmental disabilities services
12 in accordance with the provisions of this paragraph.
13 The plan shall comply with the administrative rules
14 adopted for this purpose by the council on human
15 services and is subject to the approval of the
16 director of human services in consultation with the
17 state-county management committee created in section
18 331.438. The plan shall include a description of the
19 county's service management provision for mental
20 health, mental retardation, and developmental
21 disabilities services. For mental retardation and
22 developmental disabilities service management, the
23 plan shall describe the county's development and
24 implementation of a managed system of cost-effective
25 individualized services and shall comply with the
26 provisions of paragraph "d". The goal of this part of
27 the plan shall be to assist the individuals served to
28 be as independent, productive, and integrated into the
29 community as possible. The service management
30 provisions for mental health shall comply with the
31 provisions of paragraph "c".

32 c. (1) For mental health service management, the
33 county may either directly implement a system of
34 service management and contract with service
35 providers, or contract with a private entity to manage
36 the system, provided all requirements of this lettered
37 paragraph are met by the private entity. The mental
38 health service management shall incorporate a single
39 entry point and clinical assessment process developed
40 in accordance with the provisions of section 331.440.
41 The county shall submit this part of the plan to the
42 department of human services for approval by April 1
43 for the succeeding year. Initially, this part of the
44 plan shall be submitted to the department by April 1,
45 1996, and the county shall implement the approved plan
46 by July 1, 1996.

47 (2) The basis for determining whether a managed
48 care system for mental health proposed by a county is
49 comparable to a mental health managed care contractor
50 approved by the department of human services shall

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1 include but is not limited to all of the following
2 elements which shall be specified in administrative
3 rules adopted by the council on human services in
4 consultation with the state-county management
5 committee:

6 (a) The enrollment and eligibility process.

7 (b) The scope of services included.

8 (c) The method of plan administration.

9 (d) The process for managing utilization and
10 access to services and other assistance.

11 (e) The quality assurance process.

12 (f) The risk management provisions and fiscal
13 viability of the provisions, if the county contracts
14 with a private managed care entity.

15 d. For mental retardation and developmental
16 disabilities services management, the county must
17 either develop and implement a managed system of care
18 which addresses a full array of appropriate services
19 and cost-effective delivery of services or contract
20 with a state-approved managed care contractor or
21 contractors. Any system or contract implemented under
22 this paragraph shall incorporate a single entry point
23 and clinical assessment process developed in
24 accordance with the provisions of section 331.440.

25 The elements of the managed system of care and the
26 state-approved managed care contract or contracts
27 shall be specified in rules developed by the
28 department of human services in consultation with the
29 state-county management committee and adopted by the
30 council on human services. Initially, this part of
31 the plan shall be submitted to the department for
32 approval on or before October 1, 1996, and shall be
33 implemented on or before January 1, 1997. In fiscal
34 years succeeding the fiscal year of initial
35 implementation, this part of the plan shall be
36 submitted to the department of human services for
37 approval by April 1 for the succeeding fiscal year.

38 e. Changes to the approved plan are submitted at
39 least sixty days prior to the proposed change and are
40 not to be implemented prior to the director of human
41 services' approval.

42 2. The county management plan shall address the
43 county's criteria for serving persons with chronic
44 mental illness, including any rationale used for
45 decision making regarding this population.

46 3. a. For the fiscal year beginning July 1, 1996,
47 and succeeding fiscal years, the county's mental
48 health, mental retardation, and developmental
49 disabilities service expenditures for a fiscal year
50 are limited to a fixed budget amount. The fixed

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1 budget amount shall be the amount identified in the
2 county's management plan and budget for the fiscal
3 year. The county shall be allowed an inflation factor
4 adjustment for services paid from the county's
5 services fund under section 331.424A which is in
6 accordance with the county's management plan and
7 budget, implemented pursuant to this section.

8 b. Based upon information contained in county
9 management plans and budgets, the state-county
10 management committee shall recommend an inflation
11 factor adjustment to the council on human services by
12 November 15 for the succeeding fiscal year. The
13 inflation factor adjustment shall address costs
14 associated with new consumers of service, service cost
15 inflation, and investments for economy and efficiency.
16 The council on human services shall recommend to the
17 governor the amount of the inflation factor adjustment
18 for the succeeding fiscal year for inclusion in the
19 governor's proposed budget for the succeeding fiscal
20 year.

21 c. If the general assembly has not revised the
22 amount of the inflation factor adjustment for a fiscal
23 year on the date county budgets must be approved and
24 levies must be certified for that fiscal year, the
25 budgets and levies shall utilize the inflation factor
26 adjustment for that fiscal year recommended by the
27 governor in the governor's proposed budget.

28 4. A county may provide assistance to service
29 populations with disabilities to which the county has
30 historically provided assistance but who are not
31 included in the service management provisions required
32 under subsection 1, subject to the availability of
33 funding.

34 5. Notwithstanding any other provision of law to
35 the contrary, a county shall have no obligation to pay
36 for or provide mental health, mental retardation, or
37 developmental disabilities services for any person
38 that applies through the county's single entry point
39 and clinical assessment process after the moneys in
40 the county services fund under section 331.424A are
41 expended.

42 6. A county shall implement the county's
43 management plan in a manner so as to provide adequate
44 funding for the entire fiscal year by budgeting for
45 ninety-nine percent of the funding anticipated to be
46 available for the plan. A county may expend all of
47 the funding anticipated to be available for the plan.

48 7. The director's approval of a county's mental
49 health, mental retardation, and developmental
50 disabilities services management plan shall not be

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1 construed to constitute certification of the county's
2 budget.

3 Sec. 16. Section 331.440, subsection 1, Code 1995,
4 is amended by adding the following new paragraph:

5 NEW PARAGRAPH. c. The single entry point and
6 clinical assessment process shall include provision
7 for the county's participation in a management
8 information system developed in accordance with rules
9 adopted pursuant to subsection 3.

10 Sec. 17. NEW SECTION. 426B.1 APPROPRIATIONS --
11 PROPERTY TAX RELIEF FUND.

12 1. A property tax relief fund is created in the
13 state treasury under the authority of the department
14 of revenue and finance. The fund shall be separate
15 from the general fund of the state and shall not be
16 considered part of the general fund of the state
17 except in determining the cash position of the state
18 for payment of state obligations. The moneys in the
19 fund are not subject to the provisions of section 8.33
20 and shall not be transferred, used, obligated,
21 appropriated, or otherwise encumbered except as
22 provided in this section. Moneys in the fund may be
23 used for cash flow purposes, provided that any moneys
24 so allocated are returned to the fund by the end of
25 each fiscal year. However, the fund shall be
26 considered a special account for the purposes of
27 section 8.53, relating to elimination of any GAAP
28 deficit. For the purposes of this chapter, unless the
29 context otherwise requires, "property tax relief fund"
30 means the property tax relief fund created in this
31 section.

32 2. There is appropriated to the property tax
33 relief fund for the indicated fiscal years from the
34 general fund of the state the following amounts:

35 a. For the fiscal year beginning July 1, 1995,
36 sixty-one million dollars.

37 b. For the fiscal year beginning July 1, 1996,
38 seventy-eight million dollars.

39 c. For the fiscal year beginning July 1, 1997, and
40 succeeding fiscal years, ninety-five million dollars.

41 Sec. 18. NEW SECTION. 426B.2 PROPERTY TAX RELIEF
42 FUND DISTRIBUTIONS.

43 Moneys in the property tax relief fund shall be
44 utilized in each fiscal year as follows in the order
45 listed:

46 1. The first sixty-one million dollars plus the
47 amount paid pursuant to subsection 3 in the previous
48 fiscal year in the property tax relief fund shall be
49 distributed to counties under this subsection. A
50 county's proportion of the moneys shall be equivalent

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1 to the sum of the following three factors:

2 a. One-third based upon the county's proportion of
3 the state's general population.

4 b. One-third based upon the county's proportion of
5 the state's total taxable property valuation assessed
6 for taxes payable in the previous fiscal year.

7 c. One-third based upon the county's proportion of
8 all counties' base year expenditures, as defined in
9 section 331.438.

10 Moneys provided to a county for property tax relief
11 in a fiscal year in accordance with this section shall
12 not be less than the amount provided for property tax
13 relief in the previous fiscal year.

14 2. Payment of moneys to eligible counties of the
15 state payment in accordance with the provisions of
16 sections 331.438 and 331.439.

17 3. For the fiscal year beginning July 1, 1996, and
18 succeeding fiscal years, the department of human
19 services shall estimate the amount of moneys required
20 for the state payment pursuant to subsection 2.

21 Moneys remaining in the property tax relief fund
22 following the payment made pursuant to subsection 1
23 and the estimated amount of the state payment pursuant
24 to subsection 2 shall be paid for property tax relief
25 in the same manner as provided in subsection 1 to
26 counties eligible for state payment under subsection
27 2. These payments shall continue until the combined
28 amount of the payments made under this subsection and
29 subsection 1 are equal to fifty percent of the total
30 of all counties' base year expenditures as defined in
31 section 331.438. The amount of moneys paid to a
32 county pursuant to this subsection shall be added in
33 subsequent fiscal years to the amount of moneys paid
34 under subsection 1.

35 4. Moneys remaining in the property tax relief
36 fund following the payments made pursuant to
37 subsections 1, 2, and 3 shall be transferred to the
38 homestead credit fund created in section 425.1. This
39 transfer shall continue until the homestead credit is
40 fully funded.

41 5. The department of human services shall notify
42 the director of revenue and finance of the amounts due
43 a county in accordance with the provisions of this
44 section. The director of revenue and finance shall
45 draw warrants on the property tax relief fund, payable
46 to the county treasurer in the amount due to a county
47 in accordance with subsections 1 and 3 and mail the
48 warrants to the county auditors in September and March
49 of each year. Warrants for the state payment in
50 accordance with subsection 2 shall be mailed in

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1 January of each year.

2 Sec. 19. NEW SECTION. 426B.3 NOTIFICATION OF
3 MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
4 DISABILITIES EXPENDITURE RELIEF FUND PAYMENT.

5 1. The county auditor shall reduce the certified
6 budget amount received from the board of supervisors
7 for the succeeding fiscal year for the county mental
8 health, mental retardation, and developmental
9 disabilities services fund created in section 331.424A
10 by an amount equal to the amount the county will
11 receive from the property tax relief fund pursuant to
12 section 426B.2, subsections 1 and 3, for the
13 succeeding fiscal year and the auditor shall determine
14 the rate of taxation necessary to raise the reduced
15 amount. On the tax list, the county auditor shall
16 compute the amount of taxes due and payable on each
17 parcel before and after the amount received from the
18 property tax relief fund is used to reduce the county
19 budget. The director of revenue and finance shall
20 notify the county auditor of each county of the amount
21 of moneys the county will receive from the property
22 tax relief fund pursuant to section 426B.2,
23 subsections 1 and 3, for the succeeding fiscal year.

24 2. The amount of property tax dollars reduced on
25 each parcel as a result of the moneys received from
26 the property tax relief fund pursuant to section
27 426B.2, subsections 1 and 3, shall be noted on each
28 tax statement prepared by the county treasurer
29 pursuant to section 445.23.

30 Sec. 20. NEW SECTION. 426B.4 RULES.

31 The council on human services shall consult with
32 the state-county management committee created in
33 section 331.438 and the director of revenue and
34 finance in prescribing forms and adopting rules
35 pursuant to chapter 17A to administer this chapter.

36 Sec. 21. PROPERTY TAX RELIEF -- FISCAL YEAR 1995-
37 1996. For the fiscal year beginning July 1, 1995, the
38 department of management shall notify each county
39 auditor by June 1, 1995, of the amount the county will
40 receive from the property tax relief fund for property
41 tax relief pursuant to section 426B.2, subsection 1,
42 for that fiscal year. The county auditor shall reduce
43 by the notified amount the amount of the county's
44 certified budget to be raised by property tax for that
45 fiscal year which is to be expended for mental health,
46 mental retardation, and developmental disabilities
47 services and shall revise the rate of taxation as
48 necessary to raise the reduced amount. The county
49 auditor shall report the reduction in the certified
50 budget and the revised rate of taxation to the

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1 department of management by June 30, 1995.

2 Sec. 22. FUNDING OF SESSION LAW REQUIREMENTS. If
3 the appropriations in section 426B.1, subsection 2, as
4 created in this division of this Act, are enacted by
5 this Act, the requirements of 1994 Iowa Acts, chapter
6 1163, section 8, subsection 2, to fully fund
7 provisions of sections 331.438 and 331.439 shall be
8 considered to be met and the repeals contained in 1994
9 Iowa Acts, chapter 1163, section 8, subsection 2,
10 shall be void.

11 Sec. 23. STATE-COUNTY MANAGEMENT COMMITTEE REVIEW
12 -- 1995 INTERIM. The state-county management
13 committee created in section 331.438 shall review
14 statutory provisions and administrative rules which
15 are intended to regulate and contain county
16 expenditures for mental health, mental retardation,
17 and developmental disabilities (MH/MR/DD) services and
18 the formula for distribution of property tax relief
19 moneys to counties under section 426B.2. The
20 committee should consider proposals from counties and
21 other interested persons for a distribution formula
22 factor which rewards or provides incentives for
23 economy and efficiency in providing mental health,
24 mental retardation, and developmental disabilities
25 services; and a mechanism for a county to appeal to
26 the state if it is believed the county is unfairly
27 treated under an established funding formula. In
28 addition, the committee shall consider tort and other
29 liability issues associated with a county managing
30 MH/MR/DD expenditures in accordance with a fixed
31 budget and make recommendations to address the issues.
32 The committee shall review the dates required under
33 section 331.439 and chapter 426B, as enacted by this
34 Act and make recommendations for change if revisions
35 are deemed necessary. The committee shall report to
36 the governor and the general assembly on or before
37 December 1, 1995.

38 Sec. 24. LEVY STUDY. The county finance committee
39 created in chapter 333A shall consult with any
40 interested parties in studying the ramifications of
41 consolidating the county general basic levies and the
42 general supplemental levies and other proposals
43 involving the levies. The committee shall be assisted
44 by four legislators with one each appointed by the
45 following leaders: majority leader of the senate,
46 minority leader of the senate, speaker of the house of
47 representatives, and minority leader of the house of
48 representatives. The legislative appointees are
49 eligible for per diem and actual expenses for their
50 assistance to the committee. The committee shall

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1 report to the governor and the general assembly with
2 findings and recommendations on or before January 4,
3 1996.

4 Sec. 25. EFFECTIVE DATE. Section 21 of this
5 division of this Act, relating to property tax relief
6 for fiscal year 1995-1996, being deemed of immediate
7 importance, takes effect upon enactment.

8

DIVISION IV

9

COUNTY PROPERTY TAX LIMITATION

10 Sec. 26. Section 444.25A, subsection 1, Code 1995,
11 is amended to read as follows:

12 1. COUNTY LIMITATION. The maximum amount of
13 property tax dollars which may be certified by a
14 county for taxes payable in the fiscal year beginning
15 July 1, 1995, shall not exceed the amount of property
16 tax dollars certified by the county for taxes payable
17 in the fiscal year beginning July 1, 1994, minus the
18 amount of property tax relief moneys to be received by
19 the county for the fiscal year beginning July 1, 1995,
20 pursuant to section 426B.2, subsection 1, and the
21 maximum amount of property tax dollars which may be
22 certified by a county for taxes payable in the fiscal
23 year beginning July 1, 1996, shall not exceed the
24 amount of property tax dollars certified by the county
25 for taxes payable in the fiscal year beginning July 1,
26 1995, minus the amount by which the property tax
27 relief moneys to be received by the county in the
28 fiscal year beginning July 1, 1996, pursuant to
29 section 426B.2, subsections 1 and 3, exceeds the
30 amount of the property tax relief moneys received in
31 the fiscal year beginning July 1, 1995, for each of
32 the levies for the following, except for the levies on
33 the increase in taxable valuation due to new
34 construction, additions or improvements to existing
35 structures, remodeling of existing structures for
36 which a building permit is required, annexation, and
37 phasing out of tax exemptions, and on the increase in
38 valuation of taxable property as a result of a
39 comprehensive revaluation by a private appraiser under
40 a contract entered into prior to January 1, 1992, or
41 as a result of a comprehensive revaluation directed or
42 authorized by the conference board prior to January 1,
43 1992, with documentation of the contract,
44 authorization, or directive on the revaluation
45 provided to the director of revenue and finance, if
46 the levies are equal to or less than the levies for
47 the previous year, levies on that portion of the
48 taxable property located in an urban renewal project
49 the tax revenues from which are no longer divided as
50 provided in section 403.19, subsection 2, or as

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1 otherwise provided in this section:

2 a. General county services under section 331.422,
3 subsection 1.

4 b. Rural county services under section 331.422,
5 subsection 2.

6 c. Other taxes under section 331.422, subsection
7 4.

8 Sec. 27. NEW SECTION. 444.25B PROPERTY TAX
9 LIMITATION FOR FISCAL YEAR 1998.

10 1. COUNTY LIMITATION. The maximum amount of
11 property tax dollars which may be certified by a
12 county for taxes payable in the fiscal year beginning
13 July 1, 1997, shall not exceed the amount of property
14 tax dollars certified by the county for taxes payable
15 in the fiscal year beginning July 1, 1996, minus the
16 amount by which the property tax relief moneys to be
17 received by the county in the fiscal year beginning
18 July 1, 1997, pursuant to section 426B.2, subsections
19 1 and 3, exceeds the amount of the property tax relief
20 moneys received in the fiscal year beginning July 1,
21 1996, for each of the levies for the following, except
22 for the levies on the increase in taxable valuation
23 due to new construction, additions or improvements to
24 existing structures, remodeling of existing structures
25 for which a building permit is required, annexation,
26 and phasing out of tax exemptions, and on the increase
27 in valuation of taxable property as a result of a
28 comprehensive revaluation by a private appraiser under
29 a contract entered into prior to January 1, 1992, or
30 as a result of a comprehensive revaluation directed or
31 authorized by the conference board prior to January 1,
32 1992, with documentation of the contract,
33 authorization, or directive on the revaluation
34 provided to the director of revenue and finance, if
35 the levies are equal to or less than the levies for
36 the previous year, levies on that portion of the
37 taxable property located in an urban renewal project
38 the tax revenues from which are no longer divided as
39 provided in section 403.19, subsection 2, or as
40 otherwise provided in this section:

41 a. General county services under section 331.422,
42 subsection 1.

43 b. Rural county services under section 331.422,
44 subsection 2.

45 c. Other taxes under section 331.422, subsection
46 4.

47 2. EXCEPTIONS. The limitations provided in
48 subsection 1 do not apply to the levies made for the
49 following:

50 a. Debt service to be deposited into the debt

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1 service fund pursuant to section 331.430.

2 b. Taxes approved by a vote of the people which
3 are payable during the fiscal year beginning July 1,
4 1997.

5 c. Hospitals pursuant to chapters 37, 347, and
6 347A.

7 d. Emergency management to be deposited into the
8 local emergency management fund and expended for
9 development of hazardous substance teams pursuant to
10 chapter 29C.

11 e. Unusual need for additional moneys to finance
12 existing programs which would provide substantial
13 benefit to county residents or compelling need to
14 finance new programs which would provide substantial
15 benefit to county residents. The increase in taxes
16 levied under this exception for the fiscal year
17 beginning July 1, 1997, is limited to no more than the
18 product of the total tax dollars levied in the fiscal
19 year beginning July 1, 1996, and the percent change,
20 computed to two decimal places, in the price index for
21 government purchases by type for state and local
22 governments computed for the third quarter of calendar
23 year 1996 from that computed for the third quarter of
24 calendar year 1995.

25 For purposes of this paragraph, the price index for
26 government purchases by type for state and local
27 governments is defined by the bureau of economic
28 analysis of the United States department of commerce
29 and published in table 7.11 of the national income and
30 products accounts. For the fiscal year beginning July
31 1, 1997, the price index used shall be the revision
32 published in the November 1996 edition of the United
33 States department of commerce publication, "survey of
34 current business". For purposes of this paragraph,
35 tax dollars levied in the fiscal year beginning July
36 1, 1996, shall not include funds levied for paragraphs
37 "a", "b", and "c" of this subsection.

38 Application of this exception shall require an
39 original publication of the budget and a public
40 hearing and a second publication and a second hearing
41 both in the manner and form prescribed by the director
42 of the department of management, notwithstanding the
43 provisions of section 331.434. The publications and
44 hearings prescribed in this paragraph shall be held
45 and the budget certified no later than March 15. The
46 taxes levied for counties whose budgets are certified
47 after March 15, 1997, shall be frozen at the fiscal
48 year beginning July 1, 1996, level.

49 3. APPEAL PROCEDURES. In lieu of the procedures
50 in sections 24.48 and 331.426, which procedures do not

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1 apply for taxes payable in the fiscal year beginning
2 July 1, 1997, if a county needs to raise property tax
3 dollars from a tax levy in excess of the limitations
4 imposed by subsection 1, the following procedures
5 apply:

6 a. Not later than March 1, and after the
7 publication and public hearing on the budget in the
8 manner and form prescribed by the director of the
9 department of management, notwithstanding section
10 331.434, the county shall petition the state appeal
11 board for approval of a property tax increase in
12 excess of the increase provided for in subsection 2,
13 paragraph "e", on forms furnished by the director of
14 the department of management. Applications received
15 after March 1 shall be automatically ineligible for
16 consideration by the board.

17 b. Additional costs incurred by the county due to
18 any of the following circumstances shall be the basis
19 for justifying the excess in property tax dollars:

20 (1) Natural disaster or other life-threatening
21 emergencies.

22 (2) Unusual need for additional moneys to finance
23 existing programs which would provide substantial
24 benefit to county residents or compelling need to
25 finance new programs which would provide substantial
26 benefit to county residents.

27 (3) Need for additional moneys for health care,
28 treatment, and facilities pursuant to section 331.424,
29 subsection 1, paragraphs "a" and "b".

30 (4) Judgments, settlements, and related costs
31 arising out of civil claims against the county and its
32 officers, employees, and agents, as defined in chapter
33 670.

34 c. The state appeal board shall approve,
35 disapprove, or reduce the amount of excess property
36 tax dollars requested. The board shall take into
37 account the intent of this section to provide property
38 tax relief. The decision of the board shall be
39 rendered at a regular or special meeting of the board
40 within twenty days of the board's receipt of an
41 appeal.

42 d. Within seven days of receipt of the decision of
43 the state appeal board, the county shall adopt and
44 certify its budget under section 331.434, which budget
45 may be protested as provided in section 331.436. The
46 budget shall not contain an amount of property tax
47 dollars in excess of the amount approved by the state
48 appeal board.

49 4. Rate adjustment by county auditor. In addition
50 to the requirement of the county auditor in section

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1 444.3 to establish a rate of tax which does not exceed
2 the rate authorized by law, the county auditor shall
3 also adjust the rate if the amount of property tax
4 dollars to be raised is in excess of the amount
5 specified in subsection 1, as may be adjusted pursuant
6 to subsection 3.

7 Sec. 28. Section 444.27, Code 1995, is amended to
8 read as follows:

9 444.27 SECTIONS VOID.

10 1. For purposes of section 444.25, sections 24.48
11 and 331.426 are void for the fiscal years beginning
12 July 1, 1993, and July 1, 1994. For purposes of
13 section 444.25A, sections 24.48 and 331.426 are void
14 for the fiscal years beginning July 1, 1995, and July
15 1, 1996.

16 2. For purposes of section 444.25B, sections 24.48
17 and 331.426 are void for the fiscal year beginning
18 July 1, 1997.

19 DIVISION V

20 INDUSTRIAL MACHINERY, EQUIPMENT AND COMPUTERS PROPERTY
21 TAX

22 EXEMPTION AND REPLACEMENT

23 Sec. 29. Section 427B.17, Code 1995, is amended to
24 read as follows:

25 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

26 1. For property defined in section 427A.1,
27 subsection 1, paragraphs "e" and "j", acquired or
28 initially leased on or after January 1, 1982, the
29 taxpayer's valuation shall be limited to thirty
30 percent of the net acquisition cost of the property,
31 except as otherwise provided in subsections 2 and 3.
32 For purposes of this section, "net acquisition cost"
33 means the acquired cost of the property including all
34 foundations and installation cost less any excess cost
35 adjustment.

36 For purposes of this section subsection:

37 ~~1. Property assessed by the department of revenue~~
38 ~~and finance pursuant to sections 428.24 to 428.29, or~~
39 ~~chapters 433, 434 and 436 to 438 shall not receive the~~
40 ~~benefits of this section.~~

41 ~~2. a.~~ Property acquired before January 1, 1982,
42 which was owned or used before January 1, 1982, by a
43 related person shall not receive the benefits of this
44 section subsection.

45 ~~3. b.~~ Property acquired on or after January 1,
46 1982, which was owned and used by a related person
47 shall not receive any additional benefits under this
48 section subsection.

49 ~~4. c.~~ Property which was owned or used before
50 January 1, 1982, and subsequently acquired by an

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1 exchange of like property shall not receive the
2 benefits of this section subsection.

3 5- d. Property which was acquired on or after
4 January 1, 1982, and subsequently exchanged for like
5 property shall not receive any additional benefits
6 under this section subsection.

7 6- e. Property acquired before January 1, 1982,
8 which is subsequently leased to a taxpayer or related
9 person who previously owned the property shall not
10 receive the benefits of this section subsection.

11 7- f. Property acquired on or after January 1,
12 1982, which is subsequently leased to a taxpayer or
13 related person who previously owned the property shall
14 not receive any additional benefits under this section
15 subsection.

16 For purposes of this section subsection, "related
17 person" means a person who owns or controls the
18 taxpayer's business and another business entity from
19 which property is acquired or leased or to which
20 property is sold or leased. Business entities are
21 owned or controlled by the same person if the same
22 person directly or indirectly owns or controls fifty
23 percent or more of the assets or any class of stock or
24 who directly or indirectly has an interest of fifty
25 percent or more in the ownership or profits.

26 2. Property defined in section 427A.1, subsection
27 1, paragraphs "e" and "j", which is first assessed for
28 taxation in this state on or after January 1, 1995,
29 shall be exempt from taxation.

30 3. Property defined in section 427A.1, subsection
31 1, paragraphs "e" and "j", and assessed under section
32 427B.17, subsection 1, shall be valued by the local
33 assessor as follows for the following assessment
34 years:

35 a. For the assessment year beginning January 1,
36 1999, at twenty-two percent of the net acquisition
37 cost.

38 b. For the assessment year beginning January 1,
39 2000, at fourteen percent of the net acquisition cost.

40 c. For the assessment year beginning January 1,
41 2001, at six percent of the net acquisition cost.

42 d. For the assessment year beginning January 1,
43 2002, and succeeding assessment years, at zero percent
44 of the net acquisition cost.

45 4. Property assessed pursuant to this section
46 shall not be eligible to receive a partial exemption
47 under sections 427B.1 to 427B.6.

48 5. This section shall not apply to property
49 assessed by the department of revenue and finance
50 pursuant to sections 428.24 to 428.29, or chapters

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1 433, 434, and 436 to 438, and such property shall not
2 receive the benefits of this section.

3 Any electric power generating plant which operated
4 during the preceding assessment year at a net capacity
5 factor of more than twenty percent, shall not receive
6 the benefits of this section or of sections 15.332 and
7 15.334. For purposes of this section, "electric power
8 generating plant" means any name plate rated electric
9 power generating plant, in which electric energy is
10 produced from other forms of energy, including all
11 taxable land, buildings, and equipment used in the
12 production of such energy. "Net capacity factor"
13 means net actual generation divided by the product of
14 net maximum capacity times the number of hours the
15 unit was in the active state during the assessment
16 year. Upon commissioning, a unit is in the active
17 state until it is decommissioned. "Net actual
18 generation" means net electrical megawatt hours
19 produced by the unit during the preceding assessment
20 year. "Net maximum capacity" means the capacity the
21 unit can sustain over a specified period when not
22 restricted by ambient conditions or equipment
23 deratings, minus the losses associated with station
24 service or auxiliary loads.

25 6. The taxpayer's valuation of property defined in
26 section 427A.1, subsection 1, paragraphs "e" and "j",
27 and located in an urban renewal area for which an
28 urban renewal plan provides for the division of taxes
29 as provided in section 403.19 to pay the principal and
30 interest on loans, advances, bonds issued under the
31 authority of section 403.9, subsection 1, or
32 indebtedness incurred by a city or county to finance
33 an urban renewal project within the urban renewal
34 area, if such loans, advances, or bonds were issued or
35 indebtedness incurred, on or after January 1, 1982,
36 and on or before June 30, 1995, shall be limited to
37 thirty percent of the net acquisition cost of the
38 property. Such property located in an urban renewal
39 area shall not be valued pursuant to subsection 2 or
40 3, whichever is applicable, until the assessment year
41 following the calendar year in which the obligations
42 created by any loans, advances, bonds, or indebtedness
43 payable from the division of taxes as provided in
44 section 403.19 have been retired. The taxpayer's
45 valuation for such property shall then be the
46 valuation specified in subsection 2 or 3, whichever is
47 applicable, for the applicable assessment year. If
48 the loans, advances, or bonds issued, or indebtedness
49 incurred between January 1, 1982, and June 30, 1995,
50 are refinanced or refunded after June 30, 1995, the

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1 valuation of such property shall then be the valuation
2 specified in subsection 2 or 3, whichever is
3 applicable, for the applicable assessment year
4 beginning with the assessment year following the
5 calendar year in which any of those loans, advances,
6 bonds, or other indebtedness are refinanced or
7 refunded after June 30, 1995.

8 7. For the purpose of dividing taxes under section
9 260E.4 or 260F.4, the employer's or business's
10 valuation of property defined in section 427A.1,
11 subsection 1, paragraphs "e" and "j", and used to fund
12 a new jobs training project which project's first
13 written agreement providing for a division of taxes as
14 provided in section 403.19 is approved on or before
15 June 30, 1995, shall be limited to thirty percent of
16 the net acquisition cost of the property. An
17 employer's or business's taxable property used to fund
18 a new jobs training project shall not be valued
19 pursuant to subsection 2 or 3, whichever is
20 applicable, until the assessment year following the
21 calendar year in which the certificates or other
22 funding obligations have been retired or escrowed.
23 The taxpayer's valuation for such property shall then
24 be the valuation specified in subsection 1 for the
25 applicable assessment year. If the certificates
26 issued, or other funding obligations incurred, between
27 January 1, 1982, and June 30, 1995, are refinanced or
28 refunded after June 30, 1995, the valuation of such
29 property shall then be the valuation specified in
30 subsection 2 or 3, whichever is applicable, for the
31 applicable assessment year beginning with the
32 assessment year following the calendar year in which
33 those certificates or other funding obligations are
34 refinanced or refunded after June 30, 1995.

35 Sec. 30. NEW SECTION. 427B.18 REPLACEMENT.

36 Beginning with the fiscal year beginning July 1,
37 1996, each county treasurer shall be paid from the
38 industrial machinery, equipment and computers
39 replacement fund an amount equal to the amount of the
40 industrial machinery, equipment and computers tax
41 replacement claim, as calculated in section 427B.19.

42 Sec. 31. NEW SECTION. 427B.19 ASSESSOR AND
43 COUNTY AUDITOR DUTIES.

44 1. On or before July 1 of each fiscal year, the
45 assessor shall determine the total assessed value of
46 the property assessed under section 427B.17 for taxes
47 payable in that fiscal year and the total assessed
48 value of such property assessed as of January 1, 1994,
49 and shall report the valuations to the county auditor.

50 2. On or before July 1 of each fiscal year, the

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1 assessor shall determine the valuation of all
2 commercial and industrial property assessed for taxes
3 payable in that fiscal year and the valuation of such
4 property assessed as of January 1, 1994, and shall
5 report the valuations to the county auditor.

6 3. On or before July 1, 1996, and on or before
7 July 1 of each succeeding fiscal year through June 30,
8 2006, the county auditor shall prepare a statement,
9 based upon the report received pursuant to subsections
10 1 and 2, listing for each taxing district in the
11 county:

12 a. Beginning with the assessment year beginning
13 January 1, 1995, the difference between the assessed
14 valuation of property assessed pursuant to section
15 427B.17 for that year and the total assessed value of
16 such property assessed as of January 1, 1994. If the
17 total assessed value of the property assessed as of
18 January 1, 1994, is less, there is no tax replacement
19 for the fiscal year.

20 b. The tax levy rate for each taxing district for
21 that fiscal year.

22 c. The industrial machinery, equipment and
23 computers tax replacement claim for each taxing
24 district. For fiscal years beginning July 1, 1996,
25 and ending June 30, 2001, the replacement claim is
26 equal to the amount determined pursuant to paragraph
27 "a", multiplied by the tax rate specified in paragraph
28 "b". For fiscal years beginning July 1, 2001, and
29 ending June 30, 2006, the replacement claim is equal
30 to the product of the amount determined pursuant to
31 paragraph "a", less any increase in valuations
32 determined in paragraph "d", and the tax rate
33 specified in paragraph "b". If the amount subtracted
34 under paragraph "d" is more than the amount determined
35 in paragraph "a", there is no tax replacement for the
36 fiscal year.

37 d. Beginning with the assessment year beginning
38 January 1, 2000, the auditor shall reduce the amount
39 listed in paragraph "a", by the increase, if any, in
40 assessed valuations of commercial and industrial
41 property in the assessment year beginning January 1,
42 1994, and the assessment year for which taxes are due
43 and payable in that fiscal year. If the calculation
44 under this paragraph indicates a net decrease in
45 aggregate valuation of such property, the industrial
46 machinery, equipment and computers tax replacement
47 claim for each taxing district is equal to the amount
48 determined pursuant to paragraph "a", multiplied by
49 the tax rate specified in paragraph "b".

50 4. The county auditor shall certify and forward

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1 one copy of the statement to the department of revenue
2 and finance not later than July 1 of each year.

3 Sec. 32. NEW SECTION. 427B.19A FUND CREATED.

4 1. The industrial machinery, equipment and
5 computers property tax replacement fund is created.
6 For the fiscal year beginning July 1, 1996, through
7 the fiscal year ending June 30, 2006, there is
8 appropriated annually from the general fund of the
9 state to the department of revenue and finance to be
10 credited to the industrial machinery, equipment and
11 computers property tax replacement fund, an amount
12 sufficient to implement this division.

13 2. If an amount appropriated for a fiscal year is
14 insufficient to pay all claims, the director shall
15 prorate the disbursements from the fund to the county
16 treasurers and shall notify the county auditors of the
17 pro rata percentage on or before August 1.

18 3. The replacement claims shall be paid to each
19 county treasurer in equal installments in September
20 and March of each year. The county treasurer shall
21 apportion the replacement claim payments among the
22 eligible taxing districts in the county.

23 Sec. 33. NEW SECTION. 427B.19B GUARANTEE OF
24 STATE REPLACEMENT FUNDS.

25 For the fiscal years beginning July 1, 1996, and
26 ending June 30, 2006, if the industrial machinery,
27 equipment and computers property tax replacement fund
28 is insufficient to pay in full the total of the
29 amounts certified to the director of revenue and
30 finance, the director shall compute for each county
31 the difference between the total of all replacement
32 claims for each taxing district within the county and
33 the amount paid to the county treasurer for
34 disbursement to each taxing district in the county.
35 The assessor, for the assessment year for which taxes
36 are due and payable in the fiscal year for which a
37 sufficient appropriation was not made, shall revalue
38 all industrial machinery, equipment and computers
39 described in section 427B.17, subsections 2 and 3, in
40 the county at a percentage of net acquisition cost
41 which will yield from each taxing district its
42 shortfall and the property shall be assessed and taxed
43 in such manner for taxes due and payable in the
44 following fiscal year in addition to being assessed
45 and taxed in the applicable manner under section
46 427B.17. When conducting the revaluation, the
47 assessor shall increase the percentage of net
48 acquisition cost of such property by the same
49 percentage point. Property tax dollar amounts
50 certified pursuant to this section shall not be

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1 considered property tax dollars certified for purposes
2 of the property tax limitation in chapter 444.

3 Sec. 34. Section 257.3, subsection 1, Code 1995,
4 is amended by adding the following new unnumbered
5 paragraph:

6 NEW UNNUMBERED PARAGRAPH. The amount paid to each
7 school district for the tax replacement claim for
8 industrial machinery, equipment and computers under
9 section 427B.19A shall be regarded as property tax.
10 The portion of the payment which is foundation
11 property tax shall be determined by applying the
12 foundation property tax rate to the amount computed
13 under section 427B.19, subsection 3, paragraph "a", as
14 adjusted by paragraph "d", if any adjustment was made.

DIVISION VI

FISCAL YEAR 1996 PAYMENT

17 Sec. 35. FISCAL YEAR 1996 RELIEF FUND PAYMENT.

18 Notwithstanding 1995 Iowa Acts, House File 132,
19 section 13, the appropriation in that section shall
20 not be made from the general fund of the state but
21 shall be made from the property tax relief fund
22 created in section 426B.1, as enacted by this Act.

23 Notwithstanding section 426B.2, subsection 2, as
24 enacted by this Act, for the fiscal year beginning
25 July 1, 1995, the amount of moneys distributed under
26 that subsection shall be \$54.4 million."

27 2. Title page, by striking lines 1 through 4 and
28 inserting the following: "An Act relating to tax
29 provisions involving state income tax, certain county
30 property tax and services associated with mental
31 health and developmental disabilities services, the
32 county property tax limitation, and property tax on
33 industrial machinery, equipment and computers,
34 providing appropriations, and providing effective and
35 applicability dates."

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S-3591 FILED APRIL 26, 1995

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(Adopted 4/27/95 (p. 1462))

SENATE FILE 69

S-3592

1 Amend the amendment, S-3591, to the House
2 amendment, S-3082, to Senate File 69, as passed by the
3 Senate, as follows:

4 1. Page 25, by inserting after line 11 the
5 following:

"DIVISION

SUBCHAPTER S CORPORATIONS

8 Sec. ____ . Section 422.5, subsection 1, paragraph
9 j, Code 1995, is amended by adding the following new
10 unnumbered paragraph:

11 NEW UNNUMBERED PARAGRAPH. The tax imposed upon the
12 taxable income of a resident shareholder in a
13 corporation which has in effect for the tax year an
14 election under subchapter S of the Internal Revenue
15 Code and carries on business within and without the
16 state shall be computed by reducing the amount
17 determined pursuant to paragraphs "a" through "i" by
18 the amounts of nonrefundable credits under this
19 division and by multiplying this resulting amount by a
20 fraction of which the resident's net income allocated
21 to Iowa, as determined in section 422.8, subsection 2,
22 paragraph "b", is the numerator and the resident's
23 total net income computed under section 422.7 is the
24 denominator. This paragraph also applies to
25 individuals who are residents of Iowa for less than
26 the entire tax year.

27 Sec. ____ . Section 422.5, subsection 1, paragraph
28 k, unnumbered paragraph 4, Code 1995, is amended to
29 read as follows:

30 In the case of a resident, including a resident
31 estate or trust, the state's apportioned share of the
32 state alternative minimum tax is one hundred percent
33 of the state alternative minimum tax computed in this
34 subsection. In the case of a resident or part year
35 resident shareholder in a corporation which has in
36 effect for the tax year an election under subchapter S
37 of the Internal Revenue Code and carries on business
38 within and without the state, a nonresident, including
39 a nonresident estate or trust, or an individual,
40 estate, or trust that is domiciled in the state for
41 less than the entire tax year, the state's apportioned
42 share of the state alternative minimum tax is the
43 amount of tax computed under this subsection, reduced
44 by the applicable credits in sections 422.10 through
45 422.12 and this result multiplied by a fraction with a
46 numerator of the sum of state net income allocated to
47 Iowa as determined in section 422.8, subsection 2,
48 paragraph "a" or "b" as applicable, plus tax
49 preference items, adjustments, and losses under
50 subparagraph (1) attributable to Iowa and with a

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1 denominator of the sum of total net income computed
2 under section 422.7 plus all tax preference items,
3 adjustments, and losses under subparagraph (1). In
4 computing this fraction, those items excludable under
5 subparagraph (1) shall not be used in computing the
6 tax preference items. Married taxpayers electing to
7 file separate returns or separately on a combined
8 return must allocate the minimum tax computed in this
9 subsection in the proportion that each spouse's
10 respective preference items, adjustments, and losses
11 under subparagraph (1) bear to the combined preference
12 items, adjustments, and losses under subparagraph (1)
13 of both spouses.

14 Sec. ____ . Section 422.8, subsection 2, Code 1995,
15 is amended to read as follows:

16 2. a. Nonresident's net income allocated to Iowa
17 is the net income, or portion thereof, which is
18 derived from a business, trade, profession, or
19 occupation carried on within this state or income from
20 any property, trust, estate, or other source within
21 Iowa. However, income derived from a business, trade,
22 profession, or occupation carried on within this state
23 and income from any property, trust, estate, or other
24 source within Iowa shall not include distributions
25 from pensions, including defined benefit or defined
26 contribution plans, annuities, individual retirement
27 accounts, and deferred compensation plans or any
28 earnings attributable thereto so long as the
29 distribution is directly related to an individual's
30 documented retirement and received while the
31 individual is a nonresident of this state. If a
32 business, trade, profession, or occupation is carried
33 on partly within and partly without the state, only
34 the portion of the net income which is fairly and
35 equitably attributable to that part of the business,
36 trade, profession, or occupation carried on within the
37 state is allocated to Iowa for purposes of section
38 422.5, subsection 1, paragraph "j", and section 422.13
39 and income from any property, trust, estate, or other
40 source partly within and partly without the state is
41 allocated to Iowa in the same manner, except that
42 annuities, interest on bank deposits and interest-
43 bearing obligations, and dividends are allocated to
44 Iowa only to the extent to which they are derived from
45 a business, trade, profession, or occupation carried
46 on within the state.

47 b. A resident's income allocable to Iowa is the
48 income determined under section 422.7 reduced by items
49 of income and expenses from a subchapter S corporation
50 which pass directly to the shareholders under

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1 provisions of the Internal Revenue Code and increased
 2 by the greater of the following:

3 (1) The net income or loss of the corporation
 4 which is fairly and equitably attributable to this
 5 state under section 422.33, subsections 2 and 3.

6 (2) The taxpayer's pro rata share of an amount
 7 deemed distributed to shareholders which when added to
 8 the salaries, wages, or other compensation for
 9 services performed by all shareholders will equal ten
 10 percent of the net income of the corporation computed
 11 in accordance with section 422.35 and considering
 12 items of income and expense which pass directly to the
 13 shareholders under provisions of the Internal Revenue
 14 Code before deduction of shareholder's salaries,
 15 wages, or other compensation for services performed.

16 (3) Any cash or the value of any property
 17 distributions made to the extent they are paid from
 18 income upon which Iowa income tax has not been paid as
 19 determined under rules of the director.

20 Sec. ____ . Section 422.8, Code 1995, is amended by
 21 adding the following new subsection:

22 NEW SUBSECTION. 6. If the resident or part year
 23 resident is a shareholder of a corporation which has
 24 in effect an election under subchapter S of the
 25 Internal Revenue Code, subsections 1 and 3 do not
 26 apply to any income taxes paid to another state or
 27 foreign country on the income from the corporation
 28 which has in effect an election under subchapter S of
 29 the Internal Revenue Code.

30 Sec. ____ . This division of this Act, being deemed
 31 of immediate importance, takes effect upon enactment
 32 and applies retroactively to January 1, 1995, for tax
 33 years beginning on or after that date."

34 2. Page 25, line 30, by inserting after the word
 35 "computers," the following: "and the treatment of
 36 income from subchapter S corporations,".

37 3. By renumbering as necessary.

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S-3592 FILED APRIL 26, 1995

o/o 4/27/95 (p.1465)

SENATE FILE 69

S-3593

1 Amend the amendment, S-3591, to the House
2 amendment, S-3082, to Senate File 69, as passed by the
3 Senate, as follows:

4 1. Page 1, by striking line 10 and inserting the
5 following:

6 "INCOME TAX REDUCTION AND SPECIAL FUNDS

7 Section 1. Section 422.4, subsection 1, paragraphs
8 b and c, Code 1995, are amended to read as follows:

9 b. "Cumulative inflation factor" means the product
10 of the annual inflation factor for the ~~1988~~ 1995
11 calendar year and all annual inflation factors for
12 subsequent calendar years as determined pursuant to
13 this subsection. The cumulative inflation factor
14 applies to all tax years beginning on or after January
15 1 of the calendar year for which the latest annual
16 inflation factor has been determined.

17 c. The annual inflation factor for each of the
18 1988 1995, 1996, 1997, 1998, and 1999 calendar year
19 years is one hundred percent.

20 Sec. ____ . Section 422.5, subsection 1, unnumbered
21 paragraph 1, and paragraphs a through i, Code 1995,
22 are amended by striking the unnumbered paragraph and
23 lettered paragraphs and inserting in lieu thereof the
24 following:

25 A tax is imposed upon every resident and
26 nonresident of the state which tax shall be levied,
27 collected, and paid annually upon and with respect to
28 the entire taxable income as defined in this division
29 at rates and for tax years beginning in the following
30 calendar years as follows:

31 On all taxable
32 income exceeding
33 the beginning
34 amount through
35 the ending
36 amount:

	CALENDAR YEARS				1999 and subsequent years
	1995	1996	1997	1998	
a. \$ 0- 1,060	.4 %	.4 %	.35%	.35%	.35%
b. 1,060- 2,120	.8	.75	.75	.7	.7
c. 2,120- 4,240	2.65	2.55	2.45	2.35	2.3
d. 4,240- 9,540	4.9	4.75	4.55	4.35	4.25
e. 9,540-15,900	6.65	6.45	6.2	5.95	5.8
f. 15,900-21,200	7.05	6.8	6.6	6.3	6.1
g. 21,200-31,800	7.35	7.15	6.9	6.6	6.4
h. 31,800-47,700	8.6	8.3	8.05	7.65	7.5
i. 47,700+	9.75	9.45	9.15	8.7	8.5"

46 2. Page 1, by inserting after line 40 the
47 following:

48 "Sec. 200. Section 8.56, subsection 1, Code 1995,
49 is amended to read as follows:

50 1. A cash reserve fund is created in the state

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1 treasury. The cash reserve fund shall be separate
2 from the general fund of the state and shall not be
3 considered part of the general fund of the state
4 except in determining the cash position of the state
5 as provided in subsection 3. The moneys in the cash
6 reserve fund are not subject to section 8.33 and shall
7 not be transferred, used, obligated, appropriated, or
8 otherwise encumbered except as provided in this
9 section. Notwithstanding section 12C.7, subsection 2,
10 interest or earnings on moneys deposited in the cash
11 reserve fund shall be credited to the rebuild Iowa
12 economic-emergency-fund infrastructure account created
13 in section 8.57. Moneys in the cash reserve fund may
14 be used for cash flow purposes provided that any
15 moneys so allocated are returned to the cash reserve
16 fund by the end of each fiscal year. However, the
17 fund shall be considered a special account for the
18 purposes of section 8.53.

19 Sec. 201. Section 8.56, subsection 4, paragraph b,
20 Code 1995, is amended to read as follows:

21 b. In addition to the requirements of paragraph
22 "a", an appropriation shall not be made from the cash
23 reserve fund ~~which would cause the fund's balance to~~
24 ~~be less than three percent of the adjusted revenue~~
25 ~~estimate for the year for which the appropriation is~~
26 made unless the bill or joint resolution making the
27 appropriation is approved by vote of at least three-
28 fifths of the members of both chambers of the general
29 assembly and is signed by the governor.

30 Sec. 202. Section 8.57, subsection 1, paragraph a,
31 Code 1995, is amended by striking the paragraph and
32 inserting in lieu thereof the following:

33 a. The cash reserve goal percentage for fiscal
34 years beginning on or after July 1, 1995, is five
35 percent of the adjusted revenue estimate. For each
36 fiscal year beginning on or after July 1, 1995, in
37 which the appropriation of the surplus existing in the
38 general fund of the state at the conclusion of the
39 prior fiscal year pursuant to paragraph "b" was not
40 sufficient for the cash reserve fund to reach the cash
41 reserve goal percentage for the current fiscal year,
42 there is appropriated from the general fund of the
43 state an amount to be determined as follows:

44 (1) If the balance of the cash reserve fund in the
45 current fiscal year is not more than four percent of
46 the adjusted revenue estimate for the current fiscal
47 year, the amount of the appropriation under this
48 lettered paragraph is one percent of the adjusted
49 revenue estimate for the current fiscal year.

50 (2) If the balance of the cash reserve fund in the

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1 current fiscal year is more than four percent but less
2 than five percent of the adjusted revenue estimate for
3 that fiscal year, the amount of the appropriation
4 under this lettered paragraph is the amount necessary
5 for the cash reserve fund to reach five percent of the
6 adjusted revenue estimate for the current fiscal year.

7 (3) The moneys appropriated under this lettered
8 paragraph shall be credited in equal and proportionate
9 amounts in each quarter of the current fiscal year.

10 Sec. 203. Section 8.57, subsection 1, paragraph b,
11 Code 1995, is amended to read as follows:

12 b. ~~Commencing June 30, 1993, the~~ The surplus
13 existing in the general fund of the state at the
14 conclusion of the fiscal year is appropriated for
15 distribution in the succeeding fiscal year as provided
16 in ~~this section~~ subsections 2 and 3. Moneys credited
17 to the cash reserve fund from the appropriation made
18 in this paragraph shall not exceed the amount
19 necessary for the cash reserve fund to reach the cash
20 reserve goal percentage for the succeeding fiscal
21 year. As used in this paragraph, "surplus" means the
22 excess of revenues and other financing sources over
23 expenditures and other financing uses for the general
24 fund of the state in a fiscal year.

25 Sec. 204. NEW SECTION. 8.57A PERSONAL INCOME TAX
26 RATE REDUCTION REPLACEMENT FUND.

27 1. The personal income tax rate reduction
28 replacement fund is created in the state treasury
29 under the authority of the department of management.
30 The fund shall be separate from the general fund of
31 the state and shall not be considered part of the
32 general fund of the state except in determining the
33 cash position of the state for payment of state
34 obligations. The moneys in the fund are not subject
35 to the provisions of section 8.33 and shall not be
36 transferred, used, obligated, appropriated, or
37 otherwise encumbered except as provided in this
38 section. Moneys in the fund may be used for cash flow
39 purposes provided that any moneys so allocated are
40 returned to the fund by the end of each fiscal year.
41 However, the fund shall be considered a special
42 account for the purposes of section 8.53, relating to
43 elimination of any GAAP deficit. The fund is created
44 upon the effective date of this section, and shall
45 remain in existence until the close of the fiscal year
46 beginning July 1, 1999.

47 2. The provisions of this subsection apply for the
48 fiscal years beginning July 1 of 1994, 1995, 1996,
49 1997, and 1998. Notwithstanding the provisions of
50 section 8.57, subsection 3, for each of the designated

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1 fiscal years, moneys remaining following the
2 appropriations made pursuant to section 8.57,
3 subsection 1, shall not be appropriated to the Iowa
4 economic emergency fund but are instead appropriated
5 to the personal income tax rate reduction replacement
6 fund.

7 3. Effective for the fiscal year beginning July 1,
8 1995, and the subsequent three fiscal years, on or
9 before December 31 of each of the fiscal years, the
10 state revenue estimating conference created in section
11 8.22A shall certify an estimate of the net change in
12 revenues deposited into the general fund of the state
13 for that fiscal year due to the personal income tax
14 rate reduction implemented pursuant to section 422.5.
15 The director of the department of management shall
16 transfer not more than the certified amount from the
17 personal income tax rate reduction replacement fund to
18 the general fund of the state. Prior to the transfer,
19 the director shall determine whether the balance of
20 the general fund of the state is sufficient to absorb
21 the revenue change, and if the certified balance is
22 sufficient the director may defer the transfer to a
23 succeeding fiscal year. Moneys transferred to the
24 general fund of the state pursuant to this section
25 shall be added to the general fund expenditure
26 limitation, to the extent not already included, for
27 the fiscal year in which the transfer takes place and
28 ninety-nine percent of the transferred amount is
29 available for expenditure as directed by the general
30 assembly.

31 4. Notwithstanding section 12C.7, subsection 2,
32 interest or earnings on moneys deposited in the
33 personal income tax rate reduction replacement fund
34 shall be credited to the rebuild Iowa infrastructure
35 account created in section 8.57.

36 5. This section is repealed September 1, 2000.

37 Sec. 205. TRANSFER TO INFRASTRUCTURE ACCOUNT.

38 Moneys in the Iowa economic emergency fund, created in
39 section 8.55, at the conclusion of the fiscal year
40 beginning July 1, 1994, shall be transferred to the
41 rebuild Iowa infrastructure account."

42 3. Page 2, by inserting after line 4 the
43 following:

44 "Sec. ____ . EFFECTIVE DATE. Sections 200 through
45 205 and this section of this division, being deemed of
46 immediate importance, take effect upon enactment."

By MARY A. LUNDBY
MARY LOU FREEMAN
ANDY McKEAN
O. GENE MADDOX
LYLE E. ZIEMAN
NANCY BOETTGER
MAGGIE TINSMAN
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S-3593 FILED APRIL 26, 1995
DEFERRED

9/0 4/27/95 (p. 1463)

SENATE FILE 69

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1 Amend the amendment, S-3361, to the House
2 amendment, S-3082, to Senate File 69, as passed by the
3 Senate, as follows:

4 1. By striking page 1, line 1, through page 27,
5 line 14, and inserting the following:

6 "Amend the House amendment, S-3082, to Senate File
7 69, as passed by the Senate, as follows:

8 "_____. By striking page 1, line 1, through page
9 44, line 25, and inserting the following:

10 "Amend Senate File 69, as passed by the Senate, as
11 follows:

12 "_____. By striking everything after the enacting
13 clause and inserting the following:

14 "DIVISION I
15 INCOME TAX

16 Section 1. Section 422.7, Code 1995, is amended by
17 adding the following new subsection:

18 NEW SUBSECTION. 33. For a person who is disabled,
19 or is fifty-five years of age or older, or is the
20 surviving spouse of an individual or a survivor having
21 an insurable interest in an individual who would have
22 qualified for the exemption under this subsection for
23 the tax year, subtract, to the extent included, the
24 total amount of a governmental or other pension or
25 retirement pay, including, but not limited to, defined
26 benefit or defined contribution plans, annuities,
27 individual retirement accounts, plans maintained or
28 contributed to by an employer, or maintained or
29 contributed to by a self-employed person as an
30 employer, and deferred compensation plans or any
31 earnings attributable to the deferred compensation
32 plans, up to a maximum of three thousand dollars for a
33 person who files a separate state income tax return
34 and up to a maximum of six thousand dollars for a
35 husband and wife who file a joint state income tax
36 return. However, a surviving spouse who is not
37 disabled or fifty-five years of age or older can only
38 exclude the amount of pension or retirement pay
39 received as a result of the death of the other spouse.

40 Sec. 2. Section 422.12, subsection 1, paragraph c,
41 Code 1995, is amended to read as follows:

42 c. For each dependent, an additional fifteen forty
43 dollars. As used in this section, the term
44 "dependent" has the same meaning as provided by the
45 Internal Revenue Code.

46 Sec. 3. TAXATION STUDIES. The legislative council
47 is requested to establish two taxation studies during
48 the 1995 legislative interim. One study would address
49 taxation of businesses, including subchapter S
50 corporations, taxation incentives and disincentives

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1 for economic development, and the long-term objectives
2 of business taxation. The legislative council is
3 requested to authorize up to \$100,000 for consultants
4 and other costs associated with the business taxation
5 study. The other study would address other state
6 taxes, including inheritance, income, and sales taxes.
7 Sec. 4. RETROACTIVE APPLICABILITY. This division
8 of this Act applies retroactively to January 1, 1995,
9 for tax years beginning on or after that date.

10

DIVISION II

11

SUPPLEMENTAL LEVY AND COUNTY MENTAL HEALTH FUND

12

13 Sec. 5. Section 123.38, unnumbered paragraph 2,
14 Code 1995, is amended to read as follows:

14

15 Any licensee or permittee, or the licensee's or
16 permittee's executor or administrator, or any person
17 duly appointed by the court to take charge of and
18 administer the property or assets of the licensee or
19 permittee for the benefit of the licensee's or
20 permittee's creditors, may voluntarily surrender a
21 license or permit to the division. When a license or
22 permit is surrendered the division shall notify the
23 local authority, and the division or the local
24 authority shall refund to the person surrendering the
25 license or permit, a proportionate amount of the fee
26 received by the division or the local authority for
27 the license or permit as follows: If a license or
28 permit is surrendered during the first three months of
29 the period for which it was issued, the refund shall
30 be three-fourths of the amount of the fee; if
31 surrendered more than three months but not more than
32 six months after issuance, the refund shall be one-
33 half of the amount of the fee; if surrendered more
34 than six months but not more than nine months after
35 issuance, the refund shall be one-fourth of the amount
36 of the fee. No refund shall be made, however, for any
37 special liquor permit, nor for a liquor control
38 license, wine permit, or beer permit surrendered more
39 than nine months after issuance. For purposes of this
40 paragraph, any portion of license or permit fees used
41 for the purposes authorized in section 331.424,
42 subsection 1, paragraphs "a", "b", "c", "d", "e",
43 "f", "g", and "h", and in section 331.424A, shall not
44 be deemed received either by the division or by a
45 local authority. No refund shall be made to any
46 licensee or permittee, upon the surrender of the
47 license or permit, if there is at the time of
48 surrender, a complaint filed with the division or
49 local authority, charging the licensee or permittee
50 with a violation of this chapter. If upon a hearing
51 on a complaint the license or permit is not revoked or

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1 suspended, then the licensee or permittee is eligible,
2 upon surrender of the license or permit, to receive a
3 refund as provided in this section; but if the license
4 or permit is revoked or suspended upon hearing the
5 licensee or permittee is not eligible for the refund
6 of any portion of the license or permit fee.

7 Sec. 6. Section 218.99, Code 1995, is amended to
8 read as follows:

9 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
10 PERSONAL ACCOUNTS.

11 The administrator of a division of the department
12 of human services in control of a state institution
13 shall direct the business manager of each institution
14 under the administrator's jurisdiction which is
15 mentioned in section 331.424, subsection 1, paragraphs
16 "a" through-"g" and "b" and for which services are
17 paid under section 331.424A to quarterly inform the
18 auditor of the county of legal settlement of any
19 patient or resident who has an amount in excess of two
20 hundred dollars on account in the patients' personal
21 deposit fund and the amount on deposit. The
22 administrators shall direct the business manager to
23 further notify the auditor of the county at least
24 fifteen days before the release of funds in excess of
25 two hundred dollars or upon the death of the patient
26 or resident. If the patient or resident has no county
27 of legal settlement, notice shall be made to the
28 director of the department of human services and the
29 administrator of the division of the department in
30 control of the institution involved.

31 Sec. 7. Section 225C.4, subsection 2, paragraph b,
32 Code 1995, is amended to read as follows:

33 b. Establish mental health and mental retardation
34 services for all institutions under the control of the
35 director of human services and establish an autism
36 unit, following mutual planning with and consultation
37 from the medical director of the state psychiatric
38 hospital, at an institution or a facility administered
39 by the administrator to provide psychiatric and
40 related services and other specific programs to meet
41 the needs of autistic persons as-defined-in-section
42 ~~331.424, subsection 1~~, and to furnish appropriate
43 diagnostic evaluation services.

44 Sec. 8. Section 331.301, subsection 12, Code 1995,
45 is amended to read as follows:

46 12. The board of supervisors may credit funds to a
47 reserve for the purposes authorized by subsection 11
48 of this section; section 331.424, subsection 1,
49 paragraph "1" "f"; and section 331.441, subsection 2,
50 paragraph "b". Moneys credited to the reserve, and

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1 interest earned on such moneys, shall remain in the
 2 reserve until expended for purposes authorized by
 3 subsection 11 of this section; section 331.424,
 4 subsection 1, paragraph "f"; or section 331.441,
 5 subsection 2, paragraph "b".

6 Sec. 9. Section 331.424, subsection 1, Code 1995,
 7 is amended to read as follows:

8 1. For general county services, an amount
 9 sufficient to pay the charges for the following:

10 a. To the extent that the county is obligated by
 11 statute to pay the charges for:

12 ~~{1}--Care-and-treatment-of-patients-by-a-state~~
 13 ~~mental-health-institute-~~

14 ~~---{2}--Care-and-treatment-of-patients-by-either-of~~
 15 ~~the-state-hospital-schools-or-by-any-other-facility~~
 16 ~~established-under-chapter-222-and-diagnostic~~
 17 ~~evaluation-under-section-222-31-~~

18 ~~---{3}--Care-and-treatment-of-patients-under-chapter~~
 19 ~~225-~~

20 {4} (1) Care and treatment of persons at the
 21 alcoholic treatment center at Oakdale. However, the
 22 county may require that an admission to the center
 23 shall be reported to the board by the center within
 24 five days as a condition of the payment of county
 25 funds for that admission.

26 {5} (2) Care of children admitted or committed to
 27 the Iowa juvenile home at Toledo.

28 {6} (3) Clothing, transportation, medical, or
 29 other services provided persons attending the Iowa
 30 braille and sight saving school, the Iowa school for
 31 the deaf, or the state hospital-school for severely
 32 handicapped children at Iowa City, for which the
 33 county becomes obligated to pay pursuant to sections
 34 263.12, 269.2, and 270.4 through 270.7.

35 ~~b.--To-the-extent-that-the-board-deems-it-advisable~~
 36 ~~to-pay, the-charges-for-professional-evaluation,~~
 37 ~~treatment, training, habilitation, and care-of-persons~~
 38 ~~who-are-mentally-retarded, autistic-persons, or~~
 39 ~~persons-who-are-afflicted-by-any-other-developmental~~
 40 ~~disability, at-a-suitable-public-or-private-facility~~
 41 ~~providing-inpatient-or-outpatient-care-in-the-county-~~
 42 ~~As-used-in-this-paragraph-~~

43 ~~---{1}--"Developmental-disability"-has-the-meaning~~
 44 ~~assigned-that-term-by-42-U.S.C.-sec.-6001(7)-(1976),~~
 45 ~~Supp.-II, 1978, and Supp.-III, 1979-~~

46 ~~---{2}--"Autistic-persons"-means-persons, regardless~~
 47 ~~of-age, with-severe-communication-and-behavior~~
 48 ~~disorders-that-became-manifest-during-the-early-stages~~
 49 ~~of-childhood-development-and-that-are-characterized-by~~
 50 ~~a-severely-disabling-inability-to-understand,~~

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1 communicate, learn, and participate in social
2 relationships. -- "Autistic persons" includes but is not
3 limited to those persons afflicted by infantile
4 autism, profound aphasia, and childhood psychosis.
5 ---c.--- Care and treatment of persons placed in the
6 county hospital, county care facility, a health care
7 facility as defined in section 135C.1, subsection 6,
8 or any other public or private facility, which
9 placement is in lieu of admission or commitment to or
10 is upon discharge, removal, or transfer from a state
11 mental health institute, hospital school, or other
12 facility established pursuant to chapter 222.
13 ---d.--- Amounts budgeted by the board for the cost of
14 establishment and initial operation of a community
15 mental health center in the manner and subject to the
16 limitations provided by state law.
17 ---e. b. Foster care and related services provided
18 under court order to a child who is under the
19 jurisdiction of the juvenile court, including court-
20 ordered costs for a guardian ad litem under section
21 232.71.
22 f.--- The care, admission, commitment, and
23 transportation of mentally ill patients in state
24 hospitals, to the extent that expenses for these
25 services are required to be paid by the county,
26 including compensation for the advocate appointed
27 under section 229.19.
28 ---g.--- Amounts budgeted by the board for mental health
29 services or mental retardation services furnished to
30 persons on either an outpatient or inpatient basis, to
31 a school or other public agency, or to the community
32 at large, by a community mental health center or other
33 suitable facility located in or reasonably near the
34 county, provided that services meet the standards of
35 the mental health and developmental disabilities
36 commission created in section 225E.5 and are
37 consistent with the annual plan for services approved
38 by the board.
39 ---h.--- Reimbursement on behalf of mentally retarded
40 persons under section 249A.12.
41 i. c. Elections, and voter registration pursuant
42 to chapter 48A.
43 j. d. Employee benefits under chapters 96, 97B,
44 and 97C, which are associated with salaries for
45 general county services.
46 k. e. Joint county and city building authorities
47 established under section 346.27, as provided in
48 subsection 22 of that section.
49 l. f. Tort liability insurance, property
50 insurance, and any other insurance that may be

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1 necessary in the operation of the county, costs of a
2 self-insurance program, costs of a local government
3 risk pool, and amounts payable under any insurance
4 agreements to provide or procure such insurance, self-
5 insurance program, or local government risk pool.
6 m. g. The maintenance and operation of the courts,
7 including but not limited to the salary and expenses
8 of the clerk of the district court and other employees
9 of the clerk's office, and bailiffs, court costs if
10 the prosecution fails or if the costs cannot be
11 collected from the person liable, costs and expenses
12 of prosecution under section 189A.17, salaries and
13 expenses of juvenile court officers under chapter 602,
14 court-ordered costs in domestic abuse cases under
15 section 236.5, the county's expense for confinement of
16 prisoners under chapter 356A, temporary assistance to
17 the county attorney, county contributions to a
18 retirement system for bailiffs, reimbursement for
19 judicial magistrates under section 602.6501, claims
20 filed under section 622.93, interpreters' fees under
21 section 622B.7, uniform citation and complaint
22 supplies under section 805.6, and costs of prosecution
23 under section 815.13.

24 n. h. Court-ordered costs of conciliation
25 procedures under section 598.16.

26 o. i. Establishment and maintenance of a joint
27 county indigent defense fund pursuant to an agreement
28 under section 28E.19.

29 p. j. The maintenance and operation of a local
30 emergency management agency established pursuant to
31 chapter 29C.

32 The board may require a public or private facility,
33 as a condition of receiving payment from county funds
34 for services it has provided, to furnish the board
35 with a statement of the income, assets, and legal
36 residence including township and county of each person
37 who has received services from that facility for which
38 payment has been made from county funds under
39 paragraphs "a" through "h" and "b". However, the
40 facility shall not disclose to anyone the name or
41 street or route address of a person receiving services
42 for which commitment is not required, without first
43 obtaining that person's written permission.

44 Parents or other persons may voluntarily reimburse
45 the county or state for the reasonable cost of caring
46 for a patient or an inmate in a county or state
47 facility.

48 Sec. 10. NEW SECTION. 331.424A COUNTY MENTAL
49 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
50 DISABILITIES SERVICES FUND.

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1 1. For the purposes of this chapter, unless the
2 context otherwise requires, "services fund" means the
3 county mental health, mental retardation, and
4 developmental disabilities services fund created in
5 subsection 2. The county finance committee created in
6 section 333A.2 shall consult with the state-county
7 management committee in adopting rules and prescribing
8 forms for administering the services fund.

9 2. For the fiscal year beginning July 1, 1996, and
10 succeeding fiscal years, county revenues from taxes
11 and other sources designated for mental health, mental
12 retardation, and developmental disabilities services
13 shall be credited to the mental health, mental
14 retardation, and developmental disabilities services
15 fund of the county. The board shall make
16 appropriations from the fund for payment of services
17 provided under the county management plan approved
18 pursuant to section 331.439.

19 3. For the fiscal year beginning July 1, 1996, and
20 succeeding fiscal years, receipts from the state or
21 federal government for such services shall be credited
22 to the services fund, including moneys allotted to the
23 county from the state payment made pursuant to section
24 331.439 and moneys allotted to the county for property
25 tax relief pursuant to section 426B.1.

26 4. For the fiscal year beginning July 1, 1996, and
27 for each subsequent fiscal year, the county shall
28 certify a levy for payment of services. Unless
29 otherwise provided by state law, for each fiscal year,
30 county revenues from taxes imposed by the county
31 credited to the services fund shall not exceed an
32 amount equal to the amount of base year expenditures
33 for services in the fiscal year beginning July 1,
34 1993, and ending June 30, 1994, as defined in section
35 331.438 less the amount of property tax relief to be
36 received pursuant to section 426B.2, subsections 1 and
37 3, in the fiscal year for which the budget is
38 certified. The county auditor and the board of
39 supervisors shall reduce the amount of the levy
40 certified for the services fund by the amount of
41 property tax relief to be received.

42 5. Appropriations specifically authorized to be
43 made from the mental health, mental retardation, and
44 developmental disabilities services fund shall not be
45 made from any other fund of the county.

46 Sec. 11. Section 444.25A, subsection 3, paragraph
47 b, subparagraph (3), Code 1995, is amended to read as
48 follows:

49 (3) Need for additional moneys for health care,
50 treatment, and facilities, including ~~mental health and~~

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1 ~~mental-retardation-care-and~~ treatment pursuant to
2 section 331.424, subsection 1, paragraphs "a" through
3 "~~h~~" and "~~b~~".

4 Sec. 12. EFFECTIVE AND APPLICABILITY DATES. This
5 division of this Act takes effect January 1, 1996, and
6 is applicable to taxes payable in the fiscal year
7 beginning July 1, 1996, and subsequent fiscal years.

DIVISION III

PROPERTY TAX RELIEF PROVISIONS

10 Sec. 13. Section 222.60, unnumbered paragraph 1,
11 Code 1995, as amended by 1995 Iowa Acts, House File
12 483, section 12, is amended to read as follows:

13 All necessary and legal expenses for the cost of
14 admission or commitment or for the treatment,
15 training, instruction, care, habilitation, support and
16 transportation of persons with mental retardation, as
17 provided for in the county management plan provisions
18 implemented pursuant to section 331.439, subsection 1,
19 in a state hospital-school, or in a special unit, or
20 any public or private facility within or without the
21 state, approved by the director of the department of
22 human services, shall be paid by either:

23 Sec. 14. Section 331.438, subsection 1, paragraph
24 b, Code 1995, is amended to read as follows:

25 b. "State payment" means the payment made by the
26 state to a county determined to be eligible for the
27 payment in accordance with section 331.439.

28 1A. Except as modified based upon the actual
29 amount of the appropriation for purposes of state
30 payment under section 331.439, the amount of the state
31 payment for a fiscal year shall be calculated ~~as-fifty~~
32 ~~percent-of-the-amount-by-which-the-county's-qualified~~
33 ~~expenditures-during-the-immediately-preceding-fiscal~~
34 ~~year-were-in-excess-of-the-amount-of-the-county's-base~~
35 ~~year-expenditures~~ by applying the inflation factor
36 adjustment established in accordance with section
37 331.439, subsection 3, for that fiscal year to the
38 amount of county expenditures for qualified services
39 in the previous fiscal year. A state payment is the
40 state funding a county receives pursuant to section
41 426B.2, subsection 2. Any state funding received by a
42 county for property tax relief in accordance with
43 section 426B.2, subsections 1 and 3, is not a state
44 payment and shall not be included in the state payment
45 calculation made pursuant to this subsection.

46 Sec. 15. Section 331.439, Code 1995, is amended by
47 striking the section and inserting in lieu thereof the
48 following:

49 331.439 ELIGIBILITY FOR STATE PAYMENT.

50 1. The state payment to eligible counties under

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1 this section shall be made as provided in sections
2 331.438 and 426B.2. A county is eligible for the
3 state payment, as defined in section 331.438, for the
4 fiscal year beginning July 1, 1996, and for subsequent
5 fiscal years if the director of human services, in
6 consultation with the state-county management
7 committee, determines for a specific fiscal year that
8 all of the following conditions are met:

9 a. The county accurately reported by October 15
10 the county's expenditures for mental health, mental
11 retardation, and developmental disabilities services
12 for the previous fiscal year on forms prescribed by
13 the department of human services.

14 b. The county developed and implemented a county
15 management plan for the county's mental health, mental
16 retardation, and developmental disabilities services
17 in accordance with the provisions of this paragraph.
18 The plan shall comply with the administrative rules
19 adopted for this purpose by the council on human
20 services and is subject to the approval of the
21 director of human services in consultation with the
22 state-county management committee created in section
23 331.438. The plan shall include a description of the
24 county's service management provision for mental
25 health, mental retardation, and developmental
26 disabilities services. For mental retardation and
27 developmental disabilities service management, the
28 plan shall describe the county's development and
29 implementation of a managed system of cost-effective
30 individualized services and shall comply with the
31 provisions of paragraph "d". The goal of this part of
32 the plan shall be to assist the individuals served to
33 be as independent, productive, and integrated into the
34 community as possible. The service management
35 provisions for mental health shall comply with the
36 provisions of paragraph "c".

37 c. (1) For mental health service management, the
38 county may either directly implement a system of
39 service management and contract with service
40 providers, or contract with a private entity to manage
41 the system, provided all requirements of this lettered
42 paragraph are met by the private entity. The mental
43 health service management shall incorporate a single
44 entry point and clinical assessment process developed
45 in accordance with the provisions of section 331.440.
46 The county shall submit this part of the plan to the
47 department of human services for approval by April 1
48 for the succeeding year. Initially, this part of the
49 plan shall be submitted to the department by April 1,
50 1996, and the county shall implement the approved plan

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1 by July 1, 1996.

2 (2) The basis for determining whether a managed
3 care system for mental health proposed by a county is
4 comparable to a mental health managed care contractor
5 approved by the department of human services shall
6 include but is not limited to all of the following
7 elements which shall be specified in administrative
8 rules adopted by the council on human services in
9 consultation with the state-county management
10 committee:

11 (a) The enrollment and eligibility process.

12 (b) The scope of services included.

13 (c) The method of plan administration.

14 (d) The process for managing utilization and
15 access to services and other assistance.

16 (e) The quality assurance process.

17 (f) The risk management provisions and fiscal
18 viability of the provisions, if the county contracts
19 with a private managed care entity.

20 d. For mental retardation and developmental
21 disabilities services management, the county must
22 either develop and implement a managed system of care
23 which addresses a full array of appropriate services
24 and cost-effective delivery of services or contract
25 with a state-approved managed care contractor or
26 contractors. Any system or contract implemented under
27 this paragraph shall incorporate a single entry point
28 and clinical assessment process developed in
29 accordance with the provisions of section 331.440.
30 The elements of the managed system of care and the
31 state-approved managed care contract or contracts
32 shall be specified in rules developed by the
33 department of human services in consultation with the
34 state-county management committee and adopted by the
35 council on human services. Initially, this part of
36 the plan shall be submitted to the department for
37 approval on or before October 1, 1996, and shall be
38 implemented on or before January 1, 1997. In fiscal
39 years succeeding the fiscal year of initial
40 implementation, this part of the plan shall be
41 submitted to the department of human services for
42 approval by April 1 for the succeeding fiscal year.

43 e. Changes to the approved plan are submitted at
44 least sixty days prior to the proposed change and are
45 not to be implemented prior to the director of human
46 services' approval.

47 2. The county management plan shall address the
48 county's criteria for serving persons with chronic
49 mental illness, including any rationale used for
50 decision making regarding this population.

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1 3. a. For the fiscal year beginning July 1, 1996,
2 and succeeding fiscal years, the county's mental
3 health, mental retardation, and developmental
4 disabilities service expenditures for a fiscal year
5 are limited to a fixed budget amount. The fixed
6 budget amount shall be the amount identified in the
7 county's management plan and budget for the fiscal
8 year. The county shall be allowed an inflation factor
9 adjustment for services paid from the county's
10 services fund under section 331.424A which is in
11 accordance with the county's management plan and
12 budget, implemented pursuant to this section.

13 b. Based upon information contained in county
14 management plans and budgets, the state-county
15 management committee shall recommend an inflation
16 factor adjustment to the council on human services by
17 November 15 for the succeeding fiscal year. The
18 inflation factor adjustment shall address costs
19 associated with new consumers of service, service cost
20 inflation, and investments for economy and efficiency.
21 The council on human services shall recommend to the
22 governor the amount of the inflation factor adjustment
23 for the succeeding fiscal year for inclusion in the
24 governor's proposed budget for the succeeding fiscal
25 year.

26 c. If the general assembly has not revised the
27 amount of the inflation factor adjustment for a fiscal
28 year on the date county budgets must be approved and
29 levies must be certified for that fiscal year, the
30 budgets and levies shall utilize the inflation factor
31 adjustment for that fiscal year recommended by the
32 governor in the governor's proposed budget.

33 4. A county may provide assistance to service
34 populations with disabilities to which the county has
35 historically provided assistance but who are not
36 included in the service management provisions required
37 under subsection 1, subject to the availability of
38 funding.

39 5. Notwithstanding any other provision of law to
40 the contrary, a county shall have no obligation to pay
41 for or provide mental health, mental retardation, or
42 developmental disabilities services for any person
43 that applies through the county's single entry point
44 and clinical assessment process after the moneys in
45 the county services fund under section 331.424A are
46 expended.

47 6. A county shall implement the county's
48 management plan in a manner so as to provide adequate
49 funding for the entire fiscal year by budgeting for
50 ninety-nine percent of the funding anticipated to be

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1 available for the plan. A county may expend all of
2 the funding anticipated to be available for the plan.
3 7. The director's approval of a county's mental
4 health, mental retardation, and developmental
5 disabilities services management plan shall not be
6 construed to constitute certification of the county's
7 budget.

8 Sec. 16. Section 331.440, subsection 1, Code 1995,
9 is amended by adding the following new paragraph:
10 NEW PARAGRAPH. c. The single entry point and
11 clinical assessment process shall include provision
12 for the county's participation in a management
13 information system developed in accordance with rules
14 adopted pursuant to subsection 3.

15 Sec. 17. NEW SECTION. 426B.1 APPROPRIATIONS --
16 PROPERTY TAX RELIEF FUND.

17 1. A property tax relief fund is created in the
18 state treasury under the authority of the department
19 of revenue and finance. The fund shall be separate
20 from the general fund of the state and shall not be
21 considered part of the general fund of the state
22 except in determining the cash position of the state
23 for payment of state obligations. The moneys in the
24 fund are not subject to the provisions of section 8.33
25 and shall not be transferred, used, obligated,
26 appropriated, or otherwise encumbered except as
27 provided in this section. Moneys in the fund may be
28 used for cash flow purposes, provided that any moneys
29 so allocated are returned to the fund by the end of
30 each fiscal year. However, the fund shall be
31 considered a special account for the purposes of
32 section 8.53, relating to elimination of any GAAP
33 deficit. For the purposes of this chapter, unless the
34 context otherwise requires, "property tax relief fund"
35 means the property tax relief fund created in this
36 section.

37 2. There is appropriated to the property tax
38 relief fund for the indicated fiscal years from the
39 general fund of the state the following amounts:

40 a. For the fiscal year beginning July 1, 1995,
41 sixty-one million dollars.

42 b. For the fiscal year beginning July 1, 1996,
43 seventy-eight million dollars.

44 c. For the fiscal year beginning July 1, 1997, and
45 succeeding fiscal years, ninety-five million dollars.

46 Sec. 18. NEW SECTION. 426B.2 PROPERTY TAX RELIEF
47 FUND DISTRIBUTIONS.

48 Moneys in the property tax relief fund shall be
49 utilized in each fiscal year as follows in the order
50 listed:

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1 1. The first sixty-one million dollars plus the
2 amount paid pursuant to subsection 3 in the previous
3 fiscal year in the property tax relief fund shall be
4 distributed to counties under this subsection. A
5 county's proportion of the moneys shall be equivalent
6 to the sum of the following three factors:

7 a. One-third based upon the county's proportion of
8 the state's general population.

9 b. One-third based upon the county's proportion of
10 the state's total taxable property valuation assessed
11 for taxes payable in the previous fiscal year.

12 c. One-third based upon the county's proportion of
13 all counties' base year expenditures, as defined in
14 section 331.438.

15 Moneys provided to a county for property tax relief
16 in a fiscal year in accordance with this section shall
17 not be less than the amount provided for property tax
18 relief in the previous fiscal year.

19 2. Payment of moneys to eligible counties of the
20 state payment in accordance with the provisions of
21 sections 331.438 and 331.439.

22 3. For the fiscal year beginning July 1, 1996, and
23 succeeding fiscal years, the department of human
24 services shall estimate the amount of moneys required
25 for the state payment pursuant to subsection 2.

26 Moneys remaining in the property tax relief fund
27 following the payment made pursuant to subsection 1
28 and the estimated amount of the state payment pursuant
29 to subsection 2 shall be paid for property tax relief
30 in the same manner as provided in subsection 1 to
31 counties eligible for state payment under subsection
32 2. These payments shall continue until the combined
33 amount of the payments made under this subsection and
34 subsection 1 are equal to fifty percent of the total
35 of all counties' base year expenditures as defined in
36 section 331.438. The amount of moneys paid to a
37 county pursuant to this subsection shall be added in
38 subsequent fiscal years to the amount of moneys paid
39 under subsection 1.

40 4. Moneys remaining in the property tax relief
41 fund following the payments made pursuant to
42 subsections 1, 2, and 3 shall be transferred to the
43 homestead credit fund created in section 425.1. This
44 transfer shall continue until the homestead credit is
45 fully funded.

46 5. The department of human services shall notify
47 the director of revenue and finance of the amounts due
48 a county in accordance with the provisions of this
49 section. The director of revenue and finance shall
50 draw warrants on the property tax relief fund, payable

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1 to the county treasurer in the amount due to a county
2 in accordance with subsections 1 and 3 and mail the
3 warrants to the county auditors in September and March
4 of each year. Warrants for the state payment in
5 accordance with subsection 2 shall be mailed in
6 January of each year.

7 Sec. 19. NEW SECTION. 426B.3 NOTIFICATION OF
8 MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
9 DISABILITIES EXPENDITURE RELIEF FUND PAYMENT.

10 1. The county auditor shall reduce the certified
11 budget amount received from the board of supervisors
12 for the succeeding fiscal year for the county mental
13 health, mental retardation, and developmental
14 disabilities services fund created in section 331.424A
15 by an amount equal to the amount the county will
16 receive from the property tax relief fund pursuant to
17 section 426B.2, subsections 1 and 3, for the
18 succeeding fiscal year and the auditor shall determine
19 the rate of taxation necessary to raise the reduced
20 amount. On the tax list, the county auditor shall
21 compute the amount of taxes due and payable on each
22 parcel before and after the amount received from the
23 property tax relief fund is used to reduce the county
24 budget. The director of revenue and finance shall
25 notify the county auditor of each county of the amount
26 of moneys the county will receive from the property
27 tax relief fund pursuant to section 426B.2,
28 subsections 1 and 3, for the succeeding fiscal year.

29 2. The amount of property tax dollars reduced on
30 each parcel as a result of the moneys received from
31 the property tax relief fund pursuant to section
32 426B.2, subsections 1 and 3, shall be noted on each
33 tax statement prepared by the county treasurer
34 pursuant to section 445.23.

35 Sec. 20. NEW SECTION. 426B.4 RULES.

36 The council on human services shall consult with
37 the state-county management committee created in
38 section 331.438 and the director of revenue and
39 finance in prescribing forms and adopting rules
40 pursuant to chapter 17A to administer this chapter.

41 Sec. 21. PROPERTY TAX RELIEF -- FISCAL YEAR 1995-
42 1996. For the fiscal year beginning July 1, 1995, the
43 department of management shall notify each county
44 auditor by June 1, 1995, of the amount the county will
45 receive from the property tax relief fund for property
46 tax relief pursuant to section 426B.2, subsection 1,
47 for that fiscal year. The county auditor shall reduce
48 by the notified amount the amount of the county's
49 certified budget to be raised by property tax for that
50 fiscal year which is to be expended for mental health,

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1 mental retardation, and developmental disabilities
2 services and shall revise the rate of taxation as
3 necessary to raise the reduced amount. The county
4 auditor shall report the reduction in the certified
5 budget and the revised rate of taxation to the
6 department of management by June 30, 1995.

7 Sec. 22. FUNDING OF SESSION LAW REQUIREMENTS. If
8 the appropriations in section 426B.1, subsection 2, as
9 created in this division of this Act, are enacted by
10 this Act, the requirements of 1994 Iowa Acts, chapter
11 1163, section 8, subsection 2, to fully fund
12 provisions of sections 331.438 and 331.439 shall be
13 considered to be met and the repeals contained in 1994
14 Iowa Acts, chapter 1163, section 8, subsection 2,
15 shall be void.

16 Sec. 23. STATE-COUNTY MANAGEMENT COMMITTEE REVIEW
17 -- 1995 INTERIM. The state-county management
18 committee created in section 331.438 shall review
19 statutory provisions and administrative rules which
20 are intended to regulate and contain county
21 expenditures for mental health, mental retardation,
22 and developmental disabilities (MH/MR/DD) services and
23 the formula for distribution of property tax relief
24 moneys to counties under section 426B.2. The
25 committee should consider proposals from counties and
26 other interested persons for a distribution formula
27 factor which rewards or provides incentives for
28 economy and efficiency in providing mental health,
29 mental retardation, and developmental disabilities
30 services; and a mechanism for a county to appeal to
31 the state if it is believed the county is unfairly
32 treated under an established funding formula. In
33 addition, the committee shall consider tort and other
34 liability issues associated with a county managing
35 MH/MR/DD expenditures in accordance with a fixed
36 budget and make recommendations to address the issues.
37 The committee shall review the dates required under
38 section 331.439 and chapter 426B, as enacted by this
39 Act and make recommendations for change if revisions
40 are deemed necessary. The committee shall report to
41 the governor and the general assembly on or before
42 December 1, 1995.

43 Sec. 24. LEVY STUDY. The county finance committee
44 created in chapter 333A shall consult with any
45 interested parties in studying the ramifications of
46 consolidating the county general basic levies and the
47 general supplemental levies and other proposals
48 involving the levies. The committee shall be assisted
49 by four legislators with one each appointed by the
50 following leaders: majority leader of the senate,

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1 minority leader of the senate, speaker of the house of
2 representatives, and minority leader of the house of
3 representatives. The legislative appointees are
4 eligible for per diem and actual expenses for their
5 assistance to the committee. The committee shall
6 report to the governor and the general assembly with
7 findings and recommendations on or before January 4,
8 1996.

9 Sec. 25. EFFECTIVE DATE. Section 21 of this
10 division of this Act, relating to property tax relief
11 for fiscal year 1995-1996, being deemed of immediate
12 importance, takes effect upon enactment.

DIVISION IV

COUNTY PROPERTY TAX LIMITATION

15 Sec. 26. Section 444.25A, subsection 1, Code 1995,
16 is amended to read as follows:

17 1. COUNTY LIMITATION. The maximum amount of
18 property tax dollars which may be certified by a
19 county for taxes payable in the fiscal year beginning
20 July 1, 1995, shall not exceed the amount of property
21 tax dollars certified by the county for taxes payable
22 in the fiscal year beginning July 1, 1994, minus the
23 amount of property tax relief moneys to be received by
24 the county for the fiscal year beginning July 1, 1995,
25 pursuant to section 426B.2, subsection 1, and the
26 maximum amount of property tax dollars which may be
27 certified by a county for taxes payable in the fiscal
28 year beginning July 1, 1996, shall not exceed the
29 amount of property tax dollars certified by the county
30 for taxes payable in the fiscal year beginning July 1,
31 1995, minus the amount by which the property tax
32 relief moneys to be received by the county in the
33 fiscal year beginning July 1, 1996, pursuant to
34 section 426B.2, subsections 1 and 3, exceeds the
35 amount of the property tax relief moneys received in
36 the fiscal year beginning July 1, 1995, for each of
37 the levies for the following, except for the levies on
38 the increase in taxable valuation due to new
39 construction, additions or improvements to existing
40 structures, remodeling of existing structures for
41 which a building permit is required, annexation, and
42 phasing out of tax exemptions, and on the increase in
43 valuation of taxable property as a result of a
44 comprehensive revaluation by a private appraiser under
45 a contract entered into prior to January 1, 1992, or
46 as a result of a comprehensive revaluation directed or
47 authorized by the conference board prior to January 1,
48 1992, with documentation of the contract,
49 authorization, or directive on the revaluation
50 provided to the director of revenue and finance, if

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1 the levies are equal to or less than the levies for
2 the previous year, levies on that portion of the
3 taxable property located in an urban renewal project
4 the tax revenues from which are no longer divided as
5 provided in section 403.19, subsection 2, or as
6 otherwise provided in this section:

7 a. General county services under section 331.422,
8 subsection 1.

9 b. Rural county services under section 331.422,
10 subsection 2.

11 c. Other taxes under section 331.422, subsection
12 4.

13 Sec. 27. NEW SECTION. 444.25B PROPERTY TAX
14 LIMITATION FOR FISCAL YEAR 1998.

15 1. COUNTY LIMITATION. The maximum amount of
16 property tax dollars which may be certified by a
17 county for taxes payable in the fiscal year beginning
18 July 1, 1997, shall not exceed the amount of property
19 tax dollars certified by the county for taxes payable
20 in the fiscal year beginning July 1, 1996, minus the
21 amount by which the property tax relief moneys to be
22 received by the county in the fiscal year beginning
23 July 1, 1997, pursuant to section 426B.2, subsections
24 1 and 3, exceeds the amount of the property tax relief
25 moneys received in the fiscal year beginning July 1,
26 1996, for each of the levies for the following, except
27 for the levies on the increase in taxable valuation
28 due to new construction, additions or improvements to
29 existing structures, remodeling of existing structures
30 for which a building permit is required, annexation,
31 and phasing out of tax exemptions, and on the increase
32 in valuation of taxable property as a result of a
33 comprehensive revaluation by a private appraiser under
34 a contract entered into prior to January 1, 1992, or
35 as a result of a comprehensive revaluation directed or
36 authorized by the conference board prior to January 1,
37 1992, with documentation of the contract,
38 authorization, or directive on the revaluation
39 provided to the director of revenue and finance, if
40 the levies are equal to or less than the levies for
41 the previous year, levies on that portion of the
42 taxable property located in an urban renewal project
43 the tax revenues from which are no longer divided as
44 provided in section 403.19, subsection 2, or as
45 otherwise provided in this section:

46 a. General county services under section 331.422,
47 subsection 1.

48 b. Rural county services under section 331.422,
49 subsection 2.

50 c. Other taxes under section 331.422, subsection

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1 4.

2 2. EXCEPTIONS. The limitations provided in
3 subsection 1 do not apply to the levies made for the
4 following:

5 a. Debt service to be deposited into the debt
6 service fund pursuant to section 331.430.

7 b. Taxes approved by a vote of the people which
8 are payable during the fiscal year beginning July 1,
9 1997.

10 c. Hospitals pursuant to chapters 37, 347, and
11 347A.

12 d. Emergency management to be deposited into the
13 local emergency management fund and expended for
14 development of hazardous substance teams pursuant to
15 chapter 29C.

16 e. Unusual need for additional moneys to finance
17 existing programs which would provide substantial
18 benefit to county residents or compelling need to
19 finance new programs which would provide substantial
20 benefit to county residents. The increase in taxes
21 levied under this exception for the fiscal year
22 beginning July 1, 1997, is limited to no more than the
23 product of the total tax dollars levied in the fiscal
24 year beginning July 1, 1996, and the percent change,
25 computed to two decimal places, in the price index for
26 government purchases by type for state and local
27 governments computed for the third quarter of calendar
28 year 1996 from that computed for the third quarter of
29 calendar year 1995.

30 For purposes of this paragraph, the price index for
31 government purchases by type for state and local
32 governments is defined by the bureau of economic
33 analysis of the United States department of commerce
34 and published in table 7.11 of the national income and
35 products accounts. For the fiscal year beginning July
36 1, 1997, the price index used shall be the revision
37 published in the November 1996 edition of the United
38 States department of commerce publication, "survey of
39 current business". For purposes of this paragraph,
40 tax dollars levied in the fiscal year beginning July
41 1, 1996, shall not include funds levied for paragraphs
42 "a", "b", and "c" of this subsection.

43 Application of this exception shall require an
44 original publication of the budget and a public
45 hearing and a second publication and a second hearing
46 both in the manner and form prescribed by the director
47 of the department of management, notwithstanding the
48 provisions of section 331.434. The publications and
49 hearings prescribed in this paragraph shall be held
50 and the budget certified no later than March 15. The

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1 taxes levied for counties whose budgets are certified
2 after March 15, 1997, shall be frozen at the fiscal
3 year beginning July 1, 1996, level.

4 3. APPEAL PROCEDURES. In lieu of the procedures
5 in sections 24.48 and 331.426, which procedures do not
6 apply for taxes payable in the fiscal year beginning
7 July 1, 1997, if a county needs to raise property tax
8 dollars from a tax levy in excess of the limitations
9 imposed by subsection 1, the following procedures
10 apply:

11 a. Not later than March 1, and after the
12 publication and public hearing on the budget in the
13 manner and form prescribed by the director of the
14 department of management, notwithstanding section
15 331.434, the county shall petition the state appeal
16 board for approval of a property tax increase in
17 excess of the increase provided for in subsection 2,
18 paragraph "e", on forms furnished by the director of
19 the department of management. Applications received
20 after March 1 shall be automatically ineligible for
21 consideration by the board.

22 b. Additional costs incurred by the county due to
23 any of the following circumstances shall be the basis
24 for justifying the excess in property tax dollars:

25 (1) Natural disaster or other life-threatening
26 emergencies.

27 (2) Unusual need for additional moneys to finance
28 existing programs which would provide substantial
29 benefit to county residents or compelling need to
30 finance new programs which would provide substantial
31 benefit to county residents.

32 (3) Need for additional moneys for health care,
33 treatment, and facilities pursuant to section 331.424,
34 subsection 1, paragraphs "a" and "b".

35 (4) Judgments, settlements, and related costs
36 arising out of civil claims against the county and its
37 officers, employees, and agents, as defined in chapter
38 670.

39 c. The state appeal board shall approve,
40 disapprove, or reduce the amount of excess property
41 tax dollars requested. The board shall take into
42 account the intent of this section to provide property
43 tax relief. The decision of the board shall be
44 rendered at a regular or special meeting of the board
45 within twenty days of the board's receipt of an
46 appeal.

47 d. Within seven days of receipt of the decision of
48 the state appeal board, the county shall adopt and
49 certify its budget under section 331.434, which budget
50 may be protested as provided in section 331.436. The

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1 budget shall not contain an amount of property tax
2 dollars in excess of the amount approved by the state
3 appeal board.

4 4. Rate adjustment by county auditor. In addition
5 to the requirement of the county auditor in section
6 444.3 to establish a rate of tax which does not exceed
7 the rate authorized by law, the county auditor shall
8 also adjust the rate if the amount of property tax
9 dollars to be raised is in excess of the amount
10 specified in subsection 1, as may be adjusted pursuant
11 to subsection 3.

12 Sec. 28. Section 444.27, Code 1995, is amended to
13 read as follows:

14 444.27 SECTIONS VOID.

15 1. For purposes of section 444.25, sections 24.48
16 and 331.426 are void for the fiscal years beginning
17 July 1, 1993, and July 1, 1994. For purposes of
18 section 444.25A, sections 24.48 and 331.426 are void
19 for the fiscal years beginning July 1, 1995, and July
20 1, 1996.

21 2. For purposes of section 444.25B, sections 24.48
22 and 331.426 are void for the fiscal year beginning
23 July 1, 1997.

24 DIVISION V

25 INDUSTRIAL MACHINERY, EQUIPMENT AND COMPUTERS PROPERTY
26 TAX

27 EXEMPTION AND REPLACEMENT

28 Sec. 29. Section 427B.17, Code 1995, is amended to
29 read as follows:

30 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

31 1. For property defined in section 427A.1,
32 subsection 1, paragraphs "e" and "j", acquired or
33 initially leased on or after January 1, 1982, the
34 taxpayer's valuation shall be limited to thirty
35 percent of the net acquisition cost of the property,
36 except as otherwise provided in subsections 2 and 3.
37 For purposes of this section, "net acquisition cost"
38 means the acquired cost of the property including all
39 foundations and installation cost less any excess cost
40 adjustment.

41 For purposes of this section subsection:

42 ~~1. Property assessed by the department of revenue~~
43 ~~and finance pursuant to sections 428.24 to 428.29, or~~
44 ~~chapters 433, 434 and 436 to 438 shall not receive the~~
45 ~~benefits of this section.~~

46 2. a. Property acquired before January 1, 1982,
47 which was owned or used before January 1, 1982, by a
48 related person shall not receive the benefits of this
49 section subsection.

50 3. b. Property acquired on or after January 1,

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1 1982, which was owned and used by a related person
2 shall not receive any additional benefits under this
3 section subsection.

4 4- c. Property which was owned or used before
5 January 1, 1982, and subsequently acquired by an
6 exchange of like property shall not receive the
7 benefits of this section subsection.

8 5- d. Property which was acquired on or after
9 January 1, 1982, and subsequently exchanged for like
10 property shall not receive any additional benefits
11 under this section subsection.

12 6- e. Property acquired before January 1, 1982,
13 which is subsequently leased to a taxpayer or related
14 person who previously owned the property shall not
15 receive the benefits of this section subsection.

16 7- f. Property acquired on or after January 1,
17 1982, which is subsequently leased to a taxpayer or
18 related person who previously owned the property shall
19 not receive any additional benefits under this section
20 subsection.

21 For purposes of this section subsection, "related
22 person" means a person who owns or controls the
23 taxpayer's business and another business entity from
24 which property is acquired or leased or to which
25 property is sold or leased. Business entities are
26 owned or controlled by the same person if the same
27 person directly or indirectly owns or controls fifty
28 percent or more of the assets or any class of stock or
29 who directly or indirectly has an interest of fifty
30 percent or more in the ownership or profits.

31 2. Property defined in section 427A.1, subsection
32 1, paragraphs "e" and "j", which is first assessed for
33 taxation in this state on or after January 1, 1995,
34 shall be exempt from taxation.

35 3. Property defined in section 427A.1, subsection
36 1, paragraphs "e" and "j", and assessed under section
37 427B.17, subsection 1, shall be valued by the local
38 assessor as follows for the following assessment
39 years:

40 a. For the assessment year beginning January 1,
41 1999, at twenty-two percent of the net acquisition
42 cost.

43 b. For the assessment year beginning January 1,
44 2000, at fourteen percent of the net acquisition cost.

45 c. For the assessment year beginning January 1,
46 2001, at six percent of the net acquisition cost.

47 d. For the assessment year beginning January 1,
48 2002, and succeeding assessment years, at zero percent
49 of the net acquisition cost.

50 4. Property assessed pursuant to this section

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1 shall not be eligible to receive a partial exemption
2 under sections 427B.1 to 427B.6.

3 5. This section shall not apply to property
4 assessed by the department of revenue and finance
5 pursuant to sections 428.24 to 428.29, or chapters
6 433, 434, and 436 to 438, and such property shall not
7 receive the benefits of this section.

8 Any electric power generating plant which operated
9 during the preceding assessment year at a net capacity
10 factor of more than twenty percent, shall not receive
11 the benefits of this section or of sections 15.332 and
12 15.334. For purposes of this section, "electric power
13 generating plant" means any name plate rated electric
14 power generating plant, in which electric energy is
15 produced from other forms of energy, including all
16 taxable land, buildings, and equipment used in the
17 production of such energy. "Net capacity factor"
18 means net actual generation divided by the product of
19 net maximum capacity times the number of hours the
20 unit was in the active state during the assessment
21 year. Upon commissioning, a unit is in the active
22 state until it is decommissioned. "Net actual
23 generation" means net electrical megawatt hours
24 produced by the unit during the preceding assessment
25 year. "Net maximum capacity" means the capacity the
26 unit can sustain over a specified period when not
27 restricted by ambient conditions or equipment
28 deratings, minus the losses associated with station
29 service or auxiliary loads.

30 6. The taxpayer's valuation of property defined in
31 section 427A.1, subsection 1, paragraphs "e" and "j",
32 and located in an urban renewal area for which an
33 urban renewal plan provides for the division of taxes
34 as provided in section 403.19 to pay the principal and
35 interest on loans, advances, bonds issued under the
36 authority of section 403.9, subsection 1, or
37 indebtedness incurred by a city or county to finance
38 an urban renewal project within the urban renewal
39 area, if such loans, advances, or bonds were issued or
40 indebtedness incurred, on or after January 1, 1982,
41 and on or before June 30, 1995, shall be limited to
42 thirty percent of the net acquisition cost of the
43 property. Such property located in an urban renewal
44 area shall not be valued pursuant to subsection 2 or
45 3, whichever is applicable, until the assessment year
46 following the calendar year in which the obligations
47 created by any loans, advances, bonds, or indebtedness
48 payable from the division of taxes as provided in
49 section 403.19 have been retired. The taxpayer's
50 valuation for such property shall then be the

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1 valuation specified in subsection 2 or 3, whichever is
2 applicable, for the applicable assessment year. If
3 the loans, advances, or bonds issued, or indebtedness
4 incurred between January 1, 1982, and June 30, 1995,
5 are refinanced or refunded after June 30, 1995, the
6 valuation of such property shall then be the valuation
7 specified in subsection 2 or 3, whichever is
8 applicable, for the applicable assessment year
9 beginning with the assessment year following the
10 calendar year in which any of those loans, advances,
11 bonds, or other indebtedness are refinanced or
12 refunded after June 30, 1995.

13 7. For the purpose of dividing taxes under section
14 260E.4 or 260F.4, the employer's or business's
15 valuation of property defined in section 427A.1,
16 subsection 1, paragraphs "e" and "j", and used to fund
17 a new jobs training project which project's first
18 written agreement providing for a division of taxes as
19 provided in section 403.19 is approved on or before
20 June 30, 1995, shall be limited to thirty percent of
21 the net acquisition cost of the property. An
22 employer's or business's taxable property used to fund
23 a new jobs training project shall not be valued
24 pursuant to subsection 2 or 3, whichever is
25 applicable, until the assessment year following the
26 calendar year in which the certificates or other
27 funding obligations have been retired or escrowed.
28 The taxpayer's valuation for such property shall then
29 be the valuation specified in subsection 1 for the
30 applicable assessment year. If the certificates
31 issued, or other funding obligations incurred, between
32 January 1, 1982, and June 30, 1995, are refinanced or
33 refunded after June 30, 1995, the valuation of such
34 property shall then be the valuation specified in
35 subsection 2 or 3, whichever is applicable, for the
36 applicable assessment year beginning with the
37 assessment year following the calendar year in which
38 those certificates or other funding obligations are
39 refinanced or refunded after June 30, 1995.

40 -Sec. 30. NEW SECTION. 427B.18 REPLACEMENT.

41 Beginning with the fiscal year beginning July 1,
42 1996, each county treasurer shall be paid from the
43 industrial machinery, equipment and computers
44 replacement fund an amount equal to the amount of the
45 industrial machinery, equipment and computers tax
46 replacement claim, as calculated in section 427B.19.

47 Sec. 31. NEW SECTION. 427B.19 ASSESSOR AND
48 COUNTY AUDITOR DUTIES.

49 1. On or before July 1 of each fiscal year, the
50 assessor shall determine the total assessed value of

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1 the property assessed under section 427B.17 for taxes
2 payable in that fiscal year and the total assessed
3 value of such property assessed as of January 1, 1994,
4 and shall report the valuations to the county auditor.

5 2. On or before July 1 of each fiscal year, the
6 assessor shall determine the valuation of all
7 commercial and industrial property assessed for taxes
8 payable in that fiscal year and the valuation of such
9 property assessed as of January 1, 1994, and shall
10 report the valuations to the county auditor.

11 3. On or before July 1, 1996, and on or before
12 July 1 of each succeeding fiscal year through June 30,
13 2006, the county auditor shall prepare a statement,
14 based upon the report received pursuant to subsections
15 1 and 2, listing for each taxing district in the
16 county:

17 a. Beginning with the assessment year beginning
18 January 1, 1995, the difference between the assessed
19 valuation of property assessed pursuant to section
20 427B.17 for that year and the total assessed value of
21 such property assessed as of January 1, 1994. If the
22 total assessed value of the property assessed as of
23 January 1, 1994, is less, there is no tax replacement
24 for the fiscal year.

25 b. The tax levy rate for each taxing district for
26 that fiscal year.

27 c. The industrial machinery, equipment and
28 computers tax replacement claim for each taxing
29 district. For fiscal years beginning July 1, 1996,
30 and ending June 30, 2001, the replacement claim is
31 equal to the amount determined pursuant to paragraph
32 "a", multiplied by the tax rate specified in paragraph
33 "b". For fiscal years beginning July 1, 2001, and
34 ending June 30, 2006, the replacement claim is equal
35 to the product of the amount determined pursuant to
36 paragraph "a", less any increase in valuations
37 determined in paragraph "d", and the tax rate
38 specified in paragraph "b". If the amount subtracted
39 under paragraph "d" is more than the amount determined
40 in paragraph "a", there is no tax replacement for the
41 fiscal year.

42 d. Beginning with the assessment year beginning
43 January 1, 2000, the auditor shall reduce the amount
44 listed in paragraph "a", by the increase, if any, in
45 assessed valuations of commercial and industrial
46 property in the assessment year beginning January 1,
47 1994, and the assessment year for which taxes are due
48 and payable in that fiscal year. If the calculation
49 under this paragraph indicates a net decrease in
50 aggregate valuation of such property, the industrial

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1 machinery, equipment and computers tax replacement
2 claim for each taxing district is equal to the amount
3 determined pursuant to paragraph "a", multiplied by
4 the tax rate specified in paragraph "b".

5 4. The county auditor shall certify and forward
6 one copy of the statement to the department of revenue
7 and finance not later than July 1 of each year.

8 Sec. 32. NEW SECTION. 427B.19A FUND CREATED.

9 1. The industrial machinery, equipment and
10 computers property tax replacement fund is created.
11 For the fiscal year beginning July 1, 1996, through
12 the fiscal year ending June 30, 2006, there is
13 appropriated annually from the general fund of the
14 state to the department of revenue and finance to be
15 credited to the industrial machinery, equipment and
16 computers property tax replacement fund, an amount
17 sufficient to implement this division.

18 2. If an amount appropriated for a fiscal year is
19 insufficient to pay all claims, the director shall
20 prorate the disbursements from the fund to the county
21 treasurers and shall notify the county auditors of the
22 pro rata percentage on or before August 1.

23 3. The replacement claims shall be paid to each
24 county treasurer in equal installments in September
25 and March of each year. The county treasurer shall
26 apportion the replacement claim payments among the
27 eligible taxing districts in the county.

28 Sec. 33. NEW SECTION. 427B.19B GUARANTEE OF
29 STATE REPLACEMENT FUNDS.

30 For the fiscal years beginning July 1, 1996, and
31 ending June 30, 2006, if the industrial machinery,
32 equipment and computers property tax replacement fund
33 is insufficient to pay in full the total of the
34 amounts certified to the director of revenue and
35 finance, the director shall compute for each county
36 the difference between the total of all replacement
37 claims for each taxing district within the county and
38 the amount paid to the county treasurer for
39 disbursement to each taxing district in the county.
40 The assessor, for the assessment year for which taxes
41 are due and payable in the fiscal year for which a
42 sufficient appropriation was not made, shall revalue
43 all industrial machinery, equipment and computers
44 described in section 427B.17, subsections 2 and 3, in
45 the county at a percentage of net acquisition cost
46 which will yield from each taxing district its
47 shortfall and the property shall be assessed and taxed
48 in such manner for taxes due and payable in the
49 following fiscal year in addition to being assessed
50 and taxed in the applicable manner under section

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1 427B.17. When conducting the revaluation, the
2 assessor shall increase the percentage of net
3 acquisition cost of such property by the same
4 percentage point. Property tax dollar amounts
5 certified pursuant to this section shall not be
6 considered property tax dollars certified for purposes
7 of the property tax limitation in chapter 444.

8 Sec. 34. Section 257.3, subsection 1, Code 1995,
9 is amended by adding the following new unnumbered
10 paragraph:

11 NEW UNNUMBERED PARAGRAPH. The amount paid to each
12 school district for the tax replacement claim for
13 industrial machinery, equipment and computers under
14 section 427B.19A shall be regarded as property tax.
15 The portion of the payment which is foundation
16 property tax shall be determined by applying the
17 foundation property tax rate to the amount computed
18 under section 427B.19, subsection 3, paragraph "a", as
19 adjusted by paragraph "d", if any adjustment was made.

20 DIVISION VI

21 FISCAL YEAR 1996 PAYMENT

22 Sec. 35. FISCAL YEAR 1996 RELIEF FUND PAYMENT.
23 Notwithstanding 1995 Iowa Acts, House File 132,
24 section 13, the appropriation in that section shall
25 not be made from the general fund of the state but
26 shall be made from the property tax relief fund
27 created in section 426B.1, as enacted by this Act.
28 Notwithstanding section 426B.2, subsection 2, as
29 enacted by this Act, for the fiscal year beginning
30 July 1, 1995, the amount of moneys distributed under
31 that subsection shall be \$54.4 million."

32 2. Title page, by striking lines 1 through 4 and
33 inserting the following: "An Act relating to tax
34 provisions involving state income tax, certain county
35 property tax and services associated with mental
36 health and developmental disabilities services, the
37 county property tax limitation, and property tax on
38 industrial machinery, equipment and computers,
39 providing appropriations, and providing effective and
40 applicability dates.""

By TOM VILSACK
WILLIAM D. PALMER
BERL E. PRIEBE
TONY BISIGNANO
DENNIS H. BLACK
LEONARD L. BOSWELL
MIKE CONNOLLY
DICK L. DEARDEN
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WALLY HORN
EMIL J. HUSAK
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JOHN P. KIBBIE
MARY NEUHAUSER
ALBERT SORENSEN
ELAINE SZYMONIAK

SENATE FILE 69

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1 Amend the House amendment, S-3082, to Senate File
2 69, as passed by the Senate, as follows:

3 1. By striking page 1, line 1, through page 44,
4 line 25, and inserting the following:

5 "Amend Senate File 69, as passed by the Senate, as
6 follows:

7 . By striking everything after the enacting
8 clause and inserting the following:

"DIVISION I

INCOME TAX

11 Section 1. Section 422.7, Code 1995, is amended by
12 adding the following new subsection:

13 NEW SUBSECTION. 33. For a person who is disabled,
14 or is fifty-five years of age or older, or is the
15 surviving spouse of an individual or a survivor having
16 an insurable interest in an individual who would have
17 qualified for the exemption under this subsection for
18 the tax year, subtract, to the extent included, the
19 total amount of a governmental or other pension or
20 retirement pay, including, but not limited to, defined
21 benefit or defined contribution plans, annuities,
22 individual retirement accounts, plans maintained or
23 contributed to by an employer, or maintained or
24 contributed to by a self-employed person as an
25 employer, and deferred compensation plans or any
26 earnings attributable to the deferred compensation
27 plans, up to a maximum of one thousand five hundred
28 dollars for a person who files a separate state income
29 tax return for a tax year beginning in the 1996
30 calendar year, and up to a maximum of three thousand
31 dollars for a husband and wife who file a joint state
32 income tax return for a tax year beginning in the 1996
33 calendar year. For a tax year beginning in the 1997
34 calendar year, and for all subsequent tax years,
35 subtract, to the extent included, the total amount for
36 a person who files a separate state income tax return
37 up to a maximum of three thousand dollars, and for a
38 husband and wife who file a joint state income tax
39 return up to a maximum of six thousand dollars.
40 However, a surviving spouse who is not disabled or
41 fifty-five years of age or older can only exclude the
42 amount of pension or retirement pay received as a
43 result of the death of the other spouse.

44 Sec. 2. Section 422.12, subsection 1, paragraph c,
45 Code 1995, is amended to read as follows:

46 c. For each dependent, an additional fifteen forty
47 dollars. As used in this section, the term
48 "dependent" has the same meaning as provided by the
49 Internal Revenue Code.

50 Sec. 3. CONDITIONAL EFFECTIVENESS -- RETROACTIVE

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1 APPLICABILITY.

2 1. Section 1 of this division of this Act,
3 amending section 422.7, takes effect September 1,
4 1995, if the total amount of revenues credited to the
5 general fund of the state during the fiscal year
6 ending June 30, 1995, exceeds \$4,007,000,000. On or
7 before September 1, 1995, the director of revenue and
8 finance shall provide written certification to the
9 Code editor as to the total amount of revenues
10 credited to the general fund of the state during the
11 fiscal year ending June 30, 1995.

12 2. Section 2 of this division of this Act applies
13 retroactively to January 1, 1995, for tax years
14 beginning on or after that date.

15 DIVISION II

16 MACHINERY, EQUIPMENT AND COMPUTERS PROPERTY

17 TAX REIMBURSEMENT

18 Sec. 4. Section 427B.17, subsection 1, Code 1995,
19 is amended to read as follows:

20 1. Property assessed by the department of revenue
21 and finance pursuant to sections 428.24 to 428.29, or
22 chapters 433, 434 and 436 to 438 shall not receive the
23 benefits of this section.

24 Any electric power generating plant which operated
25 during the preceding assessment year at a net capacity
26 factor of more than twenty percent, shall not receive
27 the benefits of this section or of sections 15.332 and
28 15.334. For purposes of this section, "electric power
29 generating plant" means any name plate rated electric
30 power generating plant, in which electric energy is
31 produced from other forms of energy, including all
32 taxable land, buildings, and equipment used in the
33 production of such energy. "Net capacity factor"
34 means net actual generation divided by the product of
35 net maximum capacity times the number of hours the
36 unit was in the active state during the assessment
37 year. Upon commissioning, a unit is in the active
38 state until it is decommissioned. "Net actual
39 generation" means net electrical megawatt hours
40 produced by the unit during the preceding assessment
41 year. "Net maximum capacity" means the capacity the
42 unit can sustain over a specified period when not
43 restricted by ambient conditions or equipment
44 deratings, minus the losses associated with station
45 service or auxiliary loads.

46 Sec. 5. NEW SECTION. 427B.18 INDUSTRIAL
47 MACHINERY, EQUIPMENT AND COMPUTERS INVESTMENT
48 REIMBURSEMENT FUND -- PENALTY.

49 1. A machinery, equipment and computers investment
50 reimbursement fund is created under the control of the

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1 department of revenue and finance. For the fiscal
 2 year beginning July 1, 1996, there is appropriated
 3 from the general fund of the state to the machinery,
 4 equipment and computers investment reimbursement fund
 5 eight million dollars to be used to pay property tax
 6 reimbursement claims filed pursuant to this section
 7 for property taxes due and payable in the fiscal year
 8 beginning July 1, 1995, on property defined in section
 9 427A.1, subsection 1, paragraphs "e" and "j" which are
 10 assessed pursuant to section 427B.17.

11 2. A claim for reimbursement for property taxes
 12 paid on property defined in section 427A.1, subsection
 13 1, paragraphs "e" and "j" which are assessed pursuant
 14 to section 427B.17, shall not be paid or allowed
 15 unless the claim is filed with and in the possession
 16 of the department of revenue and finance on or before
 17 January 1, 1997. The department shall provide forms
 18 for claiming the industrial machinery, equipment and
 19 computers investment reimbursement. Each claimant
 20 shall provide with the application the tax statement
 21 received from the county treasurer and proof of
 22 payment of the tax, including, but not limited to, the
 23 taxpayer's cancelled checks. The director may require
 24 any additional proof necessary to support a claim.

25 The department shall send notice of disallowance of
 26 a claim by regular mail to the claimant at the
 27 claimant's last known address. The claimant may
 28 appeal the decision of the director under this section
 29 and the claimant shall have the same rights of appeal
 30 and review as provided in sections 421.1 and 422.55
 31 and the rules of the department of revenue and
 32 finance.

33 3. By June 1, 1997, the department shall reimburse
 34 claimants for claims filed under this section. If the
 35 amount appropriated under subsection 1 is insufficient
 36 to pay all claims in full, the director shall prorate
 37 the payments among all claimants whose claims are
 38 allowed. Moneys remaining in the fund after payment
 39 of all claims in full shall revert to the general fund
 40 of the state.

41 4. A person who makes a false claim for
 42 reimbursement under this section or who knowingly
 43 receives the reimbursement without being legally
 44 entitled to it is guilty of a fraudulent practice.
 45 Prosecution under this subsection shall be brought in
 46 the county of residence of the person to be charged.

DIVISION III

48 MENTAL HEALTH EXPENDITURES, PROPERTY TAX REDUCTIONS,
49 AND PROPERTY TAX CREDITS

50 Sec. 6. NEW SECTION. 24.49 EMERGENCY NEEDS

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1 FUNDS.

2 For budget years commencing on or after July 1,
3 1996, the state board shall review requests and
4 authorize payment to a county for emergency needs
5 funds from the property tax relief fund, in accordance
6 with the provisions of section 426B.1, subsection 3.
7 Payment of the funds shall be authorized if the
8 request is for expenditures above a county's fixed
9 budget amount for services provided in accordance with
10 the requesting county's management plan for mental
11 health and mental retardation services approved under
12 section 331.439.

13 Sec. 7. Section 123.38, unnumbered paragraph 2,
14 Code 1995, is amended to read as follows:

15 Any licensee or permittee, or the licensee's or
16 permittee's executor or administrator, or any person
17 duly appointed by the court to take charge of and
18 administer the property or assets of the licensee or
19 permittee for the benefit of the licensee's or
20 permittee's creditors, may voluntarily surrender a
21 license or permit to the division. When a license or
22 permit is surrendered the division shall notify the
23 local authority, and the division or the local
24 authority shall refund to the person surrendering the
25 license or permit, a proportionate amount of the fee
26 received by the division or the local authority for
27 the license or permit as follows: If a license or
28 permit is surrendered during the first three months of
29 the period for which it was issued, the refund shall
30 be three-fourths of the amount of the fee; if
31 surrendered more than three months but not more than
32 six months after issuance, the refund shall be one-
33 half of the amount of the fee; if surrendered more
34 than six months but not more than nine months after
35 issuance, the refund shall be one-fourth of the amount
36 of the fee. No refund shall be made, however, for any
37 special liquor permit, nor for a liquor control
38 license, wine permit, or beer permit surrendered more
39 than nine months after issuance. For purposes of this
40 paragraph, any portion of license or permit fees used
41 for the purposes authorized in section 331.424,
42 subsection 1, paragraphs "a", and "b", ~~"e", "d", "e",~~
43 ~~"f", "g", and "h"~~, and in section 331.424A, shall not
44 be deemed received either by the division or by a
45 local authority. No refund shall be made to any
46 licensee or permittee, upon the surrender of the
47 license or permit, if there is at the time of
48 surrender, a complaint filed with the division or
49 local authority, charging the licensee or permittee
50 with a violation of this chapter. If upon a hearing

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1 on a complaint the license or permit is not revoked or
2 suspended, then the licensee or permittee is eligible,
3 upon surrender of the license or permit, to receive a
4 refund as provided in this section; but if the license
5 or permit is revoked or suspended upon hearing the
6 licensee or permittee is not eligible for the refund
7 of any portion of the license or permit fee.

8 Sec. 8. Section 218.99, Code 1995, is amended to
9 read as follows:

10 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
11 PERSONAL ACCOUNTS.

12 The administrator of a division of the department
13 of human services in control of a state institution
14 shall direct the business manager of each institution
15 under the administrator's jurisdiction which is
16 mentioned in section 331.424, subsection 1, paragraphs
17 "a" through-"g" and "b" and for which services are
18 paid under section 331.424A to quarterly inform the
19 auditor of the county of legal settlement of any
20 patient or resident who has an amount in excess of two
21 hundred dollars on account in the patients' personal
22 deposit fund and the amount on deposit. The
23 administrators shall direct the business manager to
24 further notify the auditor of the county at least
25 fifteen days before the release of funds in excess of
26 two hundred dollars or upon the death of the patient
27 or resident. If the patient or resident has no county
28 of legal settlement, notice shall be made to the
29 director of the department of human services and the
30 administrator of the division of the department in
31 control of the institution involved.

32 Sec. 9. Section 225C.4, subsection 2, paragraph b,
33 Code 1995, is amended to read as follows:

34 b. Establish mental health and mental retardation
35 services for all institutions under the control of the
36 director of human services and establish an autism
37 unit, following mutual planning with and consultation
38 from the medical director of the state psychiatric
39 hospital, at an institution or a facility administered
40 by the administrator to provide psychiatric and
41 related services and other specific programs to meet
42 the needs of autistic persons ~~as defined in section~~
43 ~~331.424, subsection 1,~~ and to furnish appropriate
44 diagnostic evaluation services.

45 Sec. 10. Section 331.301, subsection 12, Code
46 1995, is amended to read as follows:

47 12. The board of supervisors may credit funds to a
48 reserve for the purposes authorized by subsection 11
49 of this section; section 331.424, subsection 1,
50 paragraph "d" "f"; and section 331.441, subsection 2,

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1 paragraph "b". Moneys credited to the reserve, and
2 interest earned on such moneys, shall remain in the
3 reserve until expended for purposes authorized by
4 subsection 11 of this section; section 331.424,
5 subsection 1, paragraph "f"; or section 331.441,
6 subsection 2, paragraph "b".

7 Sec. 11. Section 331.424, subsection 1, Code 1995,
8 is amended to read as follows:

9 1. For general county services, an amount
10 sufficient to pay the charges for the following:

11 a. To the extent that the county is obligated by
12 statute to pay the charges for:

13 ~~(1) Care and treatment of patients by a state~~
14 ~~mental health institute.~~

15 ~~---(2) Care and treatment of patients by either of~~
16 ~~the state hospital schools or by any other facility~~
17 ~~established under chapter 222 and diagnostic~~
18 ~~evaluation under section 222.31.~~

19 ~~---(3) Care and treatment of patients under chapter~~
20 ~~225.~~

21 ~~(4) (1) Care and treatment of persons at the~~
22 ~~alcoholic treatment center at Oakdale. However, the~~
23 ~~county may require that an admission to the center~~
24 ~~shall be reported to the board by the center within~~
25 ~~five days as a condition of the payment of county~~
26 ~~funds for that admission.~~

27 ~~(5) (2) Care of children admitted or committed to~~
28 ~~the Iowa juvenile home at Toledo.~~

29 ~~(6) (3) Clothing, transportation, medical, or~~
30 ~~other services provided persons attending the Iowa~~
31 ~~braille and sight saving school, the Iowa school for~~
32 ~~the deaf, or the state hospital-school for severely~~
33 ~~handicapped children at Iowa City, for which the~~
34 ~~county becomes obligated to pay pursuant to sections~~
35 ~~263.12, 269.2, and 270.4 through 270.7.~~

36 ~~b. To the extent that the board deems it advisable~~
37 ~~to pay, the charges for professional evaluation,~~
38 ~~treatment, training, habilitation, and care of persons~~
39 ~~who are mentally retarded, autistic persons, or~~
40 ~~persons who are afflicted by any other developmental~~
41 ~~disability, at a suitable public or private facility~~
42 ~~providing inpatient or outpatient care in the county.~~
43 ~~As used in this paragraph:~~

44 ~~---(1) "Developmental disability" has the meaning~~
45 ~~assigned that term by 42 U.S.C. sec. 6001(7) (1976),~~
46 ~~Supp. II, 1978, and Supp. III, 1979.~~

47 ~~---(2) "Autistic persons" means persons, regardless~~
48 ~~of age, with severe communication and behavior~~
49 ~~disorders that became manifest during the early stages~~
50 ~~of childhood development and that are characterized by~~

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1 a-severely-disabling-inability-to-understand,
2 communicate, learn, and participate in social
3 relationships. -- "Autistic persons" includes but is not
4 limited to those persons afflicted by infantile
5 autism, profound aphasia, and childhood psychosis.
6 ---c.---Care and treatment of persons placed in the
7 county hospital, county care facility, a health care
8 facility as defined in section 135C.1, subsection 6,
9 or any other public or private facility, which
10 placement is in lieu of admission or commitment to or
11 is upon discharge, removal, or transfer from a state
12 mental health institute, hospital school, or other
13 facility established pursuant to chapter 222.
14 ---d.---Amounts budgeted by the board for the cost of
15 establishment and initial operation of a community
16 mental health center in the manner and subject to the
17 limitations provided by state law.
18 ---e. b. Foster care and related services provided
19 under court order to a child who is under the
20 jurisdiction of the juvenile court, including court-
21 ordered costs for a guardian ad litem under section
22 232.71.
23 f.---The care, admission, commitment, and
24 transportation of mentally ill patients in state
25 hospitals, to the extent that expenses for these
26 services are required to be paid by the county,
27 including compensation for the advocate appointed
28 under section 229.19.
29 ---g.---Amounts budgeted by the board for mental health
30 services or mental retardation services furnished to
31 persons on either an outpatient or inpatient basis, to
32 a school or other public agency, or to the community
33 at large, by a community mental health center or other
34 suitable facility located in or reasonably near the
35 county, provided that services meet the standards of
36 the mental health and developmental disabilities
37 commission created in section 225C.5 and are
38 consistent with the annual plan for services approved
39 by the board.
40 ---h.---Reimbursement on behalf of mentally retarded
41 persons under section 249A.12.
42 i. c. Elections, and voter registration pursuant
43 to chapter 48A.
44 j. d. Employee benefits under chapters 96, 97B,
45 and 97C, which are associated with salaries for
46 general county services.
47 k. e. Joint county and city building authorities
48 established under section 346.27, as provided in
49 subsection 22 of that section.
50 l. f. Tort liability insurance, property

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1 insurance, and any other insurance that may be
2 necessary in the operation of the county, costs of a
3 self-insurance program, costs of a local government
4 risk pool, and amounts payable under any insurance
5 agreements to provide or procure such insurance, self-
6 insurance program, or local government risk pool.

7 m. g. The maintenance and operation of the courts,
8 including but not limited to the salary and expenses
9 of the clerk of the district court and other employees
10 of the clerk's office, and bailiffs, court costs if
11 the prosecution fails or if the costs cannot be
12 collected from the person liable, costs and expenses
13 of prosecution under section 189A.17, salaries and
14 expenses of juvenile court officers under chapter 602,
15 court-ordered costs in domestic abuse cases under
16 section 236.5, the county's expense for confinement of
17 prisoners under chapter 356A, temporary assistance to
18 the county attorney, county contributions to a
19 retirement system for bailiffs, reimbursement for
20 judicial magistrates under section 602.6501, claims
21 filed under section 622.93, interpreters' fees under
22 section 622B.7, uniform citation and complaint
23 supplies under section 805.6, and costs of prosecution
24 under section 815.13.

25 n. h. Court-ordered costs of conciliation
26 procedures under section 598.16.

27 o. i. Establishment and maintenance of a joint
28 county indigent defense fund pursuant to an agreement
29 under section 28E.19.

30 p. j. The maintenance and operation of a local
31 emergency management agency established pursuant to
32 chapter 29C.

33 The board may require a public or private facility,
34 as a condition of receiving payment from county funds
35 for services it has provided, to furnish the board
36 with a statement of the income, assets, and legal
37 residence including township and county of each person
38 who has received services from that facility for which
39 payment has been made from county funds under
40 paragraphs "a" through "n" and "b". However, the
41 facility shall not disclose to anyone the name or
42 street or route address of a person receiving services
43 for which commitment is not required, without first
44 obtaining that person's written permission.

45 Parents or other persons may voluntarily reimburse
46 the county or state for the reasonable cost of caring
47 for a patient or an inmate in a county or state
48 facility.

49 Sec. 12. NEW SECTION. 331.424A COUNTY MENTAL
50 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL

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1 DISABILITIES SERVICES FUND.

2 1. For the purposes of this chapter, unless the
3 context otherwise requires, "services fund" means the
4 county mental health, mental retardation, and
5 developmental disabilities services fund created in
6 subsection 2. The county finance committee created in
7 section 333A.2 shall adopt rules and prescribe forms
8 for administering the services fund.

9 2. For the fiscal year beginning July 1, 1995, and
10 succeeding fiscal years, county revenues from taxes
11 and other sources designated for mental health, mental
12 retardation, and developmental disabilities services
13 shall be credited to the mental health, mental
14 retardation, and developmental disabilities services
15 fund of the county. The board may make appropriations
16 from the fund for payment of services provided under
17 the county management plan approved pursuant to
18 section 331.439.

19 3. For the fiscal year beginning July 1, 1995, and
20 succeeding fiscal years, receipts from the state or
21 federal government for such services shall be credited
22 to the services fund, including moneys allotted to the
23 county from the state payment made pursuant to section
24 331.439 and moneys allotted to the county for property
25 tax relief pursuant to section 426B.1.

26 4. For the fiscal year beginning July 1, 1995, and
27 for each subsequent fiscal year, the county shall
28 certify a levy for payment of services. Unless
29 otherwise provided by state law, for each fiscal year,
30 county revenues from taxes imposed by the county
31 credited to the services fund shall not exceed an
32 amount equal to the amount of base year expenditures
33 for services in the fiscal year beginning July 1,
34 1993, and ending June 30, 1994, as defined in section
35 331.438 less the amount of property tax relief to be
36 received pursuant to section 426B.2, subsections 1 and
37 3, in the fiscal year for which the budget is
38 certified. The county auditor and the board of
39 supervisors shall reduce the amount of the levy
40 certified for the services fund by the amount of
41 property tax relief to be received.

42 5. Appropriations specifically authorized to be
43 made from the mental health, mental retardation, and
44 developmental disabilities services fund shall not be
45 made from the general fund of the county.

46 Sec. 13. Section 331.438, subsection 1, paragraph
47 b, Code 1995, is amended to read as follows:

48 b. "State payment" means the payment made by the
49 state to a county determined to be eligible for the
50 payment in accordance with section 331.439.

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1 1A. Except as modified based upon the actual
2 amount of the appropriation for purposes of state
3 payment under section 331.439, the amount of the state
4 payment for a fiscal year shall be calculated as fifty
5 one hundred percent of the amount by which the
6 county's qualified expenditures during the immediately
7 preceding fiscal year were in excess of the amount of
8 the county's base year expenditures. A state payment
9 is the state funding a county receives pursuant to
10 section 426B.2, subsection 2. Any state funding
11 received by a county for property tax relief in
12 accordance with section 426B.2, subsections 1 and 3,
13 is not a state payment and shall not be included in
14 the state payment calculation made pursuant to this
15 subsection.

16 Sec. 14. Section 331.438, subsection 3, paragraph
17 c, subparagraph (9), Code 1995, is amended to read as
18 follows:

19 (9) Make recommendations to the council on human
20 services for administrative rules for the county
21 single-entry-point central point of coordination and
22 clinical assessment processes required under section
23 331.440 and other rules necessary for the
24 implementation of county management plans and
25 expenditure reports required for state payment
26 pursuant to section 331.439.

27 Sec. 15. Section 331.438, subsection 3, paragraph
28 c, Code 1995, is amended by adding the following new
29 subparagraph:

30 NEW SUBPARAGRAPH. (15) On or before December 1,
31 1995, submit to the governor and the general assembly
32 any recommended changes in the formula for
33 distributing property tax relief moneys to counties
34 under section 426B.2, subsections 1 through 3.

35 Sec. 16. Section 331.439, Code 1995, is amended by
36 striking the section and inserting in lieu thereof the
37 following:

38 331.439 ELIGIBILITY FOR STATE PAYMENT.

39 1. The state payment to eligible counties under
40 this section shall be made as provided in sections
41 331.438 and 426B.2. A county is eligible for the
42 state payment, as defined in section 331.438, for the
43 fiscal year beginning July 1, 1995, and for subsequent
44 fiscal years if the director of human services, in
45 consultation with the state-county management
46 committee, determines for a specific fiscal year that
47 all of the following conditions are met:

48 a. The county accurately reported by December 1
49 the county's expenditures for mental health, mental
50 retardation, and developmental disabilities services

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1 for the previous fiscal year on forms prescribed by
2 the department of human services.

3 b. The county developed and implemented a county
4 management plan for the county's mental health and
5 mental retardation services in accordance with the
6 provisions of this paragraph. The plan shall comply
7 with the administrative rules adopted for this purpose
8 by the council on human services and is subject to the
9 approval of the director of human services in
10 consultation with the state-county management
11 committee created in section 331.438. The plan shall
12 include a description of the county's service
13 management provision for mental health, mental
14 retardation, and developmental disabilities services.

15 The plan shall have the following two parts:

16 (1) For mental health service management, the
17 county may either directly implement a system of
18 service management and contract with service
19 providers, or contract with a private entity to manage
20 the system, provided all requirements of this
21 subparagraph are met by the private entity. For the
22 fiscal year beginning July 1, 1995, the county shall
23 submit the plan for approval by January 1, 1996, and
24 implement the approved plan on or before July 1, 1996.
25 For subsequent fiscal years, this part of the plan
26 shall be submitted to the department by April 1 for
27 the succeeding fiscal year.

28 (2) For mental retardation and developmental
29 disabilities service management, the plan shall
30 describe the county's development and implementation
31 of a managed system of cost-effective individualized
32 services and other support to assist the individuals
33 to be served to be as independent, productive, and
34 integrated with the community as possible. The plan
35 shall provide for consideration of the type and level
36 of services and support needed and desired by the
37 individual. The plan may allow the provision of
38 services through vouchers or cash payments to allow
39 individuals to arrange for their own services or
40 support, if these methods are appropriate and cost-
41 effective. The county may directly implement the
42 system and contract with service providers, or
43 contract with a private entity to manage the system,
44 provided all requirements of this subparagraph are met
45 by the private entity. For the fiscal year beginning
46 July 1, 1996, this part of the plan shall be submitted
47 to the department of human services by January 1,
48 1996. For subsequent fiscal years, this part of the
49 plan shall be submitted prior to April 1 for the
50 succeeding fiscal year.

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1 c. Changes to the approved plan are submitted at
2 least sixty days prior to the proposed change and are
3 not to be implemented prior to the director of human
4 services' approval, following the director's
5 consultation with the state-county management
6 committee.

7 2. A county may provide services to service
8 populations with disabilities who are not included in
9 the service management provisions required under
10 subsection 1, subject to the availability of funding.

11 3. a. For the fiscal year beginning July 1, 1996,
12 and succeeding fiscal years, the county's mental
13 health, mental retardation, and developmental
14 disabilities service expenditures for a fiscal year
15 are limited to a fixed budget amount. The fixed
16 budget amount shall be the amount identified in the
17 county's management plan and budget for the fiscal
18 year. The county shall be allowed an inflation factor
19 adjustment for services paid from the county's
20 services fund under section 331.424A which is in
21 accordance with the county's management plan and
22 budget, implemented pursuant to this section.

23 b. Based upon information contained in county
24 management plans and budgets, the state-county
25 management committee shall recommend an inflation
26 factor adjustment by January 1 for the succeeding
27 fiscal year. The inflation factor adjustment shall
28 address costs associated with new consumers of
29 service, service cost inflation, and investments for
30 economy and efficiency.

31 4. A county's implementation of the service
32 management provisions required under subsection 1 for
33 mental health and mental retardation shall incorporate
34 the central point of coordination process described in
35 section 331.440.

36 5. The basis for determining whether a managed
37 care system for mental health proposed by a county is
38 comparable to a mental health managed care contractor
39 approved by the department of human services shall
40 include but is not limited to all of the following
41 elements which shall be specified in administrative
42 rules adopted by the council on human services in
43 consultation with the state-county management
44 committee:

45 a. The enrollment and eligibility process.

46 b. The scope of services included.

47 c. The method of plan administration.

48 d. The process for managing utilization and access
49 to services and other assistance.

50 e. The quality assurance process.

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1 f. The risk management provisions and fiscal
2 viability of the provisions, if the county contracts
3 with a private managed care entity.

4 6. Notwithstanding any other provision of law to
5 the contrary, a county shall have no obligation to pay
6 for or provide mental health, mental retardation, or
7 developmental disabilities services for any person
8 that applies through the county's central point of
9 coordination and clinical assessment processes after
10 the moneys in the county services fund under section
11 331.424A are expended. If a county has expended its
12 fixed budget amount for services pursuant to the
13 management plan approved under subsection 1, the state
14 shall assume financial responsibility and the county
15 may apply to the state appeal board for emergency
16 funds reserved in section 426B.1, subsection 3.

17 7. The director's approval of a county's mental
18 health, mental retardation, and developmental
19 disabilities services management plan shall not be
20 construed to constitute certification of the county's
21 budget.

22 Sec. 17. Section 331.440, Code 1995, is amended to
23 read as follows:

24 331.440 MENTAL HEALTH, MENTAL RETARDATION, AND
25 DEVELOPMENTAL DISABILITIES SERVICES -- SINGLE-ENTRY
26 CENTRAL POINT OF COORDINATION PROCESS.

27 1. a. For the purposes of this section, unless
28 the context otherwise requires, "single-entry central
29 point of coordination process" means a single-entry
30 central point of coordination process established by a
31 county or consortium of counties for the delivery of
32 mental health, mental retardation, and developmental
33 disabilities services which are paid for in whole or
34 in part by county funds. The single-entry central
35 point of coordination process may include but is not
36 limited to reviewing a person's eligibility for
37 services, determining the appropriateness of the type,
38 level, and duration of services, and performing
39 periodic review of the person's continuing eligibility
40 and need for services. Any recommendations developed
41 concerning a person's plan of services shall be
42 consistent with the person's unique strengths,
43 circumstances, priorities, concerns, abilities, and
44 capabilities. For those services funded under the
45 medical assistance program, the single-entry central
46 point of coordination process shall be used to assure
47 that the person is aware of the appropriate service
48 options available to the person.

49 b. The single-entry central point of coordination
50 process may include a clinical assessment process to

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1 identify a person's service needs and to make
2 recommendations regarding the person's plan for
3 services. The clinical assessment process shall
4 utilize qualified mental health professionals and
5 qualified mental retardation professionals.

6 2. The department of human services shall seek
7 federal approval as necessary for the single-entry
8 central point of coordination and clinical assessment
9 processes to be eligible for federal financial
10 participation under medical assistance. A county may
11 implement the single-entry central point of
12 coordination process as part of a consortium of
13 counties and may implement the process beginning with
14 the fiscal year ending June 30, 1995.

15 3. The council on human services shall consider
16 the recommendations of the state-county management
17 committee established in section 331.438 in adopting
18 rules outlining standards and requirements for
19 implementation of the single-entry central point of
20 coordination and clinical assessment processes on the
21 date required by subsection 2. The rules shall permit
22 counties options in implementing the process based
23 upon a county's consumer population and available
24 service delivery system.

25 Sec. 18. NEW SECTION. 426B.1 APPROPRIATIONS --
26 PROPERTY TAX RELIEF FUND.

27 1. A property tax relief fund is created in the
28 state treasury under the authority of the department
29 of revenue and finance. The fund shall be separate
30 from the general fund of the state and shall not be
31 considered part of the general fund of the state
32 except in determining the cash position of the state
33 for payment of state obligations. The moneys in the
34 fund are not subject to the provisions of section 8.33
35 and shall not be transferred, used, obligated,
36 appropriated, or otherwise encumbered except as
37 provided in this section. Moneys in the fund may be
38 used for cash flow purposes, provided that any moneys
39 so allocated are returned to the fund by the end of
40 each fiscal year. However, the fund shall be
41 considered a special account for the purposes of
42 section 8.53, relating to elimination of any GAAP
43 deficit. For the purposes of this chapter, unless the
44 context otherwise requires, "property tax relief fund"
45 means the property tax relief fund created in this
46 section.

47 2. There is appropriated to the property tax
48 relief fund for the indicated fiscal years from the
49 general fund of the state the following amounts:

50 a. For the fiscal year beginning July 1, 1995,

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1 sixty-five million dollars.
2 b. For the fiscal year beginning July 1, 1996,
3 eighty-five million dollars.
4 c. For the fiscal year beginning July 1, 1997, one
5 hundred five million dollars.
6 d. For the fiscal year beginning July 1, 1998, one
7 hundred twenty-five million dollars.
8 e. For the fiscal year beginning July 1, 1999, one
9 hundred forty-five million dollars.
10 f. For the fiscal year beginning July 1, 2000, and
11 succeeding fiscal years, one hundred sixty-five
12 million dollars.
13 3. In the fiscal year beginning July 1, 1996, and
14 in each subsequent fiscal year, of the funds
15 appropriated to the property tax relief fund, the
16 amount necessary to reserve one million dollars shall
17 be set aside in the fund. The reserved moneys shall
18 be used for payment of county emergency needs for
19 funds in excess of the fixed budget amount for
20 services provided in accordance with the county's
21 management plan approved under section 331.439. Any
22 reserved moneys remaining unexpended or unobligated at
23 the close of the fiscal year shall remain available in
24 the succeeding fiscal year to be combined with the
25 amount of funds appropriated in the succeeding fiscal
26 year necessary to reach the one million dollar reserve
27 amount. The director of revenue and finance shall pay
28 a county's request for funds reserved under this
29 subsection upon the approval of the request by the
30 state appeal board pursuant to section 24.49.

31 Sec. 19. NEW SECTION. 426B.2 PROPERTY TAX RELIEF
32 FUND DISTRIBUTIONS.

33 Moneys in the property tax relief fund shall be
34 utilized in each fiscal year as follows in the order
35 listed:

36 1. The first sixty-five million dollars plus the
37 amount paid pursuant to subsection 3 in the previous
38 fiscal year in the property tax relief fund shall be
39 paid to each county for property tax relief in the
40 same proportion that the county's base year
41 expenditure bears to the total of all counties' base
42 year expenditures as defined in section 331.438.

43 2. Payment of moneys to eligible counties of the
44 state payment in accordance with the provisions of
45 sections 331.438 and 331.439. Moneys provided to a
46 county for property tax relief in a fiscal year in
47 accordance with this section shall not be less than
48 the amount provided for property tax relief in the
49 previous fiscal year.

50 3. The department of human services shall estimate

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1 the amount of moneys required for the state payment
2 pursuant to subsection 2. Moneys remaining in the
3 property tax relief fund following the payment made
4 pursuant to subsection 1 and the estimated amount of
5 the state payment pursuant to subsection 2 shall be
6 paid to counties for property tax relief in the same
7 manner as provided in subsection 1. These payments
8 shall continue until the combined amount of the
9 payments made under this subsection and subsection 1
10 are equal to fifty percent of the total of all
11 counties' base year expenditures as defined in section
12 331.438. The amount of moneys paid to a county
13 pursuant to this subsection shall be added in
14 subsequent fiscal years to the amount of moneys paid
15 under subsection 1.

16 4. Moneys remaining in the property tax relief
17 fund following the payments made pursuant to
18 subsections 1, 2, and 3 shall be transferred to the
19 homestead credit fund created in section 425.1. This
20 transfer shall continue until the homestead credit is
21 fully funded.

22 5. Moneys remaining in the property tax relief
23 fund following the payments made pursuant to
24 subsections 1, 2, and 3, and the transfer made
25 pursuant to subsection 4, shall be transferred to the
26 appropriation made in section 426A.1 for funding the
27 military service tax credit. This transfer shall
28 continue until the combination of the appropriation
29 made in section 426A.1 and the funds transferred are
30 sufficient to fully fund the military service tax
31 credit.

32 6. Moneys remaining in the property tax relief
33 fund following the payments made pursuant to
34 subsections 1, 2, and 3, and the transfers made
35 pursuant to subsections 4 and 5, shall be transferred
36 to the extraordinary property tax credit and
37 reimbursement fund created in section 425.39. This
38 transfer shall continue until the combination of the
39 appropriation made in section 425.39 and the funds
40 transferred are sufficient to fully fund all claims on
41 the extraordinary property tax credit and
42 reimbursement fund.

43 7. Moneys remaining in the property tax relief
44 fund following the payments made pursuant to
45 subsections 1, 2, and 3, and the transfers made
46 pursuant to subsections 4, 5, and 6, shall be
47 transferred to the low-income tax credit and
48 reimbursement fund created in section 425.40. This
49 transfer shall continue until the low-income tax
50 credit is fully funded.

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1 8. Moneys remaining in the property tax relief
2 fund following the payments made pursuant to
3 subsections 1, 2, and 3, and the transfers made
4 pursuant to subsections 4, 5, 6, and 7, shall be
5 transferred to the agricultural land credit fund
6 created in section 426.1. This transfer shall
7 continue until the agricultural land tax credit is
8 fully funded.

9 9. The director of revenue and finance shall draw
10 warrants on the property tax relief fund, payable to
11 the county treasurer in the amount due to a county in
12 accordance with subsections 1 and 3 and mail the
13 warrants to the county auditors in September and March
14 of each year. Warrants for the state payment in
15 accordance with subsection 2 shall be mailed in
16 January of each year. The director shall initiate the
17 transfers required by this section.

18 Sec. 20. NEW SECTION. 426B.3 NOTIFICATION OF
19 MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
20 DISABILITIES EXPENDITURE RELIEF FUND PAYMENT.

21 1. Before June 1, 1995, and before February 15 of
22 each succeeding fiscal year, the director of revenue
23 and finance shall notify the county auditor of each
24 county of the amount of moneys the county will receive
25 from the property tax relief fund pursuant to section
26 426B.2, subsections 1 and 3, for the succeeding fiscal
27 year. The county auditor shall reduce the certified
28 budget amount received from the board of supervisors
29 for the succeeding fiscal year for the county mental
30 health, mental retardation, and development
31 disabilities services fund created in section 331.424A
32 by an amount equal to the amount the county will
33 receive and the auditor shall determine the rate of
34 taxation necessary to raise the reduced amount. On
35 the tax list, the county auditor shall compute the
36 amount of taxes due and payable on each parcel before
37 and after the amount received from the property tax
38 relief fund is used to reduce the county budget.

39 2. The amount of property tax dollars reduced on
40 each parcel as a result of the moneys received from
41 the property tax relief fund pursuant to section
42 426B.2, subsections 1 and 3, shall be noted on each
43 tax statement prepared by the county treasurer
44 pursuant to section 445.23.

45 Sec. 21. NEW SECTION. 426B.4 RULES.

46 The director of revenue and finance shall prescribe
47 forms and adopt rules pursuant to chapter 17A to
48 administer this chapter.

49 Sec. 22. PILOT PROJECT FOR A MANAGED SYSTEM OF
50 INDIVIDUALIZED SERVICES.

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1 1. The department of human services, in
2 cooperation with a county or consortium of counties,
3 shall develop, test, and evaluate a pilot project for
4 a managed system of individualized services and
5 support for individuals with mental retardation and
6 developmental disabilities in at least two areas of
7 the state. One area shall be urban and one rural.
8 The system shall be designed to provide the
9 individuals being served with a choice of services and
10 other support that will assist the individuals to be
11 as independent, productive, and integrated into the
12 community as possible.

13 2. In implementing the managed system pilot
14 project, the department and the county or consortium
15 of counties may directly manage the system and
16 contract with service providers and others for needed
17 services or support after identifying the type and
18 level of services and support needed by the
19 individual. The pilot project shall provide a
20 reasonable rate of reimbursement. If costs are equal
21 to or less than providing vouchers or cash payments to
22 the individuals and the individuals served so desire,
23 vouchers or cash payments may be provided to the
24 individuals to allow them to arrange for their own
25 services or support. The department and the county or
26 consortium of counties may enter into a contract with
27 a private entity to manage this individualized system
28 provided all pilot project requirements are met
29 through the private entity.

30 3. The department and the county or consortium of
31 counties shall seek the advice of persons with mental
32 retardation and developmental disabilities and their
33 family members in designing the pilot project. The
34 state-county management committee created in section
35 331.438 shall also have an opportunity to make
36 recommendations regarding the pilot project.

37 4. The department shall apply for all necessary
38 federal waivers so that in addition to state and
39 county funds, federal moneys available for these
40 services may also be flexibly used in the pilot
41 project. The planning for the pilot project shall be
42 completed prior to January 1, 1996, and the pilot
43 project shall commence on or before March 1, 1996.

44 Sec. 23. FUNDING OF SESSION LAW REQUIREMENTS. If
45 the appropriations in section 426B.1, subsection 2, as
46 created in this division of this Act, are enacted by
47 this Act, the requirements of 1994 Iowa Acts, chapter
48 1163, section 8, subsection 2, to fully fund
49 provisions of sections 331.438 and 331.439 shall be
50 considered to be met and the repeals contained in 1994

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1 Iowa Acts, chapter 1163, section 8, subsection 2,
2 shall be void.

3 Sec. 24. EFFECTIVE DATE. Sections 7, 8, and 9
4 take effect July 1, 1995, and the remainder of this
5 division of this Act, being deemed of immediate
6 importance, takes effect upon enactment; however, the
7 provisions of sections 10, 11, and 12, relating to the
8 supplemental levy and the county mental health, mental
9 retardation, and developmental disabilities fund, are
10 applicable to taxes payable in the fiscal year
11 beginning July 1, 1995."

12 _____. Title page, by striking lines 1 through 4
13 and inserting the following: "An Act relating to tax
14 provisions involving income tax, machinery, equipment
15 and computers property tax reimbursement, and services
16 paid for by property taxes and property tax reductions
17 and credits and providing appropriations, penalties,
18 effective dates, and retroactive applicability
19 provisions.""

By TOM VILSACK

S-3595 FILED APRIL 26, 1995

% 4/27/95 (p. 1463)

SENATE FILE 69

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1 Amend the amendment, S-3595, to the House
2 amendment, S-3082, to Senate File 69, as passed by the
3 Senate, as follows:

4 1. By striking page 1, line 1, through page 19,
5 line 19, and inserting the following:

6 "Amend the House amendment, S-3082, to Senate File
7 69, as passed by the Senate, as follows:

8 " . By striking page 1, line 1, through page
9 44, line 25, and inserting the following:

10 "Amend Senate File 69, as passed by the Senate, as
11 follows:

12 . By striking everything after the enacting
13 clause and inserting the following:

14 "DIVISION I
15 INCOME TAX

16 Section 1. Section 422.7, Code 1995, is amended by
17 adding the following new subsection:

18 NEW SUBSECTION. 33. For a person who is disabled,
19 or is fifty-five years of age or older, or is the
20 surviving spouse of an individual or a survivor having
21 an insurable interest in an individual who would have
22 qualified for the exemption under this subsection for
23 the tax year, subtract, to the extent included, the
24 total amount of a governmental or other pension or
25 retirement pay, including, but not limited to, defined
26 benefit or defined contribution plans, annuities,
27 individual retirement accounts, plans maintained or
28 contributed to by an employer, or maintained or
29 contributed to by a self-employed person as an
30 employer, and deferred compensation plans or any
31 earnings attributable to the deferred compensation
32 plans, up to a maximum of three thousand dollars for a
33 person who files a separate state income tax return
34 and up to a maximum of six thousand dollars for a
35 husband and wife who file a joint state income tax
36 return. However, a surviving spouse who is not
37 disabled or fifty-five years of age or older can only
38 exclude the amount of pension or retirement pay
39 received as a result of the death of the other spouse.

40 Sec. 2. Section 422.12, subsection 1, paragraph c,
41 Code 1995, is amended to read as follows:

42 c. For each dependent, an additional fifteen forty
43 dollars. As used in this section, the term
44 "dependent" has the same meaning as provided by the
45 Internal Revenue Code.

46 Sec. 3. TAXATION STUDIES. The legislative council
47 is requested to establish two taxation studies during
48 the 1995 legislative interim. One study would address
49 taxation of businesses, including subchapter S
50 corporations, taxation incentives and disincentives

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1 for economic development, and the long-term objectives
 2 of business taxation. The legislative council is
 3 requested to authorize up to \$100,000 for consultants
 4 and other costs associated with the business taxation
 5 study. The other study would address other state
 6 taxes, including inheritance, income, and sales taxes.
 7 Sec. 4. RETROACTIVE APPLICABILITY. This division
 8 of this Act applies retroactively to January 1, 1995,
 9 for tax years beginning on or after that date.

DIVISION II

SUPPLEMENTAL LEVY AND COUNTY MENTAL HEALTH FUND

11 Sec. 5. Section 123.38, unnumbered paragraph 2,
 12 Code 1995, is amended to read as follows:

13 Any licensee or permittee, or the licensee's or
 14 permittee's executor or administrator, or any person
 15 duly appointed by the court to take charge of and
 16 administer the property or assets of the licensee or
 17 permittee for the benefit of the licensee's or
 18 permittee's creditors, may voluntarily surrender a
 19 license or permit to the division. When a license or
 20 permit is surrendered the division shall notify the
 21 local authority, and the division or the local
 22 authority shall refund to the person surrendering the
 23 license or permit, a proportionate amount of the fee
 24 received by the division or the local authority for
 25 the license or permit as follows: If a license or
 26 permit is surrendered during the first three months of
 27 the period for which it was issued, the refund shall
 28 be three-fourths of the amount of the fee; if
 29 surrendered more than three months but not more than
 30 six months after issuance, the refund shall be one-
 31 half of the amount of the fee; if surrendered more
 32 than six months but not more than nine months after
 33 issuance, the refund shall be one-fourth of the amount
 34 of the fee. No refund shall be made, however, for any
 35 special liquor permit, nor for a liquor control
 36 license, wine permit, or beer permit surrendered more
 37 than nine months after issuance. For purposes of this
 38 paragraph, any portion of license or permit fees used
 39 for the purposes authorized in section 331.424,
 40 subsection 1, paragraphs "a", "b", "c", "d", "e",
 41 "f", "g", and "h", and in section 331.424A, shall not
 42 be deemed received either by the division or by a
 43 local authority. No refund shall be made to any
 44 licensee or permittee, upon the surrender of the
 45 license or permit, if there is at the time of
 46 surrender, a complaint filed with the division or
 47 local authority, charging the licensee or permittee
 48 with a violation of this chapter. If upon a hearing
 49 on a complaint the license or permit is not revoked or

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1 suspended, then the licensee or permittee is eligible,
2 upon surrender of the license or permit, to receive a
3 refund as provided in this section; but if the license
4 or permit is revoked or suspended upon hearing the
5 licensee or permittee is not eligible for the refund
6 of any portion of the license or permit fee.

7 Sec. 6. Section 218.99, Code 1995, is amended to
8 read as follows:

9 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
10 PERSONAL ACCOUNTS.

11 The administrator of a division of the department
12 of human services in control of a state institution
13 shall direct the business manager of each institution
14 under the administrator's jurisdiction which is
15 mentioned in section 331.424, subsection 1, paragraphs
16 "a" through-"g" and "b" and for which services are
17 paid under section 331.424A to quarterly inform the
18 auditor of the county of legal settlement of any
19 patient or resident who has an amount in excess of two
20 hundred dollars on account in the patients' personal
21 deposit fund and the amount on deposit. The
22 administrators shall direct the business manager to
23 further notify the auditor of the county at least
24 fifteen days before the release of funds in excess of
25 two hundred dollars or upon the death of the patient
26 or resident. If the patient or resident has no county
27 of legal settlement, notice shall be made to the
28 director of the department of human services and the
29 administrator of the division of the department in
30 control of the institution involved.

31 Sec. 7. Section 225C.4, subsection 2, paragraph b,
32 Code 1995, is amended to read as follows:

33 b. Establish mental health and mental retardation
34 services for all institutions under the control of the
35 director of human services and establish an autism
36 unit, following mutual planning with and consultation
37 from the medical director of the state psychiatric
38 hospital, at an institution or a facility administered
39 by the administrator to provide psychiatric and
40 related services and other specific programs to meet
41 the needs of autistic persons ~~as defined in section~~
42 ~~331.424, subsection 1~~, and to furnish appropriate
43 diagnostic evaluation services.

44 Sec. 8. Section 331.301, subsection 12, Code 1995,
45 is amended to read as follows:

46 12. The board of supervisors may credit funds to a
47 reserve for the purposes authorized by subsection 11
48 of this section; section 331.424, subsection 1,
49 paragraph "1" "f"; and section 331.441, subsection 2,
50 paragraph "b". Moneys credited to the reserve, and

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1 interest earned on such moneys, shall remain in the
 2 reserve until expended for purposes authorized by
 3 subsection 11 of this section; section 331.424,
 4 subsection 1, paragraph "f"; or section 331.441,
 5 subsection 2, paragraph "b".

6 Sec. 9. Section 331.424, subsection 1, Code 1995,
 7 is amended to read as follows:

8 1. For general county services, an amount
 9 sufficient to pay the charges for the following:

10 a. To the extent that the county is obligated by
 11 statute to pay the charges for:

12 ~~(1) Care and treatment of patients by a state~~
 13 ~~mental health institute.~~

14 ~~---(2) Care and treatment of patients by either of~~
 15 ~~the state hospital schools or by any other facility~~
 16 ~~established under chapter 222 and diagnostic~~
 17 ~~evaluation under section 222.31.~~

18 ~~---(3) Care and treatment of patients under chapter~~
 19 ~~225.~~

20 ~~(4) (1) Care and treatment of persons at the~~
 21 ~~alcoholic treatment center at Oakdale. However, the~~
 22 ~~county may require that an admission to the center~~
 23 ~~shall be reported to the board by the center within~~
 24 ~~five days as a condition of the payment of county~~
 25 ~~funds for that admission.~~

26 ~~(5) (2) Care of children admitted or committed to~~
 27 ~~the Iowa juvenile home at Toledo.~~

28 ~~(6) (3) Clothing, transportation, medical, or~~
 29 ~~other services provided persons attending the Iowa~~
 30 ~~braille and sight saving school, the Iowa school for~~
 31 ~~the deaf, or the state hospital-school for severely~~
 32 ~~handicapped children at Iowa City, for which the~~
 33 ~~county becomes obligated to pay pursuant to sections~~
 34 ~~263.12, 269.2, and 270.4 through 270.7.~~

35 ~~b. To the extent that the board deems it advisable~~
 36 ~~to pay, the charges for professional evaluation,~~
 37 ~~treatment, training, habilitation, and care of persons~~
 38 ~~who are mentally retarded, autistic persons, or~~
 39 ~~persons who are afflicted by any other developmental~~
 40 ~~disability, at a suitable public or private facility~~
 41 ~~providing inpatient or outpatient care in the county.~~
 42 ~~As used in this paragraph:~~

43 ~~---(1) "Developmental disability" has the meaning~~
 44 ~~assigned that term by 42 U.S.C. sec. 6001(7) (1976),~~
 45 ~~Supp. II, 1978, and Supp. III, 1979.~~

46 ~~---(2) "Autistic persons" means persons, regardless~~
 47 ~~of age, with severe communication and behavior~~
 48 ~~disorders that became manifest during the early stages~~
 49 ~~of childhood development and that are characterized by~~
 50 ~~a severely disabling inability to understand,~~

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1 communicate, learn, and participate in social
2 relationships. --- "Autistic persons" includes but is not
3 limited to those persons afflicted by infantile
4 autism, profound aphasia, and childhood psychosis.
5 --- c. --- Care and treatment of persons placed in the
6 county hospital, county care facility, a health care
7 facility as defined in section 135C.1, subsection 6,
8 or any other public or private facility, which
9 placement is in lieu of admission or commitment to or
10 is upon discharge, removal, or transfer from a state
11 mental health institute, hospital school, or other
12 facility established pursuant to chapter 222.
13 --- d. --- Amounts budgeted by the board for the cost of
14 establishment and initial operation of a community
15 mental health center in the manner and subject to the
16 limitations provided by state law.
17 --- e. b. Foster care and related services provided
18 under court order to a child who is under the
19 jurisdiction of the juvenile court, including court-
20 ordered costs for a guardian ad litem under section
21 232.71.
22 f. --- The care, admission, commitment, and
23 transportation of mentally ill patients in state
24 hospitals, to the extent that expenses for these
25 services are required to be paid by the county,
26 including compensation for the advocate appointed
27 under section 229.19.
28 --- g. --- Amounts budgeted by the board for mental health
29 services or mental retardation services furnished to
30 persons on either an outpatient or inpatient basis, to
31 a school or other public agency, or to the community
32 at large, by a community mental health center or other
33 suitable facility located in or reasonably near the
34 county, provided that services meet the standards of
35 the mental health and developmental disabilities
36 commission created in section 225C.5 and are
37 consistent with the annual plan for services approved
38 by the board.
39 --- h. --- Reimbursement on behalf of mentally retarded
40 persons under section 249A.12.
41 i. c. Elections, and voter registration pursuant
42 to chapter 48A.
43 j. d. Employee benefits under chapters 96, 97B,
44 and 97C, which are associated with salaries for
45 general county services.
46 k. e. Joint county and city building authorities
47 established under section 346.27, as provided in
48 subsection 22 of that section.
49 l. f. Tort liability insurance, property
50 insurance, and any other insurance that may be

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1 necessary in the operation of the county, costs of a
2 self-insurance program, costs of a local government
3 risk pool, and amounts payable under any insurance
4 agreements to provide or procure such insurance, self-
5 insurance program, or local government risk pool.

6 m- g. The maintenance and operation of the courts,
7 including but not limited to the salary and expenses
8 of the clerk of the district court and other employees
9 of the clerk's office, and bailiffs, court costs if
10 the prosecution fails or if the costs cannot be
11 collected from the person liable, costs and expenses
12 of prosecution under section 189A.17, salaries and
13 expenses of juvenile court officers under chapter 602,
14 court-ordered costs in domestic abuse cases under
15 section 236.5, the county's expense for confinement of
16 prisoners under chapter 356A, temporary assistance to
17 the county attorney, county contributions to a
18 retirement system for bailiffs, reimbursement for
19 judicial magistrates under section 602.6501, claims
20 filed under section 622.93, interpreters' fees under
21 section 622B.7, uniform citation and complaint
22 supplies under section 805.6, and costs of prosecution
23 under section 815.13.

24 n- h. Court-ordered costs of conciliation
25 procedures under section 598.16.

26 o- i. Establishment and maintenance of a joint
27 county indigent defense fund pursuant to an agreement
28 under section 28E.19.

29 p- j. The maintenance and operation of a local
30 emergency management agency established pursuant to
31 chapter 29C.

32 The board may require a public or private facility,
33 as a condition of receiving payment from county funds
34 for services it has provided, to furnish the board
35 with a statement of the income, assets, and legal
36 residence including township and county of each person
37 who has received services from that facility for which
38 payment has been made from county funds under
39 paragraphs "a" through "h" and "b". However, the
40 facility shall not disclose to anyone the name or
41 street or route address of a person receiving services
42 for which commitment is not required, without first
43 obtaining that person's written permission.

44 Parents or other persons may voluntarily reimburse
45 the county or state for the reasonable cost of caring
46 for a patient or an inmate in a county or state
47 facility.

48 Sec. 10. NEW SECTION. 331.424A COUNTY MENTAL
49 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
50 DISABILITIES SERVICES FUND.

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1 1. For the purposes of this chapter, unless the
2 context otherwise requires, "services fund" means the
3 county mental health, mental retardation, and
4 developmental disabilities services fund created in
5 subsection 2. The county finance committee created in
6 section 333A.2 shall consult with the state-county
7 management committee in adopting rules and prescribing
8 forms for administering the services fund.

9 2. For the fiscal year beginning July 1, 1996, and
10 succeeding fiscal years, county revenues from taxes
11 and other sources designated for mental health, mental
12 retardation, and developmental disabilities services
13 shall be credited to the mental health, mental
14 retardation, and developmental disabilities services
15 fund of the county. The board shall make
16 appropriations from the fund for payment of services
17 provided under the county management plan approved
18 pursuant to section 331.439.

19 3. For the fiscal year beginning July 1, 1996, and
20 succeeding fiscal years, receipts from the state or
21 federal government for such services shall be credited
22 to the services fund, including moneys allotted to the
23 county from the state payment made pursuant to section
24 331.439 and moneys allotted to the county for property
25 tax relief pursuant to section 426B.1.

26 4. For the fiscal year beginning July 1, 1996, and
27 for each subsequent fiscal year, the county shall
28 certify a levy for payment of services. Unless
29 otherwise provided by state law, for each fiscal year,
30 county revenues from taxes imposed by the county
31 credited to the services fund shall not exceed an
32 amount equal to the amount of base year expenditures
33 for services in the fiscal year beginning July 1,
34 1993, and ending June 30, 1994, as defined in section
35 331.438 less the amount of property tax relief to be
36 received pursuant to section 426B.2, subsections 1 and
37 3, in the fiscal year for which the budget is
38 certified. The county auditor and the board of
39 supervisors shall reduce the amount of the levy
40 certified for the services fund by the amount of
41 property tax relief to be received.

42 5. Appropriations specifically authorized to be
43 made from the mental health, mental retardation, and
44 developmental disabilities services fund shall not be
45 made from any other fund of the county.

46 Sec. 11. Section 444.25A, subsection 3, paragraph
47 b, subparagraph (3), Code 1995, is amended to read as
48 follows:

49 (3) Need for additional moneys for health care,
50 treatment, and facilities, including mental-health-and

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1 ~~mental-retardation-care-and~~ treatment pursuant to
2 section 331.424, subsection 1, paragraphs "a" through
3 "h" and "b".

4 Sec. 12. EFFECTIVE AND APPLICABILITY DATES. This
5 division of this Act takes effect January 1, 1996, and
6 is applicable to taxes payable in the fiscal year
7 beginning July 1, 1996, and subsequent fiscal years.

DIVISION III

PROPERTY TAX RELIEF PROVISIONS

10 Sec. 13. Section 222.60, unnumbered paragraph 1,
11 Code 1995, as amended by 1995 Iowa Acts, House File
12 483, section 12, is amended to read as follows:

13 All necessary and legal expenses for the cost of
14 admission or commitment or for the treatment,
15 training, instruction, care, habilitation, support and
16 transportation of persons with mental retardation, as
17 provided for in the county management plan provisions
18 implemented pursuant to section 331.439, subsection 1,
19 in a state hospital-school, or in a special unit, or
20 any public or private facility within or without the
21 state, approved by the director of the department of
22 human services, shall be paid by either:

23 Sec. 14. Section 331.438, subsection 1, paragraph
24 b, Code 1995, is amended to read as follows:

25 b. "State payment" means the payment made by the
26 state to a county determined to be eligible for the
27 payment in accordance with section 331.439.

28 1A. Except as modified based upon the actual
29 amount of the appropriation for purposes of state
30 payment under section 331.439, the amount of the state
31 payment for a fiscal year shall be calculated ~~as-fifty~~
32 ~~percent-of-the-amount-by-which-the-county's-qualified~~
33 ~~expenditures-during-the-immediately-preceding-fiscal~~
34 ~~year-were-in-excess-of-the-amount-of-the-county's-base~~
35 ~~year-expenditures~~ by applying the inflation factor
36 adjustment established in accordance with section
37 331.439, subsection 3, for that fiscal year to the
38 amount of county expenditures for qualified services
39 in the previous fiscal year. A state payment is the
40 state funding a county receives pursuant to section
41 426B.2, subsection 2. Any state funding received by a
42 county for property tax relief in accordance with
43 section 426B.2, subsections 1 and 3, is not a state
44 payment and shall not be included in the state payment
45 calculation made pursuant to this subsection.

46 Sec. 15. Section 331.439, Code 1995, is amended by
47 striking the section and inserting in lieu thereof the
48 following:

49 331.439 ELIGIBILITY FOR STATE PAYMENT.

50 1. The state payment to eligible counties under

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1 this section shall be made as provided in sections
2 331.438 and 426B.2. A county is eligible for the
3 state payment, as defined in section 331.438, for the
4 fiscal year beginning July 1, 1996, and for subsequent
5 fiscal years if the director of human services, in
6 consultation with the state-county management
7 committee, determines for a specific fiscal year that
8 all of the following conditions are met:

9 a. The county accurately reported by October 15
10 the county's expenditures for mental health, mental
11 retardation, and developmental disabilities services
12 for the previous fiscal year on forms prescribed by
13 the department of human services.

14 b. The county developed and implemented a county
15 management plan for the county's mental health, mental
16 retardation, and developmental disabilities services
17 in accordance with the provisions of this paragraph.
18 The plan shall comply with the administrative rules
19 adopted for this purpose by the council on human
20 services and is subject to the approval of the
21 director of human services in consultation with the
22 state-county management committee created in section
23 331.438. The plan shall include a description of the
24 county's service management provision for mental
25 health, mental retardation, and developmental
26 disabilities services. For mental retardation and
27 developmental disabilities service management, the
28 plan shall describe the county's development and
29 implementation of a managed system of cost-effective
30 individualized services and shall comply with the
31 provisions of paragraph "d". The goal of this part of
32 the plan shall be to assist the individuals served to
33 be as independent, productive, and integrated into the
34 community as possible. The service management
35 provisions for mental health shall comply with the
36 provisions of paragraph "c".

37 c. (1) For mental health service management, the
38 county may either directly implement a system of
39 service management and contract with service
40 providers, or contract with a private entity to manage
41 the system, provided all requirements of this lettered
42 paragraph are met by the private entity. The mental
43 health service management shall incorporate a single
44 entry point and clinical assessment process developed
45 in accordance with the provisions of section 331.440.
46 The county shall submit this part of the plan to the
47 department of human services for approval by April 1
48 for the succeeding year. Initially, this part of the
49 plan shall be submitted to the department by April 1,
50 1996, and the county shall implement the approved plan

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1 by July 1, 1996.

2 (2) The basis for determining whether a managed
3 care system for mental health proposed by a county is
4 comparable to a mental health managed care contractor
5 approved by the department of human services shall
6 include but is not limited to all of the following
7 elements which shall be specified in administrative
8 rules adopted by the council on human services in
9 consultation with the state-county management

10 committee:

- 11 (a) The enrollment and eligibility process.
12 (b) The scope of services included.
13 (c) The method of plan administration.
14 (d) The process for managing utilization and
15 access to services and other assistance.
16 (e) The quality assurance process.
17 (f) The risk management provisions and fiscal
18 viability of the provisions, if the county contracts
19 with a private managed care entity.
- 20 d. For mental retardation and developmental
21 disabilities services management, the county must
22 either develop and implement a managed system of care
23 which addresses a full array of appropriate services
24 and cost-effective delivery of services or contract
25 with a state-approved managed care contractor or
26 contractors. Any system or contract implemented under
27 this paragraph shall incorporate a single entry point
28 and clinical assessment process developed in
29 accordance with the provisions of section 331.440.
30 The elements of the managed system of care and the
31 state-approved managed care contract or contracts
32 shall be specified in rules developed by the
33 department of human services in consultation with the
34 state-county management committee and adopted by the
35 council on human services. Initially, this part of
36 the plan shall be submitted to the department for
37 approval on or before October 1, 1996, and shall be
38 implemented on or before January 1, 1997. In fiscal
39 years succeeding the fiscal year of initial
40 implementation, this part of the plan shall be
41 submitted to the department of human services for
42 approval by April 1 for the succeeding fiscal year.
- 43 e. Changes to the approved plan are submitted at
44 least sixty days prior to the proposed change and are
45 not to be implemented prior to the director of human
46 services' approval.

47 2. The county management plan shall address the
48 county's criteria for serving persons with chronic
49 mental illness, including any rationale used for
50 decision making regarding this population.

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1 3. a. For the fiscal year beginning July 1, 1996,
2 and succeeding fiscal years, the county's mental
3 health, mental retardation, and developmental
4 disabilities service expenditures for a fiscal year
5 are limited to a fixed budget amount. The fixed
6 budget amount shall be the amount identified in the
7 county's management plan and budget for the fiscal
8 year. The county shall be allowed an inflation factor
9 adjustment for services paid from the county's
10 services fund under section 331.424A which is in
11 accordance with the county's management plan and
12 budget, implemented pursuant to this section.

13 b. Based upon information contained in county
14 management plans and budgets, the state-county
15 management committee shall recommend an inflation
16 factor adjustment to the council on human services by
17 November 15 for the succeeding fiscal year. The
18 inflation factor adjustment shall address costs
19 associated with new consumers of service, service cost
20 inflation, and investments for economy and efficiency.
21 The council on human services shall recommend to the
22 governor the amount of the inflation factor adjustment
23 for the succeeding fiscal year for inclusion in the
24 governor's proposed budget for the succeeding fiscal
25 year.

26 c. If the general assembly has not revised the
27 amount of the inflation factor adjustment for a fiscal
28 year on the date county budgets must be approved and
29 levies must be certified for that fiscal year, the
30 budgets and levies shall utilize the inflation factor
31 adjustment for that fiscal year recommended by the
32 governor in the governor's proposed budget.

33 4. A county may provide assistance to service
34 populations with disabilities to which the county has
35 historically provided assistance but who are not
36 included in the service management provisions required
37 under subsection 1, subject to the availability of
38 funding.

39 5. Notwithstanding any other provision of law to
40 the contrary, a county shall have no obligation to pay
41 for or provide mental health, mental retardation, or
42 developmental disabilities services for any person
43 that applies through the county's single entry point
44 and clinical assessment process after the moneys in
45 the county services fund under section 331.424A are
46 expended.

47 6. A county shall implement the county's
48 management plan in a manner so as to provide adequate
49 funding for the entire fiscal year by budgeting for
50 ninety-nine percent of the funding anticipated to be

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1 available for the plan. A county may expend all of
2 the funding anticipated to be available for the plan.

3 7. The director's approval of a county's mental
4 health, mental retardation, and developmental
5 disabilities services management plan shall not be
6 construed to constitute certification of the county's
7 budget.

8 Sec. 16. Section 331.440, subsection 1, Code 1995,
9 is amended by adding the following new paragraph:

10 NEW PARAGRAPH. c. The single entry point and
11 clinical assessment process shall include provision
12 for the county's participation in a management
13 information system developed in accordance with rules
14 adopted pursuant to subsection 3.

15 Sec. 17. NEW SECTION. 426B.1 APPROPRIATIONS --
16 PROPERTY TAX RELIEF FUND.

17 1. A property tax relief fund is created in the
18 state treasury under the authority of the department
19 of revenue and finance. The fund shall be separate
20 from the general fund of the state and shall not be
21 considered part of the general fund of the state
22 except in determining the cash position of the state
23 for payment of state obligations. The moneys in the
24 fund are not subject to the provisions of section 8.33
25 and shall not be transferred, used, obligated,
26 appropriated, or otherwise encumbered except as
27 provided in this section. Moneys in the fund may be
28 used for cash flow purposes, provided that any moneys
29 so allocated are returned to the fund by the end of
30 each fiscal year. However, the fund shall be
31 considered a special account for the purposes of
32 section 8.53, relating to elimination of any GAAP
33 deficit. For the purposes of this chapter, unless the
34 context otherwise requires, "property tax relief fund"
35 means the property tax relief fund created in this
36 section.

37 2. There is appropriated to the property tax
38 relief fund for the indicated fiscal years from the
39 general fund of the state the following amounts:

40 a. For the fiscal year beginning July 1, 1995,
41 sixty-one million dollars.

42 b. For the fiscal year beginning July 1, 1996,
43 seventy-eight million dollars.

44 c. For the fiscal year beginning July 1, 1997, and
45 succeeding fiscal years, ninety-five million dollars.

46 Sec. 18. NEW SECTION. 426B.2 PROPERTY TAX RELIEF
47 FUND DISTRIBUTIONS.

48 Moneys in the property tax relief fund shall be
49 utilized in each fiscal year as follows in the order
50 listed:

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1 1. The first sixty-one million dollars plus the
2 amount paid pursuant to subsection 3 in the previous
3 fiscal year in the property tax relief fund shall be
4 distributed to counties under this subsection. A
5 county's proportion of the moneys shall be equivalent
6 to the sum of the following three factors:

7 a. One-third based upon the county's proportion of
8 the state's general population.

9 b. One-third based upon the county's proportion of
10 the state's total taxable property valuation assessed
11 for taxes payable in the previous fiscal year.

12 c. One-third based upon the county's proportion of
13 all counties' base year expenditures, as defined in
14 section 331.438.

15 Moneys provided to a county for property tax relief
16 in a fiscal year in accordance with this section shall
17 not be less than the amount provided for property tax
18 relief in the previous fiscal year.

19 2. Payment of moneys to eligible counties of the
20 state payment in accordance with the provisions of
21 sections 331.438 and 331.439.

22 3. For the fiscal year beginning July 1, 1996, and
23 succeeding fiscal years, the department of human
24 services shall estimate the amount of moneys required
25 for the state payment pursuant to subsection 2.

26 Moneys remaining in the property tax relief fund
27 following the payment made pursuant to subsection 1
28 and the estimated amount of the state payment pursuant
29 to subsection 2 shall be paid for property tax relief
30 in the same manner as provided in subsection 1 to
31 counties eligible for state payment under subsection

32 2. These payments shall continue until the combined
33 amount of the payments made under this subsection and
34 subsection 1 are equal to fifty percent of the total
35 of all counties' base year expenditures as defined in
36 section 331.438. The amount of moneys paid to a
37 county pursuant to this subsection shall be added in
38 subsequent fiscal years to the amount of moneys paid
39 under subsection 1.

40 4. Moneys remaining in the property tax relief
41 fund following the payments made pursuant to
42 subsections 1, 2, and 3 shall be transferred to the
43 homestead credit fund created in section 425.1. This
44 transfer shall continue until the homestead credit is
45 fully funded.

46 5. The department of human services shall notify
47 the director of revenue and finance of the amounts due
48 a county in accordance with the provisions of this
49 section. The director of revenue and finance shall
50 draw warrants on the property tax relief fund, payable

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1 to the county treasurer in the amount due to a county
2 in accordance with subsections 1 and 3 and mail the
3 warrants to the county auditors in September and March
4 of each year. Warrants for the state payment in
5 accordance with subsection 2 shall be mailed in
6 January of each year.

7 Sec. 19. NEW SECTION. 426B.3 NOTIFICATION OF
8 MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
9 DISABILITIES EXPENDITURE RELIEF FUND PAYMENT.

10 1. The county auditor shall reduce the certified
11 budget amount received from the board of supervisors
12 for the succeeding fiscal year for the county mental
13 health, mental retardation, and developmental
14 disabilities services fund created in section 331.424A
15 by an amount equal to the amount the county will
16 receive from the property tax relief fund pursuant to
17 section 426B.2, subsections 1 and 3, for the
18 succeeding fiscal year and the auditor shall determine
19 the rate of taxation necessary to raise the reduced
20 amount. On the tax list, the county auditor shall
21 compute the amount of taxes due and payable on each
22 parcel before and after the amount received from the
23 property tax relief fund is used to reduce the county
24 budget. The director of revenue and finance shall
25 notify the county auditor of each county of the amount
26 of moneys the county will receive from the property
27 tax relief fund pursuant to section 426B.2,
28 subsections 1 and 3, for the succeeding fiscal year.

29 2. The amount of property tax dollars reduced on
30 each parcel as a result of the moneys received from
31 the property tax relief fund pursuant to section
32 426B.2, subsections 1 and 3, shall be noted on each
33 tax statement prepared by the county treasurer
34 pursuant to section 445.23.

35 Sec. 20. NEW SECTION. 426B.4 RULES.

36 The council on human services shall consult with
37 the state-county management committee created in
38 section 331.438 and the director of revenue and
39 finance in prescribing forms and adopting rules
40 pursuant to chapter 17A to administer this chapter.

41 Sec. 21. PROPERTY TAX RELIEF -- FISCAL YEAR 1995-
42 1996. For the fiscal year beginning July 1, 1995, the
43 department of management shall notify each county
44 auditor by June 1, 1995, of the amount the county will
45 receive from the property tax relief fund for property
46 tax relief pursuant to section 426B.2, subsection 1,
47 for that fiscal year. The county auditor shall reduce
48 by the notified amount the amount of the county's
49 certified budget to be raised by property tax for that
50 fiscal year which is to be expended for mental health,

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1 mental retardation, and developmental disabilities
2 services and shall revise the rate of taxation as
3 necessary to raise the reduced amount. The county
4 auditor shall report the reduction in the certified
5 budget and the revised rate of taxation to the
6 department of management by June 30, 1995.

7 Sec. 22. FUNDING OF SESSION LAW REQUIREMENTS. If
8 the appropriations in section 426B.1, subsection 2, as
9 created in this division of this Act, are enacted by
10 this Act, the requirements of 1994 Iowa Acts, chapter
11 1163, section 8, subsection 2, to fully fund
12 provisions of sections 331.438 and 331.439 shall be
13 considered to be met and the repeals contained in 1994
14 Iowa Acts, chapter 1163, section 8, subsection 2,
15 shall be void.

16 Sec. 23. STATE-COUNTY MANAGEMENT COMMITTEE REVIEW
17 -- 1995 INTERIM. The state-county management
18 committee created in section 331.438 shall review
19 statutory provisions and administrative rules which
20 are intended to regulate and contain county
21 expenditures for mental health, mental retardation,
22 and developmental disabilities (MH/MR/DD) services and
23 the formula for distribution of property tax relief
24 moneys to counties under section 426B.2. The
25 committee should consider proposals from counties and
26 other interested persons for a distribution formula
27 factor which rewards or provides incentives for
28 economy and efficiency in providing mental health,
29 mental retardation, and developmental disabilities
30 services; and a mechanism for a county to appeal to
31 the state if it is believed the county is unfairly
32 treated under an established funding formula. In
33 addition, the committee shall consider tort and other
34 liability issues associated with a county managing
35 MH/MR/DD expenditures in accordance with a fixed
36 budget and make recommendations to address the issues.
37 The committee shall review the dates required under
38 section 331.439 and chapter 426B, as enacted by this
39 Act and make recommendations for change if revisions
40 are deemed necessary. The committee shall report to
41 the governor and the general assembly on or before
42 December 1, 1995.

43 Sec. 24. LEVY STUDY. The county finance committee
44 created in chapter 333A shall consult with any
45 interested parties in studying the ramifications of
46 consolidating the county general basic levies and the
47 general supplemental levies and other proposals
48 involving the levies. The committee shall be assisted
49 by four legislators with one each appointed by the
50 following leaders: majority leader of the senate,

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1 minority leader of the senate, speaker of the house of
2 representatives, and minority leader of the house of
3 representatives. The legislative appointees are
4 eligible for per diem and actual expenses for their
5 assistance to the committee. The committee shall
6 report to the governor and the general assembly with
7 findings and recommendations on or before January 4,
8 1996.

9 Sec. 25. EFFECTIVE DATE. Section 21 of this
10 division of this Act, relating to property tax relief
11 for fiscal year 1995-1996, being deemed of immediate
12 importance, takes effect upon enactment.

DIVISION IV

COUNTY PROPERTY TAX LIMITATION

14 Sec. 26. Section 444.25A, subsection 1, Code 1995,
15 is amended to read as follows:

17 1. COUNTY LIMITATION. The maximum amount of
18 property tax dollars which may be certified by a
19 county for taxes payable in the fiscal year beginning
20 July 1, 1995, shall not exceed the amount of property
21 tax dollars certified by the county for taxes payable
22 in the fiscal year beginning July 1, 1994, minus the
23 amount of property tax relief moneys to be received by
24 the county for the fiscal year beginning July 1, 1995,
25 pursuant to section 426B.2, subsection 1, and the
26 maximum amount of property tax dollars which may be
27 certified by a county for taxes payable in the fiscal
28 year beginning July 1, 1996, shall not exceed the
29 amount of property tax dollars certified by the county
30 for taxes payable in the fiscal year beginning July 1,
31 1995, minus the amount by which the property tax
32 relief moneys to be received by the county in the
33 fiscal year beginning July 1, 1996, pursuant to
34 section 426B.2, subsections 1 and 3, exceeds the
35 amount of the property tax relief moneys received in
36 the fiscal year beginning July 1, 1995, for each of
37 the levies for the following, except for the levies on
38 the increase in taxable valuation due to new
39 construction, additions or improvements to existing
40 structures, remodeling of existing structures for
41 which a building permit is required, annexation, and
42 phasing out of tax exemptions, and on the increase in
43 valuation of taxable property as a result of a
44 comprehensive revaluation by a private appraiser under
45 a contract entered into prior to January 1, 1992, or
46 as a result of a comprehensive revaluation directed or
47 authorized by the conference board prior to January 1,
48 1992, with documentation of the contract,
49 authorization, or directive on the revaluation
50 provided to the director of revenue and finance, if

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1 the levies are equal to or less than the levies for
2 the previous year, levies on that portion of the
3 taxable property located in an urban renewal project
4 the tax revenues from which are no longer divided as
5 provided in section 403.19, subsection 2, or as
6 otherwise provided in this section:

7 a. General county services under section 331.422,
8 subsection 1.

9 b. Rural county services under section 331.422,
10 subsection 2.

11 c. Other taxes under section 331.422, subsection
12 4.

13 Sec. 27. NEW SECTION. 444.25B PROPERTY TAX
14 LIMITATION FOR FISCAL YEAR 1998.

15 1. COUNTY LIMITATION. The maximum amount of
16 property tax dollars which may be certified by a
17 county for taxes payable in the fiscal year beginning
18 July 1, 1997, shall not exceed the amount of property
19 tax dollars certified by the county for taxes payable
20 in the fiscal year beginning July 1, 1996, minus the
21 amount by which the property tax relief moneys to be
22 received by the county in the fiscal year beginning
23 July 1, 1997, pursuant to section 426B.2, subsections
24 1 and 3, exceeds the amount of the property tax relief
25 moneys received in the fiscal year beginning July 1,
26 1996, for each of the levies for the following, except
27 for the levies on the increase in taxable valuation
28 due to new construction, additions or improvements to
29 existing structures, remodeling of existing structures
30 for which a building permit is required, annexation,
31 and phasing out of tax exemptions, and on the increase
32 in valuation of taxable property as a result of a
33 comprehensive revaluation by a private appraiser under
34 a contract entered into prior to January 1, 1992, or
35 as a result of a comprehensive revaluation directed or
36 authorized by the conference board prior to January 1,
37 1992, with documentation of the contract,
38 authorization, or directive on the revaluation
39 provided to the director of revenue and finance, if
40 the levies are equal to or less than the levies for
41 the previous year, levies on that portion of the
42 taxable property located in an urban renewal project
43 the tax revenues from which are no longer divided as
44 provided in section 403.19, subsection 2, or as
45 otherwise provided in this section:

46 a. General county services under section 331.422,
47 subsection 1.

48 b. Rural county services under section 331.422,
49 subsection 2.

50 c. Other taxes under section 331.422, subsection

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1 4.

2 2. EXCEPTIONS. The limitations provided in
3 subsection 1 do not apply to the levies made for the
4 following:

5 a. Debt service to be deposited into the debt
6 service fund pursuant to section 331.430.

7 b. Taxes approved by a vote of the people which
8 are payable during the fiscal year beginning July 1,
9 1997.

10 c. Hospitals pursuant to chapters 37, 347, and
11 347A.

12 d. Emergency management to be deposited into the
13 local emergency management fund and expended for
14 development of hazardous substance teams pursuant to
15 chapter 29C.

16 e. Unusual need for additional moneys to finance
17 existing programs which would provide substantial
18 benefit to county residents or compelling need to
19 finance new programs which would provide substantial
20 benefit to county residents. The increase in taxes
21 levied under this exception for the fiscal year
22 beginning July 1, 1997, is limited to no more than the
23 product of the total tax dollars levied in the fiscal
24 year beginning July 1, 1996, and the percent change,
25 computed to two decimal places, in the price index for
26 government purchases by type for state and local
27 governments computed for the third quarter of calendar
28 year 1996 from that computed for the third quarter of
29 calendar year 1995.

30 For purposes of this paragraph, the price index for
31 government purchases by type for state and local
32 governments is defined by the bureau of economic
33 analysis of the United States department of commerce
34 and published in table 7.11 of the national income and
35 products accounts. For the fiscal year beginning July
36 1, 1997, the price index used shall be the revision
37 published in the November 1996 edition of the United
38 States department of commerce publication, "survey of
39 current business". For purposes of this paragraph,
40 tax dollars levied in the fiscal year beginning July
41 1, 1996, shall not include funds levied for paragraphs
42 "a", "b", and "c" of this subsection.

43 Application of this exception shall require an
44 original publication of the budget and a public
45 hearing and a second publication and a second hearing
46 both in the manner and form prescribed by the director
47 of the department of management, notwithstanding the
48 provisions of section 331.434. The publications and
49 hearings prescribed in this paragraph shall be held
50 and the budget certified no later than March 15. The

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1 taxes levied for counties whose budgets are certified
2 after March 15, 1997, shall be frozen at the fiscal
3 year beginning July 1, 1996, level.

4 3. APPEAL PROCEDURES. In lieu of the procedures
5 in sections 24.48 and 331.426, which procedures do not
6 apply for taxes payable in the fiscal year beginning
7 July 1, 1997, if a county needs to raise property tax
8 dollars from a tax levy in excess of the limitations
9 imposed by subsection 1, the following procedures
10 apply:

11 a. Not later than March 1, and after the
12 publication and public hearing on the budget in the
13 manner and form prescribed by the director of the
14 department of management, notwithstanding section
15 331.434, the county shall petition the state appeal
16 board for approval of a property tax increase in
17 excess of the increase provided for in subsection 2,
18 paragraph "e", on forms furnished by the director of
19 the department of management. Applications received
20 after March 1 shall be automatically ineligible for
21 consideration by the board.

22 b. Additional costs incurred by the county due to
23 any of the following circumstances shall be the basis
24 for justifying the excess in property tax dollars:

25 (1) Natural disaster or other life-threatening
26 emergencies.

27 (2) Unusual need for additional moneys to finance
28 existing programs which would provide substantial
29 benefit to county residents or compelling need to
30 finance new programs which would provide substantial
31 benefit to county residents.

32 (3) Need for additional moneys for health care,
33 treatment, and facilities pursuant to section 331.424,
34 subsection 1, paragraphs "a" and "b".

35 (4) Judgments, settlements, and related costs
36 arising out of civil claims against the county and its
37 officers, employees, and agents, as defined in chapter
38 670.

39 c. The state appeal board shall approve,
40 disapprove, or reduce the amount of excess property
41 tax dollars requested. The board shall take into
42 account the intent of this section to provide property
43 tax relief. The decision of the board shall be
44 rendered at a regular or special meeting of the board
45 within twenty days of the board's receipt of an
46 appeal.

47 d. Within seven days of receipt of the decision of
48 the state appeal board, the county shall adopt and
49 certify its budget under section 331.434, which budget
50 may be protested as provided in section 331.436. The

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1 shall not be eligible to receive a partial exemption
2 under sections 427B.1 to 427B.6.

3 5. This section shall not apply to property
4 assessed by the department of revenue and finance
5 pursuant to sections 428.24 to 428.29, or chapters
6 433, 434, and 436 to 438, and such property shall not
7 receive the benefits of this section.

8 Any electric power generating plant which operated
9 during the preceding assessment year at a net capacity
10 factor of more than twenty percent, shall not receive
11 the benefits of this section or of sections 15.332 and
12 15.334. For purposes of this section, "electric power
13 generating plant" means any name plate rated electric
14 power generating plant, in which electric energy is
15 produced from other forms of energy, including all
16 taxable land, buildings, and equipment used in the
17 production of such energy. "Net capacity factor"
18 means net actual generation divided by the product of
19 net maximum capacity times the number of hours the
20 unit was in the active state during the assessment
21 year. Upon commissioning, a unit is in the active
22 state until it is decommissioned. "Net actual
23 generation" means net electrical megawatt hours
24 produced by the unit during the preceding assessment
25 year. "Net maximum capacity" means the capacity the
26 unit can sustain over a specified period when not
27 restricted by ambient conditions or equipment
28 deratings, minus the losses associated with station
29 service or auxiliary loads.

30 6. The taxpayer's valuation of property defined in
31 section 427A.1, subsection 1, paragraphs "e" and "j",
32 and located in an urban renewal area for which an
33 urban renewal plan provides for the division of taxes
34 as provided in section 403.19 to pay the principal and
35 interest on loans, advances, bonds issued under the
36 authority of section 403.9, subsection 1, or
37 indebtedness incurred by a city or county to finance
38 an urban renewal project within the urban renewal
39 area, if such loans, advances, or bonds were issued or
40 indebtedness incurred, on or after January 1, 1982,
41 and on or before June 30, 1995, shall be limited to
42 thirty percent of the net acquisition cost of the
43 property. Such property located in an urban renewal
44 area shall not be valued pursuant to subsection 2 or
45 3, whichever is applicable, until the assessment year
46 following the calendar year in which the obligations
47 created by any loans, advances, bonds, or indebtedness
48 payable from the division of taxes as provided in
49 section 403.19 have been retired. The taxpayer's
50 valuation for such property shall then be the

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1 valuation specified in subsection 2 or 3, whichever is
2 applicable, for the applicable assessment year. If
3 the loans, advances, or bonds issued, or indebtedness
4 incurred between January 1, 1982, and June 30, 1995,
5 are refinanced or refunded after June 30, 1995, the
6 valuation of such property shall then be the valuation
7 specified in subsection 2 or 3, whichever is
8 applicable, for the applicable assessment year
9 beginning with the assessment year following the
10 calendar year in which any of those loans, advances,
11 bonds, or other indebtedness are refinanced or
12 refunded after June 30, 1995.

13 7. For the purpose of dividing taxes under section
14 260E.4 or 260F.4, the employer's or business's
15 valuation of property defined in section 427A.1,
16 subsection 1, paragraphs "e" and "j", and used to fund
17 a new jobs training project which project's first
18 written agreement providing for a division of taxes as
19 provided in section 403.19 is approved on or before
20 June 30, 1995, shall be limited to thirty percent of
21 the net acquisition cost of the property. An
22 employer's or business's taxable property used to fund
23 a new jobs training project shall not be valued
24 pursuant to subsection 2 or 3, whichever is
25 applicable, until the assessment year following the
26 calendar year in which the certificates or other
27 funding obligations have been retired or escrowed.
28 The taxpayer's valuation for such property shall then
29 be the valuation specified in subsection 1 for the
30 applicable assessment year. If the certificates
31 issued, or other funding obligations incurred, between
32 January 1, 1982, and June 30, 1995, are refinanced or
33 refunded after June 30, 1995, the valuation of such
34 property shall then be the valuation specified in
35 subsection 2 or 3, whichever is applicable, for the
36 applicable assessment year beginning with the
37 assessment year following the calendar year in which
38 those certificates or other funding obligations are
39 refinanced or refunded after June 30, 1995.

40 Sec. 30. NEW SECTION. 427B.18 REPLACEMENT.

41 Beginning with the fiscal year beginning July 1,
42 1996, each county treasurer shall be paid from the
43 industrial machinery, equipment and computers
44 replacement fund an amount equal to the amount of the
45 industrial machinery, equipment and computers tax
46 replacement claim, as calculated in section 427B.19.

47 Sec. 31. NEW SECTION. 427B.19 ASSESSOR AND
48 COUNTY AUDITOR DUTIES.

49 1. On or before July 1 of each fiscal year, the
50 assessor shall determine the total assessed value of

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1 budget shall not contain an amount of property tax
2 dollars in excess of the amount approved by the state
3 appeal board.

4 4. Rate adjustment by county auditor. In addition
5 to the requirement of the county auditor in section
6 444.3 to establish a rate of tax which does not exceed
7 the rate authorized by law, the county auditor shall
8 also adjust the rate if the amount of property tax
9 dollars to be raised is in excess of the amount
10 specified in subsection 1, as may be adjusted pursuant
11 to subsection 3.

12 Sec. 28. Section 444.27, Code 1995, is amended to
13 read as follows:

14 444.27 SECTIONS VOID.

15 1. For purposes of section 444.25, sections 24.48
16 and 331.426 are void for the fiscal years beginning
17 July 1, 1993, and July 1, 1994. For purposes of
18 section 444.25A, sections 24.48 and 331.426 are void
19 for the fiscal years beginning July 1, 1995, and July
20 1, 1996.

21 2. For purposes of section 444.25B, sections 24.48
22 and 331.426 are void for the fiscal year beginning
23 July 1, 1997.

24 DIVISION V

25 INDUSTRIAL MACHINERY, EQUIPMENT AND COMPUTERS PROPERTY
26 TAX

27 EXEMPTION AND REPLACEMENT

28 Sec. 29. Section 427B.17, Code 1995, is amended to
29 read as follows:

30 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

31 1. For property defined in section 427A.1,
32 subsection 1, paragraphs "e" and "j", acquired or
33 initially leased on or after January 1, 1982, the
34 taxpayer's valuation shall be limited to thirty
35 percent of the net acquisition cost of the property,
36 except as otherwise provided in subsections 2 and 3.
37 For purposes of this section, "net acquisition cost"
38 means the acquired cost of the property including all
39 foundations and installation cost less any excess cost
40 adjustment.

41 For purposes of this ~~section~~ subsection:

42 ~~1. Property assessed by the department of revenue~~
43 ~~and finance pursuant to sections 428.24 to 428.29, or~~
44 ~~chapters 433, 434 and 436 to 438 shall not receive the~~
45 ~~benefits of this section.~~

46 ~~2. a.~~ Property acquired before January 1, 1982,
47 which was owned or used before January 1, 1982, by a
48 related person shall not receive the benefits of this
49 section subsection.

50 ~~3. b.~~ Property acquired on or after January 1,

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1 1982, which was owned and used by a related person
2 shall not receive any additional benefits under this
3 section subsection.

4 4- c. Property which was owned or used before
5 January 1, 1982, and subsequently acquired by an
6 exchange of like property shall not receive the
7 benefits of this section subsection.

8 5- d. Property which was acquired on or after
9 January 1, 1982, and subsequently exchanged for like
10 property shall not receive any additional benefits
11 under this section subsection.

12 6- e. Property acquired before January 1, 1982,
13 which is subsequently leased to a taxpayer or related
14 person who previously owned the property shall not
15 receive the benefits of this section subsection.

16 7- f. Property acquired on or after January 1,
17 1982, which is subsequently leased to a taxpayer or
18 related person who previously owned the property shall
19 not receive any additional benefits under this section
20 subsection.

21 For purposes of this section subsection, "related
22 person" means a person who owns or controls the
23 taxpayer's business and another business entity from
24 which property is acquired or leased or to which
25 property is sold or leased. Business entities are
26 owned or controlled by the same person if the same
27 person directly or indirectly owns or controls fifty
28 percent or more of the assets or any class of stock or
29 who directly or indirectly has an interest of fifty
30 percent or more in the ownership or profits.

31 2. Property defined in section 427A.1, subsection
32 1, paragraphs "e" and "j", which is first assessed for
33 taxation in this state on or after January 1, 1995,
34 shall be exempt from taxation.

35 3. Property defined in section 427A.1, subsection
36 1, paragraphs "e" and "j", and assessed under section
37 427B.17, subsection 1, shall be valued by the local
38 assessor as follows for the following assessment
39 years:

40 a. For the assessment year beginning January 1,
41 1999, at twenty-two percent of the net acquisition
42 cost.

43 b. For the assessment year beginning January 1,
44 2000, at fourteen percent of the net acquisition cost.

45 c. For the assessment year beginning January 1,
46 2001, at six percent of the net acquisition cost.

47 d. For the assessment year beginning January 1,
48 2002, and succeeding assessment years, at zero percent
49 of the net acquisition cost.

50 4. Property assessed pursuant to this section

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1 the property assessed under section 427B.17 for taxes
2 payable in that fiscal year and the total assessed
3 value of such property assessed as of January 1, 1994,
4 and shall report the valuations to the county auditor.

5 2. On or before July 1 of each fiscal year, the
6 assessor shall determine the valuation of all
7 commercial and industrial property assessed for taxes
8 payable in that fiscal year and the valuation of such
9 property assessed as of January 1, 1994, and shall
10 report the valuations to the county auditor.

11 3. On or before July 1, 1996, and on or before
12 July 1 of each succeeding fiscal year through June 30,
13 2006, the county auditor shall prepare a statement,
14 based upon the report received pursuant to subsections
15 1 and 2, listing for each taxing district in the
16 county:

17 a. Beginning with the assessment year beginning
18 January 1, 1995, the difference between the assessed
19 valuation of property assessed pursuant to section
20 427B.17 for that year and the total assessed value of
21 such property assessed as of January 1, 1994. If the
22 total assessed value of the property assessed as of
23 January 1, 1994, is less, there is no tax replacement
24 for the fiscal year.

25 b. The tax levy rate for each taxing district for
26 that fiscal year.

27 c. The industrial machinery, equipment and
28 computers tax replacement claim for each taxing
29 district. For fiscal years beginning July 1, 1996,
30 and ending June 30, 2001, the replacement claim is
31 equal to the amount determined pursuant to paragraph
32 "a", multiplied by the tax rate specified in paragraph
33 "b". For fiscal years beginning July 1, 2001, and
34 ending June 30, 2006, the replacement claim is equal
35 to the product of the amount determined pursuant to
36 paragraph "a", less any increase in valuations
37 determined in paragraph "d", and the tax rate
38 specified in paragraph "b". If the amount subtracted
39 under paragraph "d" is more than the amount determined
40 in paragraph "a", there is no tax replacement for the
41 fiscal year.

42 d. Beginning with the assessment year beginning
43 January 1, 2000, the auditor shall reduce the amount
44 listed in paragraph "a", by the increase, if any, in
45 assessed valuations of commercial and industrial
46 property in the assessment year beginning January 1,
47 1994, and the assessment year for which taxes are due
48 and payable in that fiscal year. If the calculation
49 under this paragraph indicates a net decrease in
50 aggregate valuation of such property, the industrial

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1 machinery, equipment and computers tax replacement
2 claim for each taxing district is equal to the amount
3 determined pursuant to paragraph "a", multiplied by
4 the tax rate specified in paragraph "b".

5 4. The county auditor shall certify and forward
6 one copy of the statement to the department of revenue
7 and finance not later than July 1 of each year.

8 Sec. 32. NEW SECTION. 427B.19A FUND CREATED.

9 1. The industrial machinery, equipment and
10 computers property tax replacement fund is created.
11 For the fiscal year beginning July 1, 1996, through
12 the fiscal year ending June 30, 2006, there is
13 appropriated annually from the general fund of the
14 state to the department of revenue and finance to be
15 credited to the industrial machinery, equipment and
16 computers property tax replacement fund, an amount
17 sufficient to implement this division.

18 2. If an amount appropriated for a fiscal year is
19 insufficient to pay all claims, the director shall
20 prorate the disbursements from the fund to the county
21 treasurers and shall notify the county auditors of the
22 pro rata percentage on or before August 1.

23 3. The replacement claims shall be paid to each
24 county treasurer in equal installments in September
25 and March of each year. The county treasurer shall
26 apportion the replacement claim payments among the
27 eligible taxing districts in the county.

28 Sec. 33. NEW SECTION. 427B.19B GUARANTEE OF
29 STATE REPLACEMENT FUNDS.

30 For the fiscal years beginning July 1, 1996, and
31 ending June 30, 2006, if the industrial machinery,
32 equipment and computers property tax replacement fund
33 is insufficient to pay in full the total of the
34 amounts certified to the director of revenue and
35 finance, the director shall compute for each county
36 the difference between the total of all replacement
37 claims for each taxing district within the county and
38 the amount paid to the county treasurer for
39 disbursement to each taxing district in the county.
40 The assessor, for the assessment year for which taxes
41 are due and payable in the fiscal year for which a
42 sufficient appropriation was not made, shall revalue
43 all industrial machinery, equipment and computers
44 described in section 427B.17, subsections 2 and 3, in
45 the county at a percentage of net acquisition cost
46 which will yield from each taxing district its
47 shortfall and the property shall be assessed and taxed
48 in such manner for taxes due and payable in the
49 following fiscal year in addition to being assessed
50 and taxed in the applicable manner under section

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1 427B.17. When conducting the revaluation, the
2 assessor shall increase the percentage of net
3 acquisition cost of such property by the same
4 percentage point. Property tax dollar amounts
5 certified pursuant to this section shall not be
6 considered property tax dollars certified for purposes
7 of the property tax limitation in chapter 444.

8 Sec. 34. Section 257.3, subsection 1, Code 1995,
9 is amended by adding the following new unnumbered
10 paragraph:

11 NEW UNNUMBERED PARAGRAPH. The amount paid to each
12 school district for the tax replacement claim for
13 industrial machinery, equipment and computers under
14 section 427B.19A shall be regarded as property tax.
15 The portion of the payment which is foundation
16 property tax shall be determined by applying the
17 foundation property tax rate to the amount computed
18 under section 427B.19, subsection 3, paragraph "a", as
19 adjusted by paragraph "d", if any adjustment was made.

20 DIVISION VI

21 FISCAL YEAR 1996 PAYMENT

22 Sec. 35. FISCAL YEAR 1996 RELIEF FUND PAYMENT.
23 Notwithstanding 1995 Iowa Acts, House File 132,
24 section 13, the appropriation in that section shall
25 not be made from the general fund of the state but
26 shall be made from the property tax relief fund
27 created in section 426B.1, as enacted by this Act.
28 Notwithstanding section 426B.2, subsection 2, as
29 enacted by this Act, for the fiscal year beginning
30 July 1, 1995, the amount of moneys distributed under
31 that subsection shall be \$54.4 million."

32 2. Title page, by striking lines 1 through 4 and
33 inserting the following: "An Act relating to tax
34 provisions involving state income tax, certain county
35 property tax and services associated with mental
36 health and developmental disabilities services, the
37 county property tax limitation, and property tax on
38 industrial machinery, equipment and computers,
39 providing appropriations, and providing effective and
40 applicability dates.""

By TOM VILSACK

S-3596 FILED APRIL 26, 1995

o/o 4/27/95 (p. 1463)

SENATE FILE 69

S-3598

1 Amend the amendment, S-3591, to the House
2 amendment, S-3082, to Senate File 69, as passed by the
3 Senate, as follows:

4 1. Page 23, by striking lines 36 through 41 and
5 inserting the following:

6 "For fiscal years beginning July 1, 1996, and
7 ending June 30, 2006, each county treasurer shall be
8 paid from the industrial machinery, equipment and
9 computers replacement fund an amount equal to one
10 hundred percent of the amount of the industrial
11 machinery, equipment and computers tax replacement
12 claim, as calculated in section 427B.19. For fiscal
13 years beginning July 1, 2006, and ending June 30,
14 2008, each county treasurer shall be paid from the
15 fund an amount equal to fifty percent of the amount of
16 the industrial machinery, equipment and computers tax
17 replacement claim, as calculated in section 427B.19."

18 2. Page 24, line 8, by striking the figure
19 "2006," and inserting the following: "2008,".

20 3. Page 24, line 29, by striking the figure
21 "2006," and inserting the following: "2008,".

22 4. Page 25, line 7, by striking the figure
23 "2006," and inserting the following: "2008,".

24 5. Page 25, line 26, by striking the figure
25 "2006," and inserting the following: "2008,".

By SHELDON RITTNER
RICHARD F. DRAKE

S-3598 FILED APRIL 26, 1995

o/o 4/27/95 (p.1463)

SENATE FILE 69

S-3599

1 Amend the amendment, S-3591, to the House
2 amendment, S-3082, to Senate File 69, as passed by the
3 Senate, as follows:

4 1. By striking page 1, line 1 through page 26,
5 line 35 and inserting the following:

6 "Amend the House amendment, S-3082, to Senate File
7 69 as passed by the Senate as follows:

8 _____. By striking page 1, line 1, through page
9 44, line 25, and inserting the following:

10 "Amend Senate File 69, as passed by the Senate, as
11 follows:

12 _____. By striking everything after the enacting
13 clause and inserting the following:

14 "DIVISION I
15 INCOME TAX

16 Section 1. Section 422.7, Code 1995, is amended by
17 adding the following new subsection:

18 NEW SUBSECTION. 33. For a person who is disabled,
19 or is fifty-five years of age or older, or is the
20 surviving spouse of an individual or a survivor having
21 an insurable interest in an individual who would have
22 qualified for the exemption under this subsection for
23 the tax year, subtract, to the extent included, the
24 total amount of a governmental or other pension or
25 retirement pay, including, but not limited to, defined
26 benefit or defined contribution plans, annuities,
27 individual retirement accounts, plans maintained or
28 contributed to by an employer, or maintained or
29 contributed to by a self-employed person as an
30 employer, and deferred compensation plans or any
31 earnings attributable to the deferred compensation
32 plans, up to a maximum of three thousand dollars for a
33 person who files a separate state income tax return
34 and up to a maximum of six thousand dollars for a
35 husband and wife who file a joint state income tax
36 return. However, a surviving spouse who is not
37 disabled or fifty-five years of age or older can only
38 exclude the amount of pension or retirement pay
39 received as a result of the death of the other spouse.

40 Sec. 2. Section 422.12, subsection 1, paragraph c,
41 Code 1995, is amended to read as follows:

42 c. For each dependent, an additional ~~fifteen~~ forty
43 dollars. As used in this section, the term
44 "dependent" has the same meaning as provided by the
45 Internal Revenue Code.

46 Sec. 3. TAXATION STUDY. The legislative council
47 is requested to establish a taxation study during the
48 1995 legislative interim period. The study would
49 address taxation of businesses, including subchapter S
50 corporations, taxation incentives and disincentives

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1 for economic development, and the long-term objectives
2 of business taxation. The legislative council is
3 requested to authorize up to \$100,000 for consultants
4 and other costs associated with the business taxation
5 study.

6 Sec. 4. RETROACTIVE APPLICABILITY. This division
7 of this Act applies retroactively to January 1, 1995,
8 for tax years beginning on or after that date.

DIVISION II

10 SUPPLEMENTAL LEVY AND COUNTY MENTAL HEALTH FUND

11 Sec. 5. Section 123.38, unnumbered paragraph 2,
12 Code 1995, is amended to read as follows:

13 Any licensee or permittee, or the licensee's or
14 permittee's executor or administrator, or any person
15 duly appointed by the court to take charge of and
16 administer the property or assets of the licensee or
17 permittee for the benefit of the licensee's or
18 permittee's creditors, may voluntarily surrender a
19 license or permit to the division. When a license or
20 permit is surrendered the division shall notify the
21 local authority, and the division or the local
22 authority shall refund to the person surrendering the
23 license or permit, a proportionate amount of the fee
24 received by the division or the local authority for
25 the license or permit as follows: If a license or
26 permit is surrendered during the first three months of
27 the period for which it was issued, the refund shall
28 be three-fourths of the amount of the fee; if
29 surrendered more than three months but not more than
30 six months after issuance, the refund shall be one-
31 half of the amount of the fee; if surrendered more
32 than six months but not more than nine months after
33 issuance, the refund shall be one-fourth of the amount
34 of the fee. No refund shall be made, however, for any
35 special liquor permit, nor for a liquor control
36 license, wine permit, or beer permit surrendered more
37 than nine months after issuance. For purposes of this
38 paragraph, any portion of license or permit fees used
39 for the purposes authorized in section 331.424,
40 subsection 1, paragraphs "a"₇ and "b"₇-"e"₇-"d"₇-"e"₇
41 "f"₇-"g"₇-and-"h", and in section 331.424A, shall not
42 be deemed received either by the division or by a
43 local authority. No refund shall be made to any
44 licensee or permittee, upon the surrender of the
45 license or permit, if there is at the time of
46 surrender, a complaint filed with the division or
47 local authority, charging the licensee or permittee
48 with a violation of this chapter. If upon a hearing
49 on a complaint the license or permit is not revoked or
50 suspended, then the licensee or permittee is eligible,

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1 upon surrender of the license or permit, to receive a
2 refund as provided in this section; but if the license
3 or permit is revoked or suspended upon hearing the
4 licensee or permittee is not eligible for the refund
5 of any portion of the license or permit fee.

6 Sec. 6. Section 218.99, Code 1995, is amended to
7 read as follows:

8 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
9 PERSONAL ACCOUNTS.

10 The administrator of a division of the department
11 of human services in control of a state institution
12 shall direct the business manager of each institution
13 under the administrator's jurisdiction which is
14 mentioned in section 331.424, subsection 1, paragraphs
15 "a" through "g" and "b" and for which services are
16 paid under section 331.424A to quarterly inform the
17 auditor of the county of legal settlement of any
18 patient or resident who has an amount in excess of two
19 hundred dollars on account in the patients' personal
20 deposit fund and the amount on deposit. The
21 administrators shall direct the business manager to
22 further notify the auditor of the county at least
23 fifteen days before the release of funds in excess of
24 two hundred dollars or upon the death of the patient
25 or resident. If the patient or resident has no county
26 of legal settlement, notice shall be made to the
27 director of the department of human services and the
28 administrator of the division of the department in
29 control of the institution involved.

30 Sec. 7. Section 225C.4, subsection 2, paragraph b,
31 Code 1995, is amended to read as follows:

32 b. Establish mental health and mental retardation
33 services for all institutions under the control of the
34 director of human services and establish an autism
35 unit, following mutual planning with and consultation
36 from the medical director of the state psychiatric
37 hospital, at an institution or a facility administered
38 by the administrator to provide psychiatric and
39 related services and other specific programs to meet
40 the needs of autistic persons as defined in section
41 ~~331.424, subsection 1~~, and to furnish appropriate
42 diagnostic evaluation services.

43 Sec. 8. Section 331.301, subsection 12, Code 1995,
44 is amended to read as follows:

45 12. The board of supervisors may credit funds to a
46 reserve for the purposes authorized by subsection 11
47 of this section; section 331.424, subsection 1,
48 paragraph "f"; and section 331.441, subsection 2,
49 paragraph "b". Moneys credited to the reserve, and
50 interest earned on such moneys, shall remain in the

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1 reserve until expended for purposes authorized by
 2 subsection 11 of this section; section 331.424,
 3 subsection 1, paragraph "f"; or section 331.441,
 4 subsection 2, paragraph "b".

5 Sec. 9. Section 331.424, subsection 1, Code 1995,
 6 is amended to read as follows:

7 1. For general county services, an amount
 8 sufficient to pay the charges for the following:

9 a. To the extent that the county is obligated by
 10 statute to pay the charges for:

11 ~~(1) Care and treatment of patients by a state~~
 12 ~~mental health institute.~~

13 ~~---(2) Care and treatment of patients by either of~~
 14 ~~the state hospital schools or by any other facility~~
 15 ~~established under chapter 222 and diagnostic~~
 16 ~~evaluation under section 222.31.~~

17 ~~---(3) Care and treatment of patients under chapter~~
 18 ~~225.~~

19 ~~(4) (1) Care and treatment of persons at the~~
 20 ~~alcoholic treatment center at Oakdale. However, the~~
 21 ~~county may require that an admission to the center~~
 22 ~~shall be reported to the board by the center within~~
 23 ~~five days as a condition of the payment of county~~
 24 ~~funds for that admission.~~

25 ~~(5) (2) Care of children admitted or committed to~~
 26 ~~the Iowa juvenile home at Toledo.~~

27 ~~(6) (3) Clothing, transportation, medical, or~~
 28 ~~other services provided persons attending the Iowa~~
 29 ~~braille and sight saving school, the Iowa school for~~
 30 ~~the deaf, or the state hospital-school for severely~~
 31 ~~handicapped children at Iowa City, for which the~~
 32 ~~county becomes obligated to pay pursuant to sections~~
 33 ~~263.12, 269.2, and 270.4 through 270.7.~~

34 ~~b. To the extent that the board deems it advisable~~
 35 ~~to pay, the charges for professional evaluation,~~
 36 ~~treatment, training, habilitation, and care of persons~~
 37 ~~who are mentally retarded, autistic persons, or~~
 38 ~~persons who are afflicted by any other developmental~~
 39 ~~disability, at a suitable public or private facility~~
 40 ~~providing inpatient or outpatient care in the county.~~
 41 ~~As used in this paragraph:~~

42 ~~---(1) "Developmental disability" has the meaning~~
 43 ~~assigned that term by 42 U.S.C. sec. 6001(7) (1976),~~
 44 ~~Supp. II, 1978, and Supp. III, 1979.~~

45 ~~---(2) "Autistic persons" means persons, regardless~~
 46 ~~of age, with severe communication and behavior~~
 47 ~~disorders that became manifest during the early stages~~
 48 ~~of childhood development and that are characterized by~~
 49 ~~a severely disabling inability to understand,~~
 50 ~~communicate, learn, and participate in social~~

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1 relationships--"Autistic persons" includes but is not
2 limited to those persons afflicted by infantile
3 autism, profound aphasia, and childhood psychosis.
4 ---c.---Care and treatment of persons placed in the
5 county hospital, county care facility, a health care
6 facility as defined in section 135C.1, subsection 6,
7 or any other public or private facility, which
8 placement is in lieu of admission or commitment to or
9 is upon discharge, removal, or transfer from a state
10 mental health institute, hospital school, or other
11 facility established pursuant to chapter 222.

12 ---d.---Amounts budgeted by the board for the cost of
13 establishment and initial operation of a community
14 mental health center in the manner and subject to the
15 limitations provided by state law.

16 ---e. b. Foster care and related services provided
17 under court order to a child who is under the
18 jurisdiction of the juvenile court, including court-
19 ordered costs for a guardian ad litem under section
20 232.71.

21 f.---The care, admission, commitment, and
22 transportation of mentally ill patients in state
23 hospitals, to the extent that expenses for these
24 services are required to be paid by the county,
25 including compensation for the advocate appointed
26 under section 229.19.

27 ---g.---Amounts budgeted by the board for mental health
28 services or mental retardation services furnished to
29 persons on either an outpatient or inpatient basis, to
30 a school or other public agency, or to the community
31 at large, by a community mental health center or other
32 suitable facility located in or reasonably near the
33 county, provided that services meet the standards of
34 the mental health and developmental disabilities
35 commission created in section 225C.5 and are
36 consistent with the annual plan for services approved
37 by the board.

38 ---h.---Reimbursement on behalf of mentally retarded
39 persons under section 249A.12.

40 i. c. Elections, and voter registration pursuant
41 to chapter 48A.

42 j. d. Employee benefits under chapters 96, 97B,
43 and 97C, which are associated with salaries for
44 general county services.

45 k. e. Joint county and city building authorities
46 established under section 346.27, as provided in
47 subsection 22 of that section.

48 l. f. Tort liability insurance, property
49 insurance, and any other insurance that may be
50 necessary in the operation of the county, costs of a

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1 self-insurance program, costs of a local government
2 risk pool, and amounts payable under any insurance
3 agreements to provide or procure such insurance, self-
4 insurance program, or local government risk pool.

5 m. g. The maintenance and operation of the courts,
6 including but not limited to the salary and expenses
7 of the clerk of the district court and other employees
8 of the clerk's office, and bailiffs, court costs if
9 the prosecution fails or if the costs cannot be
10 collected from the person liable, costs and expenses
11 of prosecution under section 189A.17, salaries and
12 expenses of juvenile court officers under chapter 602,
13 court-ordered costs in domestic abuse cases under
14 section 236.5, the county's expense for confinement of
15 prisoners under chapter 356A, temporary assistance to
16 the county attorney, county contributions to a
17 retirement system for bailiffs, reimbursement for
18 judicial magistrates under section 602.6501, claims
19 filed under section 622.93, interpreters' fees under
20 section 622B.7, uniform citation and complaint
21 supplies under section 805.6, and costs of prosecution
22 under section 815.13.

23 n. h. Court-ordered costs of conciliation
24 procedures under section 598.16.

25 o. i. Establishment and maintenance of a joint
26 county indigent defense fund pursuant to an agreement
27 under section 28E.19.

28 p. j. The maintenance and operation of a local
29 emergency management agency established pursuant to
30 chapter 29C.

31 The board may require a public or private facility,
32 as a condition of receiving payment from county funds
33 for services it has provided, to furnish the board
34 with a statement of the income, assets, and legal
35 residence including township and county of each person
36 who has received services from that facility for which
37 payment has been made from county funds under
38 paragraphs "a" through "h" and "b". However, the
39 facility shall not disclose to anyone the name or
40 street or route address of a person receiving services
41 for which commitment is not required, without first
42 obtaining that person's written permission.

43 Parents or other persons may voluntarily reimburse
44 the county or state for the reasonable cost of caring
45 for a patient or an inmate in a county or state
46 facility.

47 Sec. 10. NEW SECTION. 331.424A COUNTY MENTAL
48 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
49 DISABILITIES SERVICES FUND.

50 1. For the purposes of this chapter, unless the

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1 context otherwise requires, "services fund" means the
2 county mental health, mental retardation, and
3 developmental disabilities services fund created in
4 subsection 2. The county finance committee created in
5 section 333A.2 shall consult with the state-county
6 management committee in adopting rules and prescribing
7 forms for administering the services fund.

8 2. For the fiscal year beginning July 1, 1996, and
9 succeeding fiscal years, county revenues from taxes
10 and other sources designated for mental health, mental
11 retardation, and developmental disabilities services
12 shall be credited to the mental health, mental
13 retardation, and developmental disabilities services
14 fund of the county. The board shall make
15 appropriations from the fund for payment of services
16 provided under the county management plan approved
17 pursuant to section 331.439.

18 3. For the fiscal year beginning July 1, 1996, and
19 succeeding fiscal years, receipts from the state or
20 federal government for such services shall be credited
21 to the services fund, including moneys allotted to the
22 county from the state payment made pursuant to section
23 331.439 and moneys allotted to the county for property
24 tax relief pursuant to section 426B.1.

25 4. For the fiscal year beginning July 1, 1996, and
26 for each subsequent fiscal year, the county shall
27 certify a levy for payment of services. Unless
28 otherwise provided by state law, for each fiscal year,
29 county revenues from taxes imposed by the county
30 credited to the services fund shall not exceed an
31 amount equal to the amount of base year expenditures
32 for services in the fiscal year beginning July 1,
33 1993, and ending June 30, 1994, as defined in section
34 331.438 less the amount of property tax relief to be
35 received pursuant to section 426B.2, subsections 1 and
36 3, in the fiscal year for which the budget is
37 certified. The county auditor and the board of
38 supervisors shall reduce the amount of the levy
39 certified for the services fund by the amount of
40 property tax relief to be received.

41 5. Appropriations specifically authorized to be
42 made from the mental health, mental retardation, and
43 developmental disabilities services fund shall not be
44 made from any other fund of the county.

45 Sec. 11. Section 444.25A, subsection 3, paragraph
46 b, subparagraph (3), Code 1995, is amended to read as
47 follows:

48 (3) Need for additional moneys for health care,
49 treatment, and facilities, including ~~mental-health-and~~
50 ~~mental-retardation-care-and~~ treatment pursuant to

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1 section 331.424, subsection 1, paragraphs "a" through
2 "n" and "b".

3 Sec. 12. EFFECTIVE AND APPLICABILITY DATES. This
4 division of this Act takes effect January 1, 1996, and
5 is applicable to taxes payable in the fiscal year
6 beginning July 1, 1996, and subsequent fiscal years.

DIVISION III

PROPERTY TAX RELIEF PROVISIONS

9 Sec. 13. Section 222.60, unnumbered paragraph 1,
10 Code 1995, as amended by 1995 Iowa Acts, House File
11 483, section 12, is amended to read as follows:

12 All necessary and legal expenses for the cost of
13 admission or commitment or for the treatment,
14 training, instruction, care, habilitation, support and
15 transportation of persons with mental retardation, as
16 provided for in the county management plan provisions
17 implemented pursuant to section 331.439, subsection 1,
18 in a state hospital-school, or in a special unit, or
19 any public or private facility within or without the
20 state, approved by the director of the department of
21 human services, shall be paid by either:

22 Sec. 14. Section 331.438, subsection 1, paragraph
23 b, Code 1995, is amended to read as follows:

24 b. "State payment" means the payment made by the
25 state to a county determined to be eligible for the
26 payment in accordance with section 331.439.

27 1A. Except as modified based upon the actual
28 amount of the appropriation for purposes of state
29 payment under section 331.439, the amount of the state
30 payment for a fiscal year shall be calculated as ~~fifty~~
31 ~~percent-of-the-amount-by-which-the-county's-qualified~~
32 ~~expenditures-during-the-immediately-preceding-fiscal~~
33 ~~year-were-in-excess-of-the-amount-of-the-county's-base~~
34 ~~year-expenditures~~ by applying the inflation factor
35 adjustment established in accordance with section
36 331.439, subsection 3, for that fiscal year to the
37 amount of county expenditures for qualified services
38 in the previous fiscal year. A state payment is the
39 state funding a county receives pursuant to section
40 426B.2, subsection 2. Any state funding received by a
41 county for property tax relief in accordance with
42 section 426B.2, subsections 1 and 3, is not a state
43 payment and shall not be included in the state payment
44 calculation made pursuant to this subsection.

45 Sec. 15. Section 331.439, Code 1995, is amended by
46 striking the section and inserting in lieu thereof the
47 following:

48 331.439 ELIGIBILITY FOR STATE PAYMENT.

49 1. The state payment to eligible counties under
50 this section shall be made as provided in sections

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1 331.438 and 426B.2. A county is eligible for the
2 state payment, as defined in section 331.438, for the
3 fiscal year beginning July 1, 1996, and for subsequent
4 fiscal years if the director of human services, in
5 consultation with the state-county management
6 committee, determines for a specific fiscal year that
7 all of the following conditions are met:

8 a. The county accurately reported by October 15
9 the county's expenditures for mental health, mental
10 retardation, and developmental disabilities services
11 for the previous fiscal year on forms prescribed by
12 the department of human services.

13 b. The county developed and implemented a county
14 management plan for the county's mental health, mental
15 retardation, and developmental disabilities services
16 in accordance with the provisions of this paragraph.
17 The plan shall comply with the administrative rules
18 adopted for this purpose by the council on human
19 services and is subject to the approval of the
20 director of human services in consultation with the
21 state-county management committee created in section
22 331.438. The plan shall include a description of the
23 county's service management provision for mental
24 health, mental retardation, and developmental
25 disabilities services. For mental retardation and
26 developmental disabilities service management, the
27 plan shall describe the county's development and
28 implementation of a managed system of cost-effective
29 individualized services and shall comply with the
30 provisions of paragraph "d". The goal of this part of
31 the plan shall be to assist the individuals served to
32 be as independent, productive, and integrated into the
33 community as possible. The service management
34 provisions for mental health shall comply with the
35 provisions of paragraph "c".

36 c. (1) For mental health service management, the
37 county may either directly implement a system of
38 service management and contract with service
39 providers, or contract with a private entity to manage
40 the system, provided all requirements of this lettered
41 paragraph are met by the private entity. The mental
42 health service management shall incorporate a single
43 entry point and clinical assessment process developed
44 in accordance with the provisions of section 331.440.
45 The county shall submit this part of the plan to the
46 department of human services for approval by April 1
47 for the succeeding year. Initially, this part of the
48 plan shall be submitted to the department by April 1,
49 1996, and the county shall implement the approved plan
50 by July 1, 1996.

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1 (2) The basis for determining whether a managed
2 care system for mental health proposed by a county is
3 comparable to a mental health managed care contractor
4 approved by the department of human services shall
5 include but is not limited to all of the following
6 elements which shall be specified in administrative
7 rules adopted by the council on human services in
8 consultation with the state-county management
9 committee:

10 (a) The enrollment and eligibility process.

11 (b) The scope of services included.

12 (c) The method of plan administration.

13 (d) The process for managing utilization and
14 access to services and other assistance.

15 (e) The quality assurance process.

16 (f) The risk management provisions and fiscal
17 viability of the provisions, if the county contracts
18 with a private managed care entity.

19 d. For mental retardation and developmental
20 disabilities services management, the county must
21 either develop and implement a managed system of care
22 which addresses a full array of appropriate services
23 and cost-effective delivery of services or contract
24 with a state-approved managed care contractor or
25 contractors. Any system or contract implemented under
26 this paragraph shall incorporate a single entry point
27 and clinical assessment process developed in
28 accordance with the provisions of section 331.440.
29 The elements of the managed system of care and the
30 state-approved managed care contract or contracts
31 shall be specified in rules developed by the
32 department of human services in consultation with the
33 state-county management committee and adopted by the
34 council on human services. Initially, this part of
35 the plan shall be submitted to the department for
36 approval on or before October 1, 1996, and shall be
37 implemented on or before January 1, 1997. In fiscal
38 years succeeding the fiscal year of initial
39 implementation, this part of the plan shall be
40 submitted to the department of human services for
41 approval by April 1 for the succeeding fiscal year.

42 e. Changes to the approved plan are submitted at
43 least sixty days prior to the proposed change and are
44 not to be implemented prior to the director of human
45 services' approval.

46 2. The county management plan shall address the
47 county's criteria for serving persons with chronic
48 mental illness, including any rationale used for
49 decision making regarding this population.

50 3. a. For the fiscal year beginning July 1, 1996,

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1 and succeeding fiscal years, the county's mental
2 health, mental retardation, and developmental
3 disabilities service expenditures for a fiscal year
4 are limited to a fixed budget amount. The fixed
5 budget amount shall be the amount identified in the
6 county's management plan and budget for the fiscal
7 year. The county shall be allowed an inflation factor
8 adjustment for services paid from the county's
9 services fund under section 331.424A which is in
10 accordance with the county's management plan and
11 budget, implemented pursuant to this section.

12 b. Based upon information contained in county
13 management plans and budgets, the state-county
14 management committee shall recommend an inflation
15 factor adjustment to the council on human services by
16 November 15 for the succeeding fiscal year. The
17 inflation factor adjustment shall address costs
18 associated with new consumers of service, service cost
19 inflation, and investments for economy and efficiency.
20 The council on human services shall recommend to the
21 governor the amount of the inflation factor adjustment
22 for the succeeding fiscal year for inclusion in the
23 governor's proposed budget for the succeeding fiscal
24 year.

25 c. If the general assembly has not revised the
26 amount of the inflation factor adjustment for a fiscal
27 year on the date county budgets must be approved and
28 levies must be certified for that fiscal year, the
29 budgets and levies shall utilize the inflation factor
30 adjustment for that fiscal year recommended by the
31 governor in the governor's proposed budget.

32 4. A county may provide assistance to service
33 populations with disabilities to which the county has
34 historically provided assistance but who are not
35 included in the service management provisions required
36 under subsection 1, subject to the availability of
37 funding.

38 5. Notwithstanding any other provision of law to
39 the contrary, a county shall have no obligation to pay
40 for or provide mental health, mental retardation, or
41 developmental disabilities services for any person
42 that applies through the county's single entry point
43 and clinical assessment process after the moneys in
44 the county services fund under section 331.424A are
45 expended.

46 6. A county shall implement the county's
47 management plan in a manner so as to provide adequate
48 funding for the entire fiscal year by budgeting for
49 ninety-nine percent of the funding anticipated to be
50 available for the plan. A county may expend all of

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1 the funding anticipated to be available for the plan.
2 7. The director's approval of a county's mental
3 health, mental retardation, and developmental
4 disabilities services management plan shall not be
5 construed to constitute certification of the county's
6 budget.

7 Sec. 16. Section 331.440, subsection 1, Code 1995,
8 is amended by adding the following new paragraph:

9 NEW PARAGRAPH. c. The single entry point and
10 clinical assessment process shall include provision
11 for the county's participation in a management
12 information system developed in accordance with rules
13 adopted pursuant to subsection 3.

14 Sec. 17. NEW SECTION. 426B.1 APPROPRIATIONS --
15 PROPERTY TAX RELIEF FUND.

16 1. A property tax relief fund is created in the
17 state treasury under the authority of the department
18 of revenue and finance. The fund shall be separate
19 from the general fund of the state and shall not be
20 considered part of the general fund of the state
21 except in determining the cash position of the state
22 for payment of state obligations. The moneys in the
23 fund are not subject to the provisions of section 8.33
24 and shall not be transferred, used, obligated,
25 appropriated, or otherwise encumbered except as
26 provided in this section. Moneys in the fund may be
27 used for cash flow purposes, provided that any moneys
28 so allocated are returned to the fund by the end of
29 each fiscal year. However, the fund shall be
30 considered a special account for the purposes of
31 section 8.53, relating to elimination of any GAAP
32 deficit. For the purposes of this chapter, unless the
33 context otherwise requires, "property tax relief fund"
34 means the property tax relief fund created in this
35 section.

36 2. There is appropriated to the property tax
37 relief fund for the indicated fiscal years from the
38 general fund of the state the following amounts:

39 a. For the fiscal year beginning July 1, 1995,
40 sixty-one million dollars.

41 b. For the fiscal year beginning July 1, 1996,
42 seventy-eight million dollars.

43 c. For the fiscal year beginning July 1, 1997, and
44 succeeding fiscal years, ninety-five million dollars.

45 Sec. 18. NEW SECTION. 426B.2 PROPERTY TAX RELIEF
46 FUND DISTRIBUTIONS.

47 Moneys in the property tax relief fund shall be
48 utilized in each fiscal year as follows in the order
49 listed:

50 1. The first sixty-one million dollars plus the

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1 amount paid pursuant to subsection 3 in the previous
2 fiscal year in the property tax relief fund shall be
3 distributed to counties under this subsection. A
4 county's proportion of the moneys shall be equivalent
5 to the sum of the following three factors:

6 a. One-third based upon the county's proportion of
7 the state's general population.

8 b. One-third based upon the county's proportion of
9 the state's total taxable property valuation assessed
10 for taxes payable in the previous fiscal year.

11 c. One-third based upon the county's proportion of
12 all counties' base year expenditures, as defined in
13 section 331.438.

14 Moneys provided to a county for property tax relief
15 in a fiscal year in accordance with this section shall
16 not be less than the amount provided for property tax
17 relief in the previous fiscal year.

18 2. Payment of moneys to eligible counties of the
19 state payment in accordance with the provisions of
20 sections 331.438 and 331.439.

21 3. For the fiscal year beginning July 1, 1996, and
22 succeeding fiscal years, the department of human
23 services shall estimate the amount of moneys required
24 for the state payment pursuant to subsection 2.

25 Moneys remaining in the property tax relief fund
26 following the payment made pursuant to subsection 1
27 and the estimated amount of the state payment pursuant
28 to subsection 2 shall be paid for property tax relief
29 in the same manner as provided in subsection 1 to
30 counties eligible for state payment under subsection
31 2. These payments shall continue until the combined
32 amount of the payments made under this subsection and
33 subsection 1 are equal to fifty percent of the total
34 of all counties' base year expenditures as defined in
35 section 331.438. The amount of moneys paid to a
36 county pursuant to this subsection shall be added in
37 subsequent fiscal years to the amount of moneys paid
38 under subsection 1.

39 4. Moneys remaining in the property tax relief
40 fund following the payments made pursuant to
41 subsections 1, 2, and 3 shall be transferred to the
42 homestead credit fund created in section 425.1. This
43 transfer shall continue until the homestead credit is
44 fully funded.

45 5. The department of human services shall notify
46 the director of revenue and finance of the amounts due
47 a county in accordance with the provisions of this
48 section. The director of revenue and finance shall
49 draw warrants on the property tax relief fund, payable
50 to the county treasurer in the amount due to a county

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1 in accordance with subsections 1 and 3 and mail the
2 warrants to the county auditors in September and March
3 of each year. Warrants for the state payment in
4 accordance with subsection 2 shall be mailed in
5 January of each year.

6 Sec. 19. NEW SECTION. 426B.3 NOTIFICATION OF
7 MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
8 DISABILITIES EXPENDITURE RELIEF FUND PAYMENT.

9 1. The county auditor shall reduce the certified
10 budget amount received from the board of supervisors
11 for the succeeding fiscal year for the county mental
12 health, mental retardation, and developmental
13 disabilities services fund created in section 331.424A
14 by an amount equal to the amount the county will
15 receive from the property tax relief fund pursuant to
16 section 426B.2, subsections 1 and 3, for the
17 succeeding fiscal year and the auditor shall determine
18 the rate of taxation necessary to raise the reduced
19 amount. On the tax list, the county auditor shall
20 compute the amount of taxes due and payable on each
21 parcel before and after the amount received from the
22 property tax relief fund is used to reduce the county
23 budget. The director of revenue and finance shall
24 notify the county auditor of each county of the amount
25 of moneys the county will receive from the property
26 tax relief fund pursuant to section 426B.2,
27 subsections 1 and 3, for the succeeding fiscal year.

28 2. The amount of property tax dollars reduced on
29 each parcel as a result of the moneys received from
30 the property tax relief fund pursuant to section
31 426B.2, subsections 1 and 3, shall be noted on each
32 tax statement prepared by the county treasurer
33 pursuant to section 445.23.

34 Sec. 20. NEW SECTION. 426B.4 RULES.

35 The council on human services shall consult with
36 the state-county management committee created in
37 section 331.438 and the director of revenue and
38 finance in prescribing forms and adopting rules
39 pursuant to chapter 17A to administer this chapter.

40 Sec. 21. PROPERTY TAX RELIEF -- FISCAL YEAR 1995-
41 1996. For the fiscal year beginning July 1, 1995, the
42 department of management shall notify each county
43 auditor by June 1, 1995, of the amount the county will
44 receive from the property tax relief fund for property
45 tax relief pursuant to section 426B.2, subsection 1,
46 for that fiscal year. The county auditor shall reduce
47 by the notified amount the amount of the county's
48 certified budget to be raised by property tax for that
49 fiscal year which is to be expended for mental health,
50 mental retardation, and developmental disabilities

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1 representatives, and minority leader of the house of
2 representatives. The legislative appointees are
3 eligible for per diem and actual expenses for their
4 assistance to the committee. The committee shall
5 report to the governor and the general assembly with
6 findings and recommendations on or before January 4,
7 1996.

8 Sec. 25. EFFECTIVE DATE. Section 21 of this
9 division of this Act, relating to property tax relief
10 for fiscal year 1995-1996, being deemed of immediate
11 importance, takes effect upon enactment.

DIVISION IV

COUNTY PROPERTY TAX LIMITATION

14 Sec. 26. Section 444.25A, subsection 1, Code 1995,
15 is amended to read as follows:

16 1. COUNTY LIMITATION. The maximum amount of
17 property tax dollars which may be certified by a
18 county for taxes payable in the fiscal year beginning
19 July 1, 1995, shall not exceed the amount of property
20 tax dollars certified by the county for taxes payable
21 in the fiscal year beginning July 1, 1994, minus the
22 amount of property tax relief moneys to be received by
23 the county for the fiscal year beginning July 1, 1995,
24 pursuant to section 426B.2, subsection 1, and the
25 maximum amount of property tax dollars which may be
26 certified by a county for taxes payable in the fiscal
27 year beginning July 1, 1996, shall not exceed the
28 amount of property tax dollars certified by the county
29 for taxes payable in the fiscal year beginning July 1,
30 1995, minus the amount by which the property tax
31 relief moneys to be received by the county in the
32 fiscal year beginning July 1, 1996, pursuant to
33 section 426B.2, subsections 1 and 3, exceeds the
34 amount of the property tax relief moneys received in
35 the fiscal year beginning July 1, 1995, for each of
36 the levies for the following, except for the levies on
37 the increase in taxable valuation due to new
38 construction, additions or improvements to existing
39 structures, remodeling of existing structures for
40 which a building permit is required, annexation, and
41 phasing out of tax exemptions, and on the increase in
42 valuation of taxable property as a result of a
43 comprehensive revaluation by a private appraiser under
44 a contract entered into prior to January 1, 1992, or
45 as a result of a comprehensive revaluation directed or
46 authorized by the conference board prior to January 1,
47 1992, with documentation of the contract,
48 authorization, or directive on the revaluation
49 provided to the director of revenue and finance, if
50 the levies are equal to or less than the levies for

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1 services and shall revise the rate of taxation as
2 necessary to raise the reduced amount. The county
3 auditor shall report the reduction in the certified
4 budget and the revised rate of taxation to the
5 department of management by June 30, 1995.

6 Sec. 22. FUNDING OF SESSION LAW REQUIREMENTS. If
7 the appropriations in section 426B.1, subsection 2, as
8 created in this division of this Act, are enacted by
9 this Act, the requirements of 1994 Iowa Acts, chapter
10 1163, section 8, subsection 2, to fully fund
11 provisions of sections 331.438 and 331.439 shall be
12 considered to be met and the repeals contained in 1994
13 Iowa Acts, chapter 1163, section 8, subsection 2,
14 shall be void.

15 Sec. 23. STATE-COUNTY MANAGEMENT COMMITTEE REVIEW
16 -- 1995 INTERIM. The state-county management
17 committee created in section 331.438 shall review
18 statutory provisions and administrative rules which
19 are intended to regulate and contain county
20 expenditures for mental health, mental retardation,
21 and developmental disabilities (MH/MR/DD) services and
22 the formula for distribution of property tax relief
23 moneys to counties under section 426B.2. The
24 committee should consider proposals from counties and
25 other interested persons for a distribution formula
26 factor which rewards or provides incentives for
27 economy and efficiency in providing mental health,
28 mental retardation, and developmental disabilities
29 services; and a mechanism for a county to appeal to
30 the state if it is believed the county is unfairly
31 treated under an established funding formula. In
32 addition, the committee shall consider tort and other
33 liability issues associated with a county managing
34 MH/MR/DD expenditures in accordance with a fixed
35 budget and make recommendations to address the issues.
36 The committee shall review the dates required under
37 section 331.439 and chapter 426B, as enacted by this
38 Act and make recommendations for change if revisions
39 are deemed necessary. The committee shall report to
40 the governor and the general assembly on or before
41 December 1, 1995.

42 Sec. 24. LEVY STUDY. The county finance committee
43 created in chapter 333A shall consult with any
44 interested parties in studying the ramifications of
45 consolidating the county general basic levies and the
46 general supplemental levies and other proposals
47 involving the levies. The committee shall be assisted
48 by four legislators with one each appointed by the
49 following leaders: majority leader of the senate,
50 minority leader of the senate, speaker of the house of

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1 the previous year, levies on that portion of the
2 taxable property located in an urban renewal project
3 the tax revenues from which are no longer divided as
4 provided in section 403.19, subsection 2, or as
5 otherwise provided in this section:

6 a. General county services under section 331.422,
7 subsection 1.

8 b. Rural county services under section 331.422,
9 subsection 2.

10 c. Other taxes under section 331.422, subsection
11 4.

12 Sec. 27. NEW SECTION. 444.25B PROPERTY TAX
13 LIMITATION FOR FISCAL YEAR 1998.

14 1. COUNTY LIMITATION. The maximum amount of
15 property tax dollars which may be certified by a
16 county for taxes payable in the fiscal year beginning
17 July 1, 1997, shall not exceed the amount of property
18 tax dollars certified by the county for taxes payable
19 in the fiscal year beginning July 1, 1996, minus the
20 amount by which the property tax relief moneys to be
21 received by the county in the fiscal year beginning
22 July 1, 1997, pursuant to section 426B.2, subsections
23 1 and 3, exceeds the amount of the property tax relief
24 moneys received in the fiscal year beginning July 1,
25 1996, for each of the levies for the following, except
26 for the levies on the increase in taxable valuation
27 due to new construction, additions or improvements to
28 existing structures, remodeling of existing structures
29 for which a building permit is required, annexation,
30 and phasing out of tax exemptions, and on the increase
31 in valuation of taxable property as a result of a
32 comprehensive revaluation by a private appraiser under
33 a contract entered into prior to January 1, 1992, or
34 as a result of a comprehensive revaluation directed or
35 authorized by the conference board prior to January 1,
36 1992, with documentation of the contract,
37 authorization, or directive on the revaluation
38 provided to the director of revenue and finance, if
39 the levies are equal to or less than the levies for
40 the previous year, levies on that portion of the
41 taxable property located in an urban renewal project
42 the tax revenues from which are no longer divided as
43 provided in section 403.19, subsection 2, or as
44 otherwise provided in this section:

45 a. General county services under section 331.422,
46 subsection 1.

47 b. Rural county services under section 331.422,
48 subsection 2.

49 c. Other taxes under section 331.422, subsection
50 4.

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1 2. EXCEPTIONS. The limitations provided in
2 subsection 1 do not apply to the levies made for the
3 following:
4 a. Debt service to be deposited into the debt
5 service fund pursuant to section 331.430.
6 b. Taxes approved by a vote of the people which
7 are payable during the fiscal year beginning July 1,
8 1997.
9 c. Hospitals pursuant to chapters 37, 347, and
10 347A.
11 d. Emergency management to be deposited into the
12 local emergency management fund and expended for
13 development of hazardous substance teams pursuant to
14 chapter 29C.
15 e. Unusual need for additional moneys to finance
16 existing programs which would provide substantial
17 benefit to county residents or compelling need to
18 finance new programs which would provide substantial
19 benefit to county residents. The increase in taxes
20 levied under this exception for the fiscal year
21 beginning July 1, 1997, is limited to no more than the
22 product of the total tax dollars levied in the fiscal
23 year beginning July 1, 1996, and the percent change,
24 computed to two decimal places, in the price index for
25 government purchases by type for state and local
26 governments computed for the third quarter of calendar
27 year 1996 from that computed for the third quarter of
28 calendar year 1995.
29 For purposes of this paragraph, the price index for
30 government purchases by type for state and local
31 governments is defined by the bureau of economic
32 analysis of the United States department of commerce
33 and published in table 7.11 of the national income and
34 products accounts. For the fiscal year beginning July
35 1, 1997, the price index used shall be the revision
36 published in the November 1996 edition of the United
37 States department of commerce publication, "survey of
38 current business". For purposes of this paragraph,
39 tax dollars levied in the fiscal year beginning July
40 1, 1996, shall not include funds levied for paragraphs
41 "a", "b", and "c" of this subsection.
42 Application of this exception shall require an
43 original publication of the budget and a public
44 hearing and a second publication and a second hearing
45 both in the manner and form prescribed by the director
46 of the department of management, notwithstanding the
47 provisions of section 331.434. The publications and
48 hearings prescribed in this paragraph shall be held
49 and the budget certified no later than March 15. The
50 taxes levied for counties whose budgets are certified

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1 after March 15, 1997, shall be frozen at the fiscal
2 year beginning July 1, 1996, level.

3 3. APPEAL PROCEDURES. In lieu of the procedures
4 in sections 24.48 and 331.426, which procedures do not
5 apply for taxes payable in the fiscal year beginning
6 July 1, 1997, if a county needs to raise property tax
7 dollars from a tax levy in excess of the limitations
8 imposed by subsection 1, the following procedures
9 apply:

10 a. Not later than March 1, and after the
11 publication and public hearing on the budget in the
12 manner and form prescribed by the director of the
13 department of management, notwithstanding section
14 331.434, the county shall petition the state appeal
15 board for approval of a property tax increase in
16 excess of the increase provided for in subsection 2,
17 paragraph "e", on forms furnished by the director of
18 the department of management. Applications received
19 after March 1 shall be automatically ineligible for
20 consideration by the board.

21 b. Additional costs incurred by the county due to
22 any of the following circumstances shall be the basis
23 for justifying the excess in property tax dollars:

24 (1) Natural disaster or other life-threatening
25 emergencies.

26 (2) Unusual need for additional moneys to finance
27 existing programs which would provide substantial
28 benefit to county residents or compelling need to
29 finance new programs which would provide substantial
30 benefit to county residents.

31 (3) Need for additional moneys for health care,
32 treatment, and facilities pursuant to section 331.424,
33 subsection 1, paragraphs "a" and "b".

34 (4) Judgments, settlements, and related costs
35 arising out of civil claims against the county and its
36 officers, employees, and agents, as defined in chapter
37 670.

38 c. The state appeal board shall approve,
39 disapprove, or reduce the amount of excess property
40 tax dollars requested. The board shall take into
41 account the intent of this section to provide property
42 tax relief. The decision of the board shall be
43 rendered at a regular or special meeting of the board
44 within twenty days of the board's receipt of an
45 appeal.

46 d. Within seven days of receipt of the decision of
47 the state appeal board, the county shall adopt and
48 certify its budget under section 331.434, which budget
49 may be protested as provided in section 331.436. The
50 budget shall not contain an amount of property tax

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1 dollars in excess of the amount approved by the state
2 appeal board.
3 4. Rate adjustment by county auditor. In addition
4 to the requirement of the county auditor in section
5 444.3 to establish a rate of tax which does not exceed
6 the rate authorized by law, the county auditor shall
7 also adjust the rate if the amount of property tax
8 dollars to be raised is in excess of the amount
9 specified in subsection 1, as may be adjusted pursuant
10 to subsection 3.

11 Sec. 28. Section 444.27, Code 1995, is amended to
12 read as follows:

13 444.27 SECTIONS VOID.

14 1. For purposes of section 444.25, sections 24.48
15 and 331.426 are void for the fiscal years beginning
16 July 1, 1993, and July 1, 1994. For purposes of
17 section 444.25A, sections 24.48 and 331.426 are void
18 for the fiscal years beginning July 1, 1995, and July
19 1, 1996.

20 2. For purposes of section 444.25B, sections 24.48
21 and 331.426 are void for the fiscal year beginning
22 July 1, 1997.

23 DIVISION V

24 INDUSTRIAL MACHINERY, EQUIPMENT AND COMPUTERS PROPERTY
25 TAX

26 EXEMPTION AND REPLACEMENT

27 Sec. 29. Section 427B.17, Code 1995, is amended to
28 read as follows:

29 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

30 1. For property defined in section 427A.1,
31 subsection 1, paragraphs "e" and "j", acquired or
32 initially leased on or after January 1, 1982, the
33 taxpayer's valuation shall be limited to thirty
34 percent of the net acquisition cost of the property,
35 except as otherwise provided in subsections 2 and 3.
36 For purposes of this section, "net acquisition cost"
37 means the acquired cost of the property including all
38 foundations and installation cost less any excess cost
39 adjustment.

40 For purposes of this section subsection:

41 ~~1. Property assessed by the department of revenue~~
42 ~~and finance pursuant to sections 428.24 to 428.29, or~~
43 ~~chapters 433, 434 and 436 to 438 shall not receive the~~
44 ~~benefits of this section.~~

45 2. a. Property acquired before January 1, 1982,
46 which was owned or used before January 1, 1982, by a
47 related person shall not receive the benefits of this
48 section subsection.

49 3. b. Property acquired on or after January 1,
50 1982, which was owned and used by a related person

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1 shall not receive any additional benefits under this
2 section subsection.

3 ~~4-~~ c. Property which was owned or used before
4 January 1, 1982, and subsequently acquired by an
5 exchange of like property shall not receive the
6 benefits of this section subsection.

7 ~~5-~~ d. Property which was acquired on or after
8 January 1, 1982, and subsequently exchanged for like
9 property shall not receive any additional benefits
10 under this section subsection.

11 ~~6-~~ e. Property acquired before January 1, 1982,
12 which is subsequently leased to a taxpayer or related
13 person who previously owned the property shall not
14 receive the benefits of this section subsection.

15 ~~7-~~ f. Property acquired on or after January 1,
16 1982, which is subsequently leased to a taxpayer or
17 related person who previously owned the property shall
18 not receive any additional benefits under this section
19 subsection.

20 For purposes of this section subsection, "related
21 person" means a person who owns or controls the
22 taxpayer's business and another business entity from
23 which property is acquired or leased or to which
24 property is sold or leased. Business entities are
25 owned or controlled by the same person if the same
26 person directly or indirectly owns or controls fifty
27 percent or more of the assets or any class of stock or
28 who directly or indirectly has an interest of fifty
29 percent or more in the ownership or profits.

30 2. Property defined in section 427A.1, subsection
31 1, paragraphs "e" and "j", which is first assessed for
32 taxation in this state on or after January 1, 1995,
33 shall be exempt from taxation.

34 3. Property defined in section 427A.1, subsection
35 1, paragraphs "e" and "j", and assessed under section
36 427B.17, subsection 1, shall be valued by the local
37 assessor as follows for the following assessment
38 years:

39 a. For the assessment year beginning January 1,
40 1999, at twenty-two percent of the net acquisition
41 cost.

42 b. For the assessment year beginning January 1,
43 2000, at fourteen percent of the net acquisition cost.

44 c. For the assessment year beginning January 1,
45 2001, at six percent of the net acquisition cost.

46 d. For the assessment year beginning January 1,
47 2002, and succeeding assessment years, at zero percent
48 of the net acquisition cost.

49 4. Property assessed pursuant to this section
50 shall not be eligible to receive a partial exemption

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1 under sections 427B.1 to 427B.6.

2 5. This section shall not apply to property
3 assessed by the department of revenue and finance
4 pursuant to sections 428.24 to 428.29, or chapters
5 433, 434, and 436 to 438, and such property shall not
6 receive the benefits of this section.

7 Any electric power generating plant which operated
8 during the preceding assessment year at a net capacity
9 factor of more than twenty percent, shall not receive
10 the benefits of this section or of sections 15.332 and
11 15.334. For purposes of this section, "electric power
12 generating plant" means any name plate rated electric
13 power generating plant, in which electric energy is
14 produced from other forms of energy, including all
15 taxable land, buildings, and equipment used in the
16 production of such energy. "Net capacity factor"
17 means net actual generation divided by the product of
18 net maximum capacity times the number of hours the
19 unit was in the active state during the assessment
20 year. Upon commissioning, a unit is in the active
21 state until it is decommissioned. "Net actual
22 generation" means net electrical megawatt hours
23 produced by the unit during the preceding assessment
24 year. "Net maximum capacity" means the capacity the
25 unit can sustain over a specified period when not
26 restricted by ambient conditions or equipment
27 deratings, minus the losses associated with station
28 service or auxiliary loads.

29 6. The taxpayer's valuation of property defined in
30 section 427A.1, subsection 1, paragraphs "e" and "j",
31 and located in an urban renewal area for which an
32 urban renewal plan provides for the division of taxes
33 as provided in section 403.19 to pay the principal and
34 interest on loans, advances, bonds issued under the
35 authority of section 403.9, subsection 1, or
36 indebtedness incurred by a city or county to finance
37 an urban renewal project within the urban renewal
38 area, if such loans, advances, or bonds were issued or
39 indebtedness incurred, on or after January 1, 1982,
40 and on or before June 30, 1995, shall be limited to
41 thirty percent of the net acquisition cost of the
42 property. Such property located in an urban renewal
43 area shall not be valued pursuant to subsection 2 or
44 3, whichever is applicable, until the assessment year
45 following the calendar year in which the obligations
46 created by any loans, advances, bonds, or indebtedness
47 payable from the division of taxes as provided in
48 section 403.19 have been retired. The taxpayer's
49 valuation for such property shall then be the
50 valuation specified in subsection 2 or 3, whichever is

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1 applicable, for the applicable assessment year. If
2 the loans, advances, or bonds issued, or indebtedness
3 incurred between January 1, 1982, and June 30, 1995,
4 are refinanced or refunded after June 30, 1995, the
5 valuation of such property shall then be the valuation
6 specified in subsection 2 or 3, whichever is
7 applicable, for the applicable assessment year
8 beginning with the assessment year following the
9 calendar year in which any of those loans, advances,
10 bonds, or other indebtedness are refinanced or
11 refunded after June 30, 1995.

12 7. For the purpose of dividing taxes under section
13 260E.4 or 260F.4, the employer's or business's
14 valuation of property defined in section 427A.1,
15 subsection 1, paragraphs "e" and "j", and used to fund
16 a new jobs training project which project's first
17 written agreement providing for a division of taxes as
18 provided in section 403.19 is approved on or before
19 June 30, 1995, shall be limited to thirty percent of
20 the net acquisition cost of the property. An
21 employer's or business's taxable property used to fund
22 a new jobs training project shall not be valued
23 pursuant to subsection 2 or 3, whichever is
24 applicable, until the assessment year following the
25 calendar year in which the certificates or other
26 funding obligations have been retired or escrowed.
27 The taxpayer's valuation for such property shall then
28 be the valuation specified in subsection 1 for the
29 applicable assessment year. If the certificates
30 issued, or other funding obligations incurred, between
31 January 1, 1982, and June 30, 1995, are refinanced or
32 refunded after June 30, 1995, the valuation of such
33 property shall then be the valuation specified in
34 subsection 2 or 3, whichever is applicable, for the
35 applicable assessment year beginning with the
36 assessment year following the calendar year in which
37 those certificates or other funding obligations are
38 refinanced or refunded after June 30, 1995.

39 Sec. 30. NEW SECTION. 427B.18 REPLACEMENT.

40 Beginning with the fiscal year beginning July 1,
41 1996, each county treasurer shall be paid from the
42 industrial machinery, equipment and computers
43 replacement fund an amount equal to the amount of the
44 industrial machinery, equipment and computers tax
45 replacement claim, as calculated in section 427B.19.

46 Sec. 31. NEW SECTION. 427B.19 ASSESSOR AND
47 COUNTY AUDITOR DUTIES.

48 1. On or before July 1 of each fiscal year, the
49 assessor shall determine the total assessed value of
50 the property assessed under section 427B.17 for taxes

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1 payable in that fiscal year and the total assessed
2 value of such property assessed as of January 1, 1994,
3 and shall report the valuations to the county auditor.

4 2. On or before July 1 of each fiscal year, the
5 assessor shall determine the valuation of all
6 commercial and industrial property assessed for taxes
7 payable in that fiscal year and the valuation of such
8 property assessed as of January 1, 1994, and shall
9 report the valuations to the county auditor.

10 3. On or before July 1, 1996, and on or before
11 July 1 of each succeeding fiscal year through June 30,
12 2006, the county auditor shall prepare a statement,
13 based upon the report received pursuant to subsections
14 1 and 2, listing for each taxing district in the
15 county:

16 a. Beginning with the assessment year beginning
17 January 1, 1995, the difference between the assessed
18 valuation of property assessed pursuant to section
19 427B.17 for that year and the total assessed value of
20 such property assessed as of January 1, 1994. If the
21 total assessed value of the property assessed as of
22 January 1, 1994, is less, there is no tax replacement
23 for the fiscal year.

24 b. The tax levy rate for each taxing district for
25 that fiscal year.

26 c. The industrial machinery, equipment and
27 computers tax replacement claim for each taxing
28 district. For fiscal years beginning July 1, 1996,
29 and ending June 30, 2001, the replacement claim is
30 equal to the amount determined pursuant to paragraph
31 "a", multiplied by the tax rate specified in paragraph
32 "b". For fiscal years beginning July 1, 2001, and
33 ending June 30, 2006, the replacement claim is equal
34 to the product of the amount determined pursuant to
35 paragraph "a", less any increase in valuations
36 determined in paragraph "d", and the tax rate
37 specified in paragraph "b". If the amount subtracted
38 under paragraph "d" is more than the amount determined
39 in paragraph "a", there is no tax replacement for the
40 fiscal year.

41 d. Beginning with the assessment year beginning
42 January 1, 2000, the auditor shall reduce the amount
43 listed in paragraph "a", by the increase, if any, in
44 assessed valuations of commercial and industrial
45 property in the assessment year beginning January 1,
46 1994, and the assessment year for which taxes are due
47 and payable in that fiscal year. If the calculation
48 under this paragraph indicates a net decrease in
49 aggregate valuation of such property, the industrial
50 machinery, equipment and computers tax replacement

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1 claim for each taxing district is equal to the amount
2 determined pursuant to paragraph "a", multiplied by
3 the tax rate specified in paragraph "b".

4 4. The county auditor shall certify and forward
5 one copy of the statement to the department of revenue
6 and finance not later than July 1 of each year.

7 Sec. 32. NEW SECTION. 427B.19A FUND CREATED.

8 1. The industrial machinery, equipment and
9 computers property tax replacement fund is created.
10 For the fiscal year beginning July 1, 1996, through
11 the fiscal year ending June 30, 2006, there is
12 appropriated annually from the general fund of the
13 state to the department of revenue and finance to be
14 credited to the industrial machinery, equipment and
15 computers property tax replacement fund, an amount
16 sufficient to implement this division.

17 2. If an amount appropriated for a fiscal year is
18 insufficient to pay all claims, the director shall
19 prorate the disbursements from the fund to the county
20 treasurers and shall notify the county auditors of the
21 pro rata percentage on or before August 1.

22 3. The replacement claims shall be paid to each
23 county treasurer in equal installments in September
24 and March of each year. The county treasurer shall
25 apportion the replacement claim payments among the
26 eligible taxing districts in the county.

27 Sec. 33. NEW SECTION. 427B.19B GUARANTEE OF
28 STATE REPLACEMENT FUNDS.

29 For the fiscal years beginning July 1, 1996, and
30 ending June 30, 2006, if the industrial machinery,
31 equipment and computers property tax replacement fund
32 is insufficient to pay in full the total of the
33 amounts certified to the director of revenue and
34 finance, the director shall compute for each county
35 the difference between the total of all replacement
36 claims for each taxing district within the county and
37 the amount paid to the county treasurer for
38 disbursement to each taxing district in the county.
39 The assessor, for the assessment year for which taxes
40 are due and payable in the fiscal year for which a
41 sufficient appropriation was not made, shall revalue
42 all industrial machinery, equipment and computers
43 described in section 427B.17, subsections 2 and 3, in
44 the county at a percentage of net acquisition cost
45 which will yield from each taxing district its
46 shortfall and the property shall be assessed and taxed
47 in such manner for taxes due and payable in the
48 following fiscal year in addition to being assessed
49 and taxed in the applicable manner under section
50 427B.17. When conducting the revaluation, the

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1 assessor shall increase the percentage of net
2 acquisition cost of such property by the same
3 percentage point. Property tax dollar amounts
4 certified pursuant to this section shall not be
5 considered property tax dollars certified for purposes
6 of the property tax limitation in chapter 444.

7 Sec. 34. Section 257.3, subsection 1, Code 1995,
8 is amended by adding the following new unnumbered
9 paragraph:

10 NEW UNNUMBERED PARAGRAPH. The amount paid to each
11 school district for the tax replacement claim for
12 industrial machinery, equipment and computers under
13 section 427B.19A shall be regarded as property tax.
14 The portion of the payment which is foundation
15 property tax shall be determined by applying the
16 foundation property tax rate to the amount computed
17 under section 427B.19, subsection 3, paragraph "a", as
18 adjusted by paragraph "d", if any adjustment was made.

DIVISION VI

FISCAL YEAR 1996 PAYMENT

21 Sec. 35. FISCAL YEAR 1996 RELIEF FUND PAYMENT.
22 Notwithstanding 1995 Iowa Acts, House File 132,
23 section 13, the appropriation in that section shall
24 not be made from the general fund of the state but
25 shall be made from the property tax relief fund
26 created in section 426B.1, as enacted by this Act.
27 Notwithstanding section 426B.2, subsection 2, as
28 enacted by this Act, for the fiscal year beginning
29 July 1, 1995, the amount of moneys distributed under
30 2. Title page, by striking lines 1 through 4 and
31 inserting the following: "An Act relating to tax
32 provisions involving state income tax, certain county
33 property tax and services associated with mental
34 health and developmental disabilities services, the
35 county property tax limitation, and property tax on
36 industrial machinery, equipment and computers,
37 providing appropriations, and providing effective and
38 applicability dates."""

By TOM VILSACK

S-3599 FILED APRIL 26, 1995

WITHDRAWN 4/27/95 (p. 1462)

S-3600

1 Amend the amendment, S-3591, to the House
 2 amendment, S-3082, to Senate File 69, as passed by the
 3 Senate, as follows:

4 1. By striking page 1, line 1 through page 26,
 5 line 35 and inserting the following:

6 "Amend the House amendment, S-3082, to Senate File
 7 69 as passed by the Senate as follows:

8 _____. By striking page 1, line 1, through page
 9 44, line 25, and inserting the following:

10 "Amend Senate File 69, as passed by the Senate, as
 11 follows:

12 _____. By striking everything after the enacting
 13 clause and inserting the following:

14 "DIVISION I
 15 INCOME TAX

16 Section 1. Section 422.7, Code 1995, is amended by
 17 adding the following new subsection:

18 NEW SUBSECTION. 33. For a person who is disabled,
 19 or is fifty-five years of age or older, or is the
 20 surviving spouse of an individual or a survivor having
 21 an insurable interest in an individual who would have
 22 qualified for the exemption under this subsection for
 23 the tax year, subtract, to the extent included, the
 24 total amount of a governmental or other pension or
 25 retirement pay, including, but not limited to, defined
 26 benefit or defined contribution plans, annuities,
 27 individual retirement accounts, plans maintained or
 28 contributed to by an employer, or maintained or
 29 contributed to by a self-employed person as an
 30 employer, and deferred compensation plans or any
 31 earnings attributable to the deferred compensation
 32 plans, up to a maximum of three thousand dollars for a
 33 person who files a separate state income tax return
 34 and up to a maximum of six thousand dollars for a
 35 husband and wife who file a joint state income tax
 36 return. However, a surviving spouse who is not
 37 disabled or fifty-five years of age or older can only
 38 exclude the amount of pension or retirement pay
 39 received as a result of the death of the other spouse.

40 Sec. 2. Section 422.12, subsection 1, paragraph c,
 41 Code 1995, is amended to read as follows:

42 c. For each dependent, an additional fifteen forty
 43 dollars. As used in this section, the term
 44 "dependent" has the same meaning as provided by the
 45 Internal Revenue Code.

46 Sec. 3. TAXATION STUDY. The legislative council
 47 is requested to establish a taxation study during the
 48 1995 legislative interim period. The study would
 49 address taxation of businesses, including subchapter S
 50 corporations, taxation incentives and disincentives

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1 for economic development, and the long-term objectives
2 of business taxation. The legislative council is
3 requested to authorize up to \$100,000 for consultants
4 and other costs associated with the business taxation
5 study.

6 Sec. 4. RETROACTIVE APPLICABILITY. This division
7 of this Act applies retroactively to January 1, 1995,
8 for tax years beginning on or after that date.

DIVISION II

10 SUPPLEMENTAL LEVY AND COUNTY MENTAL HEALTH FUND

11 Sec. 5. Section 123.38, unnumbered paragraph 2,
12 Code 1995, is amended to read as follows:

13 Any licensee or permittee, or the licensee's or
14 permittee's executor or administrator, or any person
15 duly appointed by the court to take charge of and
16 administer the property or assets of the licensee or
17 permittee for the benefit of the licensee's or
18 permittee's creditors, may voluntarily surrender a
19 license or permit to the division. When a license or
20 permit is surrendered the division shall notify the
21 local authority, and the division or the local
22 authority shall refund to the person surrendering the
23 license or permit, a proportionate amount of the fee
24 received by the division or the local authority for
25 the license or permit as follows: If a license or
26 permit is surrendered during the first three months of
27 the period for which it was issued, the refund shall
28 be three-fourths of the amount of the fee; if
29 surrendered more than three months but not more than
30 six months after issuance, the refund shall be one-
31 half of the amount of the fee; if surrendered more
32 than six months but not more than nine months after
33 issuance, the refund shall be one-fourth of the amount
34 of the fee. No refund shall be made, however, for any
35 special liquor permit, nor for a liquor control
36 license, wine permit, or beer permit surrendered more
37 than nine months after issuance. For purposes of this
38 paragraph, any portion of license or permit fees used
39 for the purposes authorized in section 331.424,
40 subsection 1, paragraphs "a"₇ and "b"₇-"e"₇-"d"₇-"e"₇
41 "f"₇-"g"₇-and-"h", and in section 331.424A, shall not
42 be deemed received either by the division or by a
43 local authority. No refund shall be made to any
44 licensee or permittee, upon the surrender of the
45 license or permit, if there is at the time of
46 surrender, a complaint filed with the division or
47 local authority, charging the licensee or permittee
48 with a violation of this chapter. If upon a hearing
49 on a complaint the license or permit is not revoked or
50 suspended, then the licensee or permittee is eligible,

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1 upon surrender of the license or permit, to receive a
2 refund as provided in this section; but if the license
3 or permit is revoked or suspended upon hearing the
4 licensee or permittee is not eligible for the refund
5 of any portion of the license or permit fee.

6 Sec. 6. Section 218.99, Code 1995, is amended to
7 read as follows:

8 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
9 PERSONAL ACCOUNTS.

10 The administrator of a division of the department
11 of human services in control of a state institution
12 shall direct the business manager of each institution
13 under the administrator's jurisdiction which is
14 mentioned in section 331.424, subsection 1, paragraphs
15 "a" through-"g" and "b" and for which services are
16 paid under section 331.424A to quarterly inform the
17 auditor of the county of legal settlement of any
18 patient or resident who has an amount in excess of two
19 hundred dollars on account in the patients' personal
20 deposit fund and the amount on deposit. The
21 administrators shall direct the business manager to
22 further notify the auditor of the county at least
23 fifteen days before the release of funds in excess of
24 two hundred dollars or upon the death of the patient
25 or resident. If the patient or resident has no county
26 of legal settlement, notice shall be made to the
27 director of the department of human services and the
28 administrator of the division of the department in
29 control of the institution involved.

30 Sec. 7. Section 225C.4, subsection 2, paragraph b,
31 Code 1995, is amended to read as follows:

32 b. Establish mental health and mental retardation
33 services for all institutions under the control of the
34 director of human services and establish an autism
35 unit, following mutual planning with and consultation
36 from the medical director of the state psychiatric
37 hospital, at an institution or a facility administered
38 by the administrator to provide psychiatric and
39 related services and other specific programs to meet
40 the needs of autistic persons ~~as defined in section~~
41 ~~331.424, subsection 1~~, and to furnish appropriate
42 diagnostic evaluation services.

43 Sec. 8. Section 331.301, subsection 12, Code 1995,
44 is amended to read as follows:

45 12. The board of supervisors may credit funds to a
46 reserve for the purposes authorized by subsection 11
47 of this section; section 331.424, subsection 1,
48 paragraph "f"; and section 331.441, subsection 2,
49 paragraph "b". Moneys credited to the reserve, and
50 interest earned on such moneys, shall remain in the

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1 reserve until expended for purposes authorized by
 2 subsection 11 of this section; section 331.424,
 3 subsection 1, paragraph "f"; or section 331.441,
 4 subsection 2, paragraph "b".

5 Sec. 9. Section 331.424, subsection 1, Code 1995,
 6 is amended to read as follows:

7 1. For general county services, an amount
 8 sufficient to pay the charges for the following:

9 a. To the extent that the county is obligated by
 10 statute to pay the charges for:

11 ~~(1) Care and treatment of patients by a state~~
 12 ~~mental health institute.~~

13 ~~---(2) Care and treatment of patients by either of~~
 14 ~~the state hospital schools or by any other facility~~
 15 ~~established under chapter 222 and diagnostic~~
 16 ~~evaluation under section 222.31.~~

17 ~~---(3) Care and treatment of patients under chapter~~
 18 ~~225.~~

19 (4) (1) Care and treatment of persons at the
 20 alcoholic treatment center at Oakdale. However, the
 21 county may require that an admission to the center
 22 shall be reported to the board by the center within
 23 five days as a condition of the payment of county
 24 funds for that admission.

25 (5) (2) Care of children admitted or committed to
 26 the Iowa juvenile home at Toledo.

27 (6) (3) Clothing, transportation, medical, or
 28 other services provided persons attending the Iowa
 29 braille and sight saving school, the Iowa school for
 30 the deaf, or the state hospital-school for severely
 31 handicapped children at Iowa City, for which the
 32 county becomes obligated to pay pursuant to sections
 33 263.12, 269.2, and 270.4 through 270.7.

34 ~~b. To the extent that the board deems it advisable~~
 35 ~~to pay, the charges for professional evaluation,~~
 36 ~~treatment, training, habilitation, and care of persons~~
 37 ~~who are mentally retarded, autistic persons, or~~
 38 ~~persons who are afflicted by any other developmental~~
 39 ~~disability, at a suitable public or private facility~~
 40 ~~providing inpatient or outpatient care in the county.~~
 41 ~~As used in this paragraph:~~

42 ~~---(1) "Developmental disability" has the meaning~~
 43 ~~assigned that term by 42 U.S.C. sec. 6001(7) (1976),~~
 44 ~~Supp. II, 1978, and Supp. III, 1979.~~

45 ~~---(2) "Autistic persons" means persons, regardless~~
 46 ~~of age, with severe communication and behavior~~
 47 ~~disorders that became manifest during the early stages~~
 48 ~~of childhood development and that are characterized by~~
 49 ~~a severely disabling inability to understand,~~
 50 ~~communicate, learn, and participate in social~~

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1 relationships---"Autistic persons"--includes-but-is-not
2 limited-to-those-persons-afflicted-by-infantile
3 autism, profound-aphasia, and-childhood-psychosis.
4 ---c---Care-and-treatment-of-persons-placed-in-the
5 county-hospital, county-care-facility, a-health-care
6 facility-as-defined-in-section-135C.1, subsection-6,
7 or-any-other-public-or-private-facility, which
8 placement-is-in-lieu-of-admission-or-commitment-to-or
9 is-upon-discharge, removal, or-transfer-from-a-state
10 mental-health-institute, hospital-school, or-other
11 facility-established-pursuant-to-chapter-222.
12 ---d---Amounts-budgeted-by-the-board-for-the-cost-of
13 establishment-and-initial-operation-of-a-community
14 mental-health-center-in-the-manner-and-subject-to-the
15 limitations-provided-by-state-law.

16 ---e- b. Foster care and related services provided
17 under court order to a child who is under the
18 jurisdiction of the juvenile court, including court-
19 ordered costs for a guardian ad litem under section
20 232.71.

21 f---The-care, admission, commitment, and
22 transportation-of-mentally-ill-patients-in-state
23 hospitals, to-the-extent-that-expenses-for-these
24 services-are-required-to-be-paid-by-the-county,
25 including-compensation-for-the-advocate-appointed
26 under-section-229.19.

27 ---g---Amounts-budgeted-by-the-board-for-mental-health
28 services-or-mental-retardation-services-furnished-to
29 persons-on-either-an-outpatient-or-inpatient-basis, to
30 a-school-or-other-public-agency, or-to-the-community
31 at-large, by-a-community-mental-health-center-or-other
32 suitable-facility-located-in-or-reasonably-near-the
33 county, provided-that-services-meet-the-standards-of
34 the-mental-health-and-developmental-disabilities
35 commission-created-in-section-225C.5-and-are
36 consistent-with-the-annual-plan-for-services-approved
37 by-the-board.

38 ---h---Reimbursement-on-behalf-of-mentally-retarded
39 persons-under-section-249A.12.

40 i- c. Elections, and voter registration pursuant
41 to chapter 48A.

42 j- d. Employee benefits under chapters 96, 97B,
43 and 97C, which are associated with salaries for
44 general county services.

45 k- e. Joint county and city building authorities
46 established under section 346.27, as provided in
47 subsection 22 of that section.

48 l- f. Tort liability insurance, property
49 insurance, and any other insurance that may be
50 necessary in the operation of the county, costs of a

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1 self-insurance program, costs of a local government
2 risk pool, and amounts payable under any insurance
3 agreements to provide or procure such insurance, self-
4 insurance program, or local government risk pool.

5 m. g. The maintenance and operation of the courts,
6 including but not limited to the salary and expenses
7 of the clerk of the district court and other employees
8 of the clerk's office, and bailiffs, court costs if
9 the prosecution fails or if the costs cannot be
10 collected from the person liable, costs and expenses
11 of prosecution under section 189A.17, salaries and
12 expenses of juvenile court officers under chapter 602,
13 court-ordered costs in domestic abuse cases under
14 section 236.5, the county's expense for confinement of
15 prisoners under chapter 356A, temporary assistance to
16 the county attorney, county contributions to a
17 retirement system for bailiffs, reimbursement for
18 judicial magistrates under section 602.6501, claims
19 filed under section 622.93, interpreters' fees under
20 section 622B.7, uniform citation and complaint
21 supplies under section 805.6, and costs of prosecution
22 under section 815.13.

23 n. h. Court-ordered costs of conciliation
24 procedures under section 598.16.

25 o. i. Establishment and maintenance of a joint
26 county indigent defense fund pursuant to an agreement
27 under section 28E.19.

28 p. j. The maintenance and operation of a local
29 emergency management agency established pursuant to
30 chapter 29C.

31 The board may require a public or private facility,
32 as a condition of receiving payment from county funds
33 for services it has provided, to furnish the board
34 with a statement of the income, assets, and legal
35 residence including township and county of each person
36 who has received services from that facility for which
37 payment has been made from county funds under
38 paragraphs "a" through "h" and "b". However, the
39 facility shall not disclose to anyone the name or
40 street or route address of a person receiving services
41 for which commitment is not required, without first
42 obtaining that person's written permission.

43 Parents or other persons may voluntarily reimburse
44 the county or state for the reasonable cost of caring
45 for a patient or an inmate in a county or state
46 facility.

47 Sec. 10. NEW SECTION. 331.424A COUNTY MENTAL
48 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
49 DISABILITIES SERVICES FUND.

50 1. For the purposes of this chapter, unless the

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1 context otherwise requires, "services fund" means the
2 county mental health, mental retardation, and
3 developmental disabilities services fund created in
4 subsection 2. The county finance committee created in
5 section 333A.2 shall consult with the state-county
6 management committee in adopting rules and prescribing
7 forms for administering the services fund.

8 2. For the fiscal year beginning July 1, 1996, and
9 succeeding fiscal years, county revenues from taxes
10 and other sources designated for mental health, mental
11 retardation, and developmental disabilities services
12 shall be credited to the mental health, mental
13 retardation, and developmental disabilities services
14 fund of the county. The board shall make
15 appropriations from the fund for payment of services
16 provided under the county management plan approved
17 pursuant to section 331.439.

18 3. For the fiscal year beginning July 1, 1996, and
19 succeeding fiscal years, receipts from the state or
20 federal government for such services shall be credited
21 to the services fund, including moneys allotted to the
22 county from the state payment made pursuant to section
23 331.439 and moneys allotted to the county for property
24 tax relief pursuant to section 426B.1.

25 4. For the fiscal year beginning July 1, 1996, and
26 for each subsequent fiscal year, the county shall
27 certify a levy for payment of services. Unless
28 otherwise provided by state law, for each fiscal year,
29 county revenues from taxes imposed by the county
30 credited to the services fund shall not exceed an
31 amount equal to the amount of base year expenditures
32 for services in the fiscal year beginning July 1,
33 1993, and ending June 30, 1994, as defined in section
34 331.438 less the amount of property tax relief to be
35 received pursuant to section 426B.2, subsections 1 and
36 3, in the fiscal year for which the budget is
37 certified. The county auditor and the board of
38 supervisors shall reduce the amount of the levy
39 certified for the services fund by the amount of
40 property tax relief to be received.

41 5. Appropriations specifically authorized to be
42 made from the mental health, mental retardation, and
43 developmental disabilities services fund shall not be
44 made from any other fund of the county.

45 Sec. 11. Section 444.25A, subsection 3, paragraph
46 b, subparagraph (3), Code 1995, is amended to read as
47 follows:

48 (3) Need for additional moneys for health care,
49 treatment, and facilities, including ~~mental health and~~
50 ~~mental-retardation-care and~~ treatment pursuant to

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1 section 331.424, subsection 1, paragraphs "a" through
2 "h" and "b".

3 Sec. 12. EFFECTIVE AND APPLICABILITY DATES. This
4 division of this Act takes effect January 1, 1996, and
5 is applicable to taxes payable in the fiscal year
6 beginning July 1, 1996, and subsequent fiscal years.

DIVISION III

PROPERTY TAX RELIEF PROVISIONS

9 Sec. 13. Section 222.60, unnumbered paragraph 1,
10 Code 1995, as amended by 1995 Iowa Acts, House File
11 483, section 12, is amended to read as follows:

12 All necessary and legal expenses for the cost of
13 admission or commitment or for the treatment,
14 training, instruction, care, habilitation, support and
15 transportation of persons with mental retardation, as
16 provided for in the county management plan provisions
17 implemented pursuant to section 331.439, subsection 1,
18 in a state hospital-school, or in a special unit, or
19 any public or private facility within or without the
20 state, approved by the director of the department of
21 human services, shall be paid by either:

22 Sec. 14. Section 331.438, subsection 1, paragraph
23 b, Code 1995, is amended to read as follows:

24 b. "State payment" means the payment made by the
25 state to a county determined to be eligible for the
26 payment in accordance with section 331.439.

27 1A. Except as modified based upon the actual
28 amount of the appropriation for purposes of state
29 payment under section 331.439, the amount of the state
30 payment for a fiscal year shall be calculated as-fifty
31 percent-of-the-amount-by-which-the-county's-qualified
32 expenditures-during-the-immediately-preceding-fiscal
33 year-were-in-excess-of-the-amount-of-the-county's-base
34 year-expenditures by applying the inflation factor
35 adjustment established in accordance with section
36 331.439, subsection 3, for that fiscal year to the
37 amount of county expenditures for qualified services
38 in the previous fiscal year. A state payment is the
39 state funding a county receives pursuant to section
40 426B.2, subsection 2. Any state funding received by a
41 county for property tax relief in accordance with
42 section 426B.2, subsections 1 and 3, is not a state
43 payment and shall not be included in the state payment
44 calculation made pursuant to this subsection.

45 Sec. 15. Section 331.439, Code 1995, is amended by
46 striking the section and inserting in lieu thereof the
47 following:

48 331.439 ELIGIBILITY FOR STATE PAYMENT.

49 1. The state payment to eligible counties under
50 this section shall be made as provided in sections

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1 331.438 and 426B.2. A county is eligible for the
2 state payment, as defined in section 331.438, for the
3 fiscal year beginning July 1, 1996, and for subsequent
4 fiscal years if the director of human services, in
5 consultation with the state-county management
6 committee, determines for a specific fiscal year that
7 all of the following conditions are met:

8 a. The county accurately reported by October 15
9 the county's expenditures for mental health, mental
10 retardation, and developmental disabilities services
11 for the previous fiscal year on forms prescribed by
12 the department of human services.

13 b. The county developed and implemented a county
14 management plan for the county's mental health, mental
15 retardation, and developmental disabilities services
16 in accordance with the provisions of this paragraph.
17 The plan shall comply with the administrative rules
18 adopted for this purpose by the council on human
19 services and is subject to the approval of the
20 director of human services in consultation with the
21 state-county management committee created in section
22 331.438. The plan shall include a description of the
23 county's service management provision for mental
24 health, mental retardation, and developmental
25 disabilities services. For mental retardation and
26 developmental disabilities service management, the
27 plan shall describe the county's development and
28 implementation of a managed system of cost-effective
29 individualized services and shall comply with the
30 provisions of paragraph "d". The goal of this part of
31 the plan shall be to assist the individuals served to
32 be as independent, productive, and integrated into the
33 community as possible. The service management
34 provisions for mental health shall comply with the
35 provisions of paragraph "c".

36 c. (1) For mental health service management, the
37 county may either directly implement a system of
38 service management and contract with service
39 providers, or contract with a private entity to manage
40 the system, provided all requirements of this lettered
41 paragraph are met by the private entity. The mental
42 health service management shall incorporate a single
43 entry point and clinical assessment process developed
44 in accordance with the provisions of section 331.440.
45 The county shall submit this part of the plan to the
46 department of human services for approval by April 1
47 for the succeeding year. Initially, this part of the
48 plan shall be submitted to the department by April 1,
49 1996, and the county shall implement the approved plan
50 by July 1, 1996.

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1 (2) The basis for determining whether a managed
2 care system for mental health proposed by a county is
3 comparable to a mental health managed care contractor
4 approved by the department of human services shall
5 include but is not limited to all of the following
6 elements which shall be specified in administrative
7 rules adopted by the council on human services in
8 consultation with the state-county management
9 committee:

10 (a) The enrollment and eligibility process.

11 (b) The scope of services included.

12 (c) The method of plan administration.

13 (d) The process for managing utilization and
14 access to services and other assistance.

15 (e) The quality assurance process.

16 (f) The risk management provisions and fiscal
17 viability of the provisions, if the county contracts
18 with a private managed care entity.

19 d. For mental retardation and developmental
20 disabilities services management, the county must
21 either develop and implement a managed system of care
22 which addresses a full array of appropriate services
23 and cost-effective delivery of services or contract
24 with a state-approved managed care contractor or
25 contractors. Any system or contract implemented under
26 this paragraph shall incorporate a single entry point
27 and clinical assessment process developed in
28 accordance with the provisions of section 331.440.
29 The elements of the managed system of care and the
30 state-approved managed care contract or contracts
31 shall be specified in rules developed by the
32 department of human services in consultation with the
33 state-county management committee and adopted by the
34 council on human services. Initially, this part of
35 the plan shall be submitted to the department for
36 approval on or before October 1, 1996, and shall be
37 implemented on or before January 1, 1997. In fiscal
38 years succeeding the fiscal year of initial
39 implementation, this part of the plan shall be
40 submitted to the department of human services for
41 approval by April 1 for the succeeding fiscal year.

42 e. Changes to the approved plan are submitted at
43 least sixty days prior to the proposed change and are
44 not to be implemented prior to the director of human
45 services' approval.

46 2. The county management plan shall address the
47 county's criteria for serving persons with chronic
48 mental illness, including any rationale used for
49 decision making regarding this population.

50 3. a. For the fiscal year beginning July 1, 1996,

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1 and succeeding fiscal years, the county's mental
2 health, mental retardation, and developmental
3 disabilities service expenditures for a fiscal year
4 are limited to a fixed budget amount. The fixed
5 budget amount shall be the amount identified in the
6 county's management plan and budget for the fiscal
7 year. The county shall be allowed an inflation factor
8 adjustment for services paid from the county's
9 services fund under section 331.424A which is in
10 accordance with the county's management plan and
11 budget, implemented pursuant to this section.

12 b. Based upon information contained in county
13 management plans and budgets, the state-county
14 management committee shall recommend an inflation
15 factor adjustment to the council on human services by
16 November 15 for the succeeding fiscal year. The
17 inflation factor adjustment shall address costs
18 associated with new consumers of service, service cost
19 inflation, and investments for economy and efficiency.
20 The council on human services shall recommend to the
21 governor the amount of the inflation factor adjustment
22 for the succeeding fiscal year for inclusion in the
23 governor's proposed budget for the succeeding fiscal
24 year.

25 c. If the general assembly has not revised the
26 amount of the inflation factor adjustment for a fiscal
27 year on the date county budgets must be approved and
28 levies must be certified for that fiscal year, the
29 budgets and levies shall utilize the inflation factor
30 adjustment for that fiscal year recommended by the
31 governor in the governor's proposed budget.

32 4. A county may provide assistance to service
33 populations with disabilities to which the county has
34 historically provided assistance but who are not
35 included in the service management provisions required
36 under subsection 1, subject to the availability of
37 funding.

38 5. Notwithstanding any other provision of law to
39 the contrary, a county shall have no obligation to pay
40 for or provide mental health, mental retardation, or
41 developmental disabilities services for any person
42 that applies through the county's single entry point
43 and clinical assessment process after the moneys in
44 the county services fund under section 331.424A are
45 expended.

46 6. A county shall implement the county's
47 management plan in a manner so as to provide adequate
48 funding for the entire fiscal year by budgeting for
49 ninety-nine percent of the funding anticipated to be
50 available for the plan. A county may expend all of

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1 the funding anticipated to be available for the plan.
2 7. The director's approval of a county's mental
3 health, mental retardation, and developmental
4 disabilities services management plan shall not be
5 construed to constitute certification of the county's
6 budget.

7 Sec. 16. Section 331.440, subsection 1, Code 1995,
8 is amended by adding the following new paragraph:

9 NEW PARAGRAPH. c. The single entry point and
10 clinical assessment process shall include provision
11 for the county's participation in a management
12 information system developed in accordance with rules
13 adopted pursuant to subsection 3.

14 Sec. 17. NEW SECTION. 426B.1 APPROPRIATIONS --
15 PROPERTY TAX RELIEF FUND.

16 1. A property tax relief fund is created in the
17 state treasury under the authority of the department
18 of revenue and finance. The fund shall be separate
19 from the general fund of the state and shall not be
20 considered part of the general fund of the state
21 except in determining the cash position of the state
22 for payment of state obligations. The moneys in the
23 fund are not subject to the provisions of section 8.33
24 and shall not be transferred, used, obligated,
25 appropriated, or otherwise encumbered except as
26 provided in this section. Moneys in the fund may be
27 used for cash flow purposes, provided that any moneys
28 so allocated are returned to the fund by the end of
29 each fiscal year. However, the fund shall be
30 considered a special account for the purposes of
31 section 8.53, relating to elimination of any GAAP
32 deficit. For the purposes of this chapter, unless the
33 context otherwise requires, "property tax relief fund"
34 means the property tax relief fund created in this
35 section.

36 2. There is appropriated to the property tax
37 relief fund for the indicated fiscal years from the
38 general fund of the state the following amounts:

39 a. For the fiscal year beginning July 1, 1995,
40 sixty-one million dollars.

41 b. For the fiscal year beginning July 1, 1996,
42 seventy-eight million dollars.

43 c. For the fiscal year beginning July 1, 1997, and
44 succeeding fiscal years, ninety-five million dollars.

45 Sec. 18. NEW SECTION. 426B.2 PROPERTY TAX RELIEF
46 FUND DISTRIBUTIONS.

47 Moneys in the property tax relief fund shall be
48 utilized in each fiscal year as follows in the order
49 listed:

50 1. The first sixty-one million dollars plus the

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1 amount paid pursuant to subsection 3 in the previous
2 fiscal year in the property tax relief fund shall be
3 distributed to counties under this subsection. A
4 county's proportion of the moneys shall be equivalent
5 to the sum of the following three factors:

6 a. One-third based upon the county's proportion of
7 the state's general population.

8 b. One-third based upon the county's proportion of
9 the state's total taxable property valuation assessed
10 for taxes payable in the previous fiscal year.

11 c. One-third based upon the county's proportion of
12 all counties' base year expenditures, as defined in
13 section 331.438.

14 Moneys provided to a county for property tax relief
15 in a fiscal year in accordance with this section shall
16 not be less than the amount provided for property tax
17 relief in the previous fiscal year.

18 2. Payment of moneys to eligible counties of the
19 state payment in accordance with the provisions of
20 sections 331.438 and 331.439.

21 3. For the fiscal year beginning July 1, 1996, and
22 succeeding fiscal years, the department of human
23 services shall estimate the amount of moneys required
24 for the state payment pursuant to subsection 2.

25 Moneys remaining in the property tax relief fund
26 following the payment made pursuant to subsection 1
27 and the estimated amount of the state payment pursuant
28 to subsection 2 shall be paid for property tax relief
29 in the same manner as provided in subsection 1 to
30 counties eligible for state payment under subsection

31 2. These payments shall continue until the combined
32 amount of the payments made under this subsection and
33 subsection 1 are equal to fifty percent of the total
34 of all counties' base year expenditures as defined in
35 section 331.438. The amount of moneys paid to a
36 county pursuant to this subsection shall be added in
37 subsequent fiscal years to the amount of moneys paid
38 under subsection 1.

39 4. Moneys remaining in the property tax relief
40 fund following the payments made pursuant to
41 subsections 1, 2, and 3 shall be transferred to the
42 homestead credit fund created in section 425.1. This
43 transfer shall continue until the homestead credit is
44 fully funded.

45 5. The department of human services shall notify
46 the director of revenue and finance of the amounts due
47 a county in accordance with the provisions of this
48 section. The director of revenue and finance shall
49 draw warrants on the property tax relief fund, payable
50 to the county treasurer in the amount due to a county

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1 in accordance with subsections 1 and 3 and mail the
2 warrants to the county auditors in September and March
3 of each year. Warrants for the state payment in
4 accordance with subsection 2 shall be mailed in
5 January of each year.

6 Sec. 19. NEW SECTION. 426B.3 NOTIFICATION OF
7 MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
8 DISABILITIES EXPENDITURE RELIEF FUND PAYMENT.

9 1. The county auditor shall reduce the certified
10 budget amount received from the board of supervisors
11 for the succeeding fiscal year for the county mental
12 health, mental retardation, and developmental
13 disabilities services fund created in section 331.424A
14 by an amount equal to the amount the county will
15 receive from the property tax relief fund pursuant to
16 section 426B.2, subsections 1 and 3, for the
17 succeeding fiscal year and the auditor shall determine
18 the rate of taxation necessary to raise the reduced
19 amount. On the tax list, the county auditor shall
20 compute the amount of taxes due and payable on each
21 parcel before and after the amount received from the
22 property tax relief fund is used to reduce the county
23 budget. The director of revenue and finance shall
24 notify the county auditor of each county of the amount
25 of moneys the county will receive from the property
26 tax relief fund pursuant to section 426B.2,
27 subsections 1 and 3, for the succeeding fiscal year.

28 2. The amount of property tax dollars reduced on
29 each parcel as a result of the moneys received from
30 the property tax relief fund pursuant to section
31 426B.2, subsections 1 and 3, shall be noted on each
32 tax statement prepared by the county treasurer
33 pursuant to section 445.23.

34 Sec. 20. NEW SECTION. 426B.4 RULES.

35 The council on human services shall consult with
36 the state-county management committee created in
37 section 331.438 and the director of revenue and
38 finance in prescribing forms and adopting rules
39 pursuant to chapter 17A to administer this chapter.

40 Sec. 21. PROPERTY TAX RELIEF -- FISCAL YEAR 1995-
41 1996. For the fiscal year beginning July 1, 1995, the
42 department of management shall notify each county
43 auditor by June 1, 1995, of the amount the county will
44 receive from the property tax relief fund for property
45 tax relief pursuant to section 426B.2, subsection 1,
46 for that fiscal year. The county auditor shall reduce
47 by the notified amount the amount of the county's
48 certified budget to be raised by property tax for that
49 fiscal year which is to be expended for mental health,
50 mental retardation, and developmental disabilities

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1 services and shall revise the rate of taxation as
2 necessary to raise the reduced amount. The county
3 auditor shall report the reduction in the certified
4 budget and the revised rate of taxation to the
5 department of management by June 30, 1995.

6 Sec. 22. FUNDING OF SESSION LAW REQUIREMENTS. If
7 the appropriations in section 426B.1, subsection 2, as
8 created in this division of this Act, are enacted by
9 this Act, the requirements of 1994 Iowa Acts, chapter
10 1163, section 8, subsection 2, to fully fund
11 provisions of sections 331.438 and 331.439 shall be
12 considered to be met and the repeals contained in 1994
13 Iowa Acts, chapter 1163, section 8, subsection 2,
14 shall be void.

15 Sec. 23. STATE-COUNTY MANAGEMENT COMMITTEE REVIEW
16 -- 1995 INTERIM. The state-county management
17 committee created in section 331.438 shall review
18 statutory provisions and administrative rules which
19 are intended to regulate and contain county
20 expenditures for mental health, mental retardation,
21 and developmental disabilities (MH/MR/DD) services and
22 the formula for distribution of property tax relief
23 moneys to counties under section 426B.2. The
24 committee should consider proposals from counties and
25 other interested persons for a distribution formula
26 factor which rewards or provides incentives for
27 economy and efficiency in providing mental health,
28 mental retardation, and developmental disabilities
29 services; and a mechanism for a county to appeal to
30 the state if it is believed the county is unfairly
31 treated under an established funding formula. In
32 addition, the committee shall consider tort and other
33 liability issues associated with a county managing
34 MH/MR/DD expenditures in accordance with a fixed
35 budget and make recommendations to address the issues.
36 The committee shall review the dates required under
37 section 331.439 and chapter 426B, as enacted by this
38 Act and make recommendations for change if revisions
39 are deemed necessary. The committee shall report to
40 the governor and the general assembly on or before
41 December 1, 1995.

42 Sec. 24. LEVY STUDY. The county finance committee
43 created in chapter 333A shall consult with any
44 interested parties in studying the ramifications of
45 consolidating the county general basic levies and the
46 general supplemental levies and other proposals
47 involving the levies. The committee shall be assisted
48 by four legislators with one each appointed by the
49 following leaders: majority leader of the senate,
50 minority leader of the senate, speaker of the house of

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1 representatives, and minority leader of the house of
2 representatives. The legislative appointees are
3 eligible for per diem and actual expenses for their
4 assistance to the committee. The committee shall
5 report to the governor and the general assembly with
6 findings and recommendations on or before January 4,
7 1996.

8 Sec. 25. EFFECTIVE DATE. Section 21 of this
9 division of this Act, relating to property tax relief
10 for fiscal year 1995-1996, being deemed of immediate
11 importance, takes effect upon enactment.

12

DIVISION IV

13

COUNTY PROPERTY TAX LIMITATION

14

15 Sec. 26. Section 444.25A, subsection 1, Code 1995,
16 is amended to read as follows:

17

18 1. COUNTY LIMITATION. The maximum amount of
19 property tax dollars which may be certified by a
20 county for taxes payable in the fiscal year beginning
21 July 1, 1995, shall not exceed the amount of property
22 tax dollars certified by the county for taxes payable
23 in the fiscal year beginning July 1, 1994, minus the
24 amount of property tax relief moneys to be received by
25 the county for the fiscal year beginning July 1, 1995,
26 pursuant to section 426B.2, subsection 1, and the
27 maximum amount of property tax dollars which may be
28 certified by a county for taxes payable in the fiscal
29 year beginning July 1, 1996, shall not exceed the
30 amount of property tax dollars certified by the county
31 for taxes payable in the fiscal year beginning July 1,
32 1995, minus the amount by which the property tax
33 relief moneys to be received by the county in the
34 fiscal year beginning July 1, 1996, pursuant to
35 section 426B.2, subsections 1 and 3, exceeds the
36 amount of the property tax relief moneys received in
37 the fiscal year beginning July 1, 1995, for each of
38 the levies for the following, except for the levies on
39 the increase in taxable valuation due to new
40 construction, additions or improvements to existing
41 structures, remodeling of existing structures for
42 which a building permit is required, annexation, and
43 phasing out of tax exemptions, and on the increase in
44 valuation of taxable property as a result of a
45 comprehensive revaluation by a private appraiser under
46 a contract entered into prior to January 1, 1992, or
47 as a result of a comprehensive revaluation directed or
48 authorized by the conference board prior to January 1,
49 1992, with documentation of the contract,
50 authorization, or directive on the revaluation
51 provided to the director of revenue and finance, if
52 the levies are equal to or less than the levies for

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1 the previous year, levies on that portion of the
2 taxable property located in an urban renewal project
3 the tax revenues from which are no longer divided as
4 provided in section 403.19, subsection 2, or as
5 otherwise provided in this section:
6 a. General county services under section 331.422,
7 subsection 1.
8 b. Rural county services under section 331.422,
9 subsection 2.
10 c. Other taxes under section 331.422, subsection
11 4.

12 Sec. 27. NEW SECTION. 444.25B PROPERTY TAX
13 LIMITATION FOR FISCAL YEAR 1998.

14 1. COUNTY LIMITATION. The maximum amount of
15 property tax dollars which may be certified by a
16 county for taxes payable in the fiscal year beginning
17 July 1, 1997, shall not exceed the amount of property
18 tax dollars certified by the county for taxes payable
19 in the fiscal year beginning July 1, 1996, minus the
20 amount by which the property tax relief moneys to be
21 received by the county in the fiscal year beginning
22 July 1, 1997, pursuant to section 426B.2, subsections
23 1 and 3, exceeds the amount of the property tax relief
24 moneys received in the fiscal year beginning July 1,
25 1996, for each of the levies for the following, except
26 for the levies on the increase in taxable valuation
27 due to new construction, additions or improvements to
28 existing structures, remodeling of existing structures
29 for which a building permit is required, annexation,
30 and phasing out of tax exemptions, and on the increase
31 in valuation of taxable property as a result of a
32 comprehensive revaluation by a private appraiser under
33 a contract entered into prior to January 1, 1992, or
34 as a result of a comprehensive revaluation directed or
35 authorized by the conference board prior to January 1,
36 1992, with documentation of the contract,
37 authorization, or directive on the revaluation
38 provided to the director of revenue and finance, if
39 the levies are equal to or less than the levies for
40 the previous year, levies on that portion of the
41 taxable property located in an urban renewal project
42 the tax revenues from which are no longer divided as
43 provided in section 403.19, subsection 2, or as
44 otherwise provided in this section:
45 a. General county services under section 331.422,
46 subsection 1.
47 b. Rural county services under section 331.422,
48 subsection 2.
49 c. Other taxes under section 331.422, subsection
50 4.

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1 2. EXCEPTIONS. The limitations provided in
2 subsection 1 do not apply to the levies made for the
3 following:
4 a. Debt service to be deposited into the debt
5 service fund pursuant to section 331.430.
6 b. Taxes approved by a vote of the people which
7 are payable during the fiscal year beginning July 1,
8 1997.
9 c. Hospitals pursuant to chapters 37, 347, and
10 347A.
11 d. Emergency management to be deposited into the
12 local emergency management fund and expended for
13 development of hazardous substance teams pursuant to
14 chapter 29C.
15 e. Unusual need for additional moneys to finance
16 existing programs which would provide substantial
17 benefit to county residents or compelling need to
18 finance new programs which would provide substantial
19 benefit to county residents. The increase in taxes
20 levied under this exception for the fiscal year
21 beginning July 1, 1997, is limited to no more than the
22 product of the total tax dollars levied in the fiscal
23 year beginning July 1, 1996, and the percent change,
24 computed to two decimal places, in the price index for
25 government purchases by type for state and local
26 governments computed for the third quarter of calendar
27 year 1996 from that computed for the third quarter of
28 calendar year 1995.
29 For purposes of this paragraph, the price index for
30 government purchases by type for state and local
31 governments is defined by the bureau of economic
32 analysis of the United States department of commerce
33 and published in table 7.11 of the national income and
34 products accounts. For the fiscal year beginning July
35 1, 1997, the price index used shall be the revision
36 published in the November 1996 edition of the United
37 States department of commerce publication, "survey of
38 current business". For purposes of this paragraph,
39 tax dollars levied in the fiscal year beginning July
40 1, 1996, shall not include funds levied for paragraphs
41 "a", "b", and "c" of this subsection.
42 Application of this exception shall require an
43 original publication of the budget and a public
44 hearing and a second publication and a second hearing
45 both in the manner and form prescribed by the director
46 of the department of management, notwithstanding the
47 provisions of section 331.434. The publications and
48 hearings prescribed in this paragraph shall be held
49 and the budget certified no later than March 15. The
50 taxes levied for counties whose budgets are certified

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1 after March 15, 1997, shall be frozen at the fiscal
2 year beginning July 1, 1996, level.

3 3. APPEAL PROCEDURES. In lieu of the procedures
4 in sections 24.48 and 331.426, which procedures do not
5 apply for taxes payable in the fiscal year beginning
6 July 1, 1997, if a county needs to raise property tax
7 dollars from a tax levy in excess of the limitations
8 imposed by subsection 1, the following procedures
9 apply:

10 a. Not later than March 1, and after the
11 publication and public hearing on the budget in the
12 manner and form prescribed by the director of the
13 department of management, notwithstanding section
14 331.434, the county shall petition the state appeal
15 board for approval of a property tax increase in
16 excess of the increase provided for in subsection 2,
17 paragraph "e", on forms furnished by the director of
18 the department of management. Applications received
19 after March 1 shall be automatically ineligible for
20 consideration by the board.

21 b. Additional costs incurred by the county due to
22 any of the following circumstances shall be the basis
23 for justifying the excess in property tax dollars:

24 (1) Natural disaster or other life-threatening
25 emergencies.

26 (2) Unusual need for additional moneys to finance
27 existing programs which would provide substantial
28 benefit to county residents or compelling need to
29 finance new programs which would provide substantial
30 benefit to county residents.

31 (3) Need for additional moneys for health care,
32 treatment, and facilities pursuant to section 331.424,
33 subsection 1, paragraphs "a" and "b".

34 (4) Judgments, settlements, and related costs
35 arising out of civil claims against the county and its
36 officers, employees, and agents, as defined in chapter
37 670.

38 c. The state appeal board shall approve,
39 disapprove, or reduce the amount of excess property
40 tax dollars requested. The board shall take into
41 account the intent of this section to provide property
42 tax relief. The decision of the board shall be
43 rendered at a regular or special meeting of the board
44 within twenty days of the board's receipt of an
45 appeal.

46 d. Within seven days of receipt of the decision of
47 the state appeal board, the county shall adopt and
48 certify its budget under section 331.434, which budget
49 may be protested as provided in section 331.436. The
50 budget shall not contain an amount of property tax

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1 dollars in excess of the amount approved by the state
2 appeal board.

3 4. Rate adjustment by county auditor. In addition
4 to the requirement of the county auditor in section
5 444.3 to establish a rate of tax which does not exceed
6 the rate authorized by law, the county auditor shall
7 also adjust the rate if the amount of property tax
8 dollars to be raised is in excess of the amount
9 specified in subsection 1, as may be adjusted pursuant
10 to subsection 3.

11 Sec. 28. Section 444.27, Code 1995, is amended to
12 read as follows:

13 444.27 SECTIONS VOID.

14 1. For purposes of section 444.25, sections 24.48
15 and 331.426 are void for the fiscal years beginning
16 July 1, 1993, and July 1, 1994. For purposes of
17 section 444.25A, sections 24.48 and 331.426 are void
18 for the fiscal years beginning July 1, 1995, and July
19 1, 1996.

20 2. For purposes of section 444.25B, sections 24.48
21 and 331.426 are void for the fiscal year beginning
22 July 1, 1997.

23 DIVISION V

24 INDUSTRIAL MACHINERY, EQUIPMENT AND COMPUTERS PROPERTY
25 TAX

26 EXEMPTION AND REPLACEMENT

27 Sec. 29. Section 427B.17, Code 1995, is amended to
28 read as follows:

29 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

30 1. For property defined in section 427A.1,
31 subsection 1, paragraphs "e" and "j", acquired or
32 initially leased on or after January 1, 1982, the
33 taxpayer's valuation shall be limited to thirty
34 percent of the net acquisition cost of the property,
35 except as otherwise provided in subsections 2 and 3.
36 For purposes of this section, "net acquisition cost"
37 means the acquired cost of the property including all
38 foundations and installation cost less any excess cost
39 adjustment.

40 For purposes of this section subsection:

41 ~~1. Property assessed by the department of revenue~~
42 ~~and finance pursuant to sections 428.24 to 428.29, or~~
43 ~~chapters 433, 434 and 436 to 438 shall not receive the~~
44 ~~benefits of this section.~~

45 2. a. Property acquired before January 1, 1982,
46 which was owned or used before January 1, 1982, by a
47 related person shall not receive the benefits of this
48 section subsection.

49 3. b. Property acquired on or after January 1,
50 1982, which was owned and used by a related person

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1 shall not receive any additional benefits under this
2 section subsection.

3 4- c. Property which was owned or used before
4 January 1, 1982, and subsequently acquired by an
5 exchange of like property shall not receive the
6 benefits of this section subsection.

7 5- d. Property which was acquired on or after
8 January 1, 1982, and subsequently exchanged for like
9 property shall not receive any additional benefits
10 under this section subsection.

11 6- e. Property acquired before January 1, 1982,
12 which is subsequently leased to a taxpayer or related
13 person who previously owned the property shall not
14 receive the benefits of this section subsection.

15 7- f. Property acquired on or after January 1,
16 1982, which is subsequently leased to a taxpayer or
17 related person who previously owned the property shall
18 not receive any additional benefits under this section
19 subsection.

20 For purposes of this section subsection, "related
21 person" means a person who owns or controls the
22 taxpayer's business and another business entity from
23 which property is acquired or leased or to which
24 property is sold or leased. Business entities are
25 owned or controlled by the same person if the same
26 person directly or indirectly owns or controls fifty
27 percent or more of the assets or any class of stock or
28 who directly or indirectly has an interest of fifty
29 percent or more in the ownership or profits.

30 2. Property defined in section 427A.1, subsection
31 1, paragraphs "e" and "j", which is first assessed for
32 taxation in this state on or after January 1, 1995,
33 shall be exempt from taxation.

34 3. Property defined in section 427A.1, subsection
35 1, paragraphs "e" and "j", and assessed under section
36 427B.17, subsection 1, shall be valued by the local
37 assessor as follows for the following assessment
38 years:

39 a. For the assessment year beginning January 1,
40 1999, at twenty-two percent of the net acquisition
41 cost.

42 b. For the assessment year beginning January 1,
43 2000, at fourteen percent of the net acquisition cost.

44 c. For the assessment year beginning January 1,
45 2001, at six percent of the net acquisition cost.

46 d. For the assessment year beginning January 1,
47 2002, and succeeding assessment years, at zero percent
48 of the net acquisition cost.

49 4. Property assessed pursuant to this section
50 shall not be eligible to receive a partial exemption

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1 under sections 427B.1 to 427B.6.

2 5. This section shall not apply to property
3 assessed by the department of revenue and finance
4 pursuant to sections 428.24 to 428.29, or chapters
5 433, 434, and 436 to 438, and such property shall not
6 receive the benefits of this section.

7 Any electric power generating plant which operated
8 during the preceding assessment year at a net capacity
9 factor of more than twenty percent, shall not receive
10 the benefits of this section or of sections 15.332 and
11 15.334. For purposes of this section, "electric power
12 generating plant" means any name plate rated electric
13 power generating plant, in which electric energy is
14 produced from other forms of energy, including all
15 taxable land, buildings, and equipment used in the
16 production of such energy. "Net capacity factor"
17 means net actual generation divided by the product of
18 net maximum capacity times the number of hours the
19 unit was in the active state during the assessment
20 year. Upon commissioning, a unit is in the active
21 state until it is decommissioned. "Net actual
22 generation" means net electrical megawatt hours
23 produced by the unit during the preceding assessment
24 year. "Net maximum capacity" means the capacity the
25 unit can sustain over a specified period when not
26 restricted by ambient conditions or equipment
27 deratings, minus the losses associated with station
28 service or auxiliary loads.

29 6. The taxpayer's valuation of property defined in
30 section 427A.1, subsection 1, paragraphs "e" and "j",
31 and located in an urban renewal area for which an
32 urban renewal plan provides for the division of taxes
33 as provided in section 403.19 to pay the principal and
34 interest on loans, advances, bonds issued under the
35 authority of section 403.9, subsection 1, or
36 indebtedness incurred by a city or county to finance
37 an urban renewal project within the urban renewal
38 area, if such loans, advances, or bonds were issued or
39 indebtedness incurred, on or after January 1, 1982,
40 and on or before June 30, 1995, shall be limited to
41 thirty percent of the net acquisition cost of the
42 property. Such property located in an urban renewal
43 area shall not be valued pursuant to subsection 2 or
44 3, whichever is applicable, until the assessment year
45 following the calendar year in which the obligations
46 created by any loans, advances, bonds, or indebtedness
47 payable from the division of taxes as provided in
48 section 403.19 have been retired. The taxpayer's
49 valuation for such property shall then be the
50 valuation specified in subsection 2 or 3, whichever is

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1 applicable, for the applicable assessment year. If
2 the loans, advances, or bonds issued, or indebtedness
3 incurred between January 1, 1982, and June 30, 1995,
4 are refinanced or refunded after June 30, 1995, the
5 valuation of such property shall then be the valuation
6 specified in subsection 2 or 3, whichever is
7 applicable, for the applicable assessment year
8 beginning with the assessment year following the
9 calendar year in which any of those loans, advances,
10 bonds, or other indebtedness are refinanced or
11 refunded after June 30, 1995.

12 7. For the purpose of dividing taxes under section
13 260E.4 or 260F.4, the employer's or business's
14 valuation of property defined in section 427A.1,
15 subsection 1, paragraphs "e" and "j", and used to fund
16 a new jobs training project which project's first
17 written agreement providing for a division of taxes as
18 provided in section 403.19 is approved on or before
19 June 30, 1995, shall be limited to thirty percent of
20 the net acquisition cost of the property. An
21 employer's or business's taxable property used to fund
22 a new jobs training project shall not be valued
23 pursuant to subsection 2 or 3, whichever is
24 applicable, until the assessment year following the
25 calendar year in which the certificates or other
26 funding obligations have been retired or escrowed.
27 The taxpayer's valuation for such property shall then
28 be the valuation specified in subsection 1 for the
29 applicable assessment year. If the certificates
30 issued, or other funding obligations incurred, between
31 January 1, 1982, and June 30, 1995, are refinanced or
32 refunded after June 30, 1995, the valuation of such
33 property shall then be the valuation specified in
34 subsection 2 or 3, whichever is applicable, for the
35 applicable assessment year beginning with the
36 assessment year following the calendar year in which
37 those certificates or other funding obligations are
38 refinanced or refunded after June 30, 1995.

39 Sec. 30. NEW SECTION. 427B.18 REPLACEMENT.

40 Beginning with the fiscal year beginning July 1,
41 1996, each county treasurer shall be paid from the
42 industrial machinery, equipment and computers
43 replacement fund an amount equal to the amount of the
44 industrial machinery, equipment and computers tax
45 replacement claim, as calculated in section 427B.19.

46 Sec. 31. NEW SECTION. 427B.19 ASSESSOR AND
47 COUNTY AUDITOR DUTIES.

48 1. On or before July 1 of each fiscal year, the
49 assessor shall determine the total assessed value of
50 the property assessed under section 427B.17 for taxes

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1 payable in that fiscal year and the total assessed
2 value of such property assessed as of January 1, 1994,
3 and shall report the valuations to the county auditor.

4 2. On or before July 1 of each fiscal year, the
5 assessor shall determine the valuation of all
6 commercial and industrial property assessed for taxes
7 payable in that fiscal year and the valuation of such
8 property assessed as of January 1, 1994, and shall
9 report the valuations to the county auditor.

10 3. On or before July 1, 1996, and on or before
11 July 1 of each succeeding fiscal year through June 30,
12 2006, the county auditor shall prepare a statement,
13 based upon the report received pursuant to subsections
14 1 and 2, listing for each taxing district in the
15 county:

16 a. Beginning with the assessment year beginning
17 January 1, 1995, the difference between the assessed
18 valuation of property assessed pursuant to section
19 427B.17 for that year and the total assessed value of
20 such property assessed as of January 1, 1994. If the
21 total assessed value of the property assessed as of
22 January 1, 1994, is less, there is no tax replacement
23 for the fiscal year.

24 b. The tax levy rate for each taxing district for
25 that fiscal year.

26 c. The industrial machinery, equipment and
27 computers tax replacement claim for each taxing
28 district. For fiscal years beginning July 1, 1996,
29 and ending June 30, 2001, the replacement claim is
30 equal to the amount determined pursuant to paragraph
31 "a", multiplied by the tax rate specified in paragraph
32 "b". For fiscal years beginning July 1, 2001, and
33 ending June 30, 2006, the replacement claim is equal
34 to the product of the amount determined pursuant to
35 paragraph "a", less any increase in valuations
36 determined in paragraph "d", and the tax rate
37 specified in paragraph "b". If the amount subtracted
38 under paragraph "d" is more than the amount determined
39 in paragraph "a", there is no tax replacement for the
40 fiscal year.

41 d. Beginning with the assessment year beginning
42 January 1, 2000, the auditor shall reduce the amount
43 listed in paragraph "a", by the increase, if any, in
44 assessed valuations of commercial and industrial
45 property in the assessment year beginning January 1,
46 1994, and the assessment year for which taxes are due
47 and payable in that fiscal year. If the calculation
48 under this paragraph indicates a net decrease in
49 aggregate valuation of such property, the industrial
50 machinery, equipment and computers tax replacement

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1 claim for each taxing district is equal to the amount
2 determined pursuant to paragraph "a", multiplied by
3 the tax rate specified in paragraph "b".

4 4. The county auditor shall certify and forward
5 one copy of the statement to the department of revenue
6 and finance not later than July 1 of each year.

7 Sec. 32. NEW SECTION. 427B.19A FUND CREATED.

8 1. The industrial machinery, equipment and
9 computers property tax replacement fund is created.
10 For the fiscal year beginning July 1, 1996, through
11 the fiscal year ending June 30, 2006, there is
12 appropriated annually from the general fund of the
13 state to the department of revenue and finance to be
14 credited to the industrial machinery, equipment and
15 computers property tax replacement fund, an amount
16 sufficient to implement this division.

17 2. If an amount appropriated for a fiscal year is
18 insufficient to pay all claims, the director shall
19 prorate the disbursements from the fund to the county
20 treasurers and shall notify the county auditors of the
21 pro rata percentage on or before August 1.

22 3. The replacement claims shall be paid to each
23 county treasurer in equal installments in September
24 and March of each year. The county treasurer shall
25 apportion the replacement claim payments among the
26 eligible taxing districts in the county.

27 Sec. 33. NEW SECTION. 427B.19B GUARANTEE OF
28 STATE REPLACEMENT FUNDS.

29 For the fiscal years beginning July 1, 1996, and
30 ending June 30, 2006, if the industrial machinery,
31 equipment and computers property tax replacement fund
32 is insufficient to pay in full the total of the
33 amounts certified to the director of revenue and
34 finance, the director shall compute for each county
35 the difference between the total of all replacement
36 claims for each taxing district within the county and
37 the amount paid to the county treasurer for
38 disbursement to each taxing district in the county.
39 The assessor, for the assessment year for which taxes
40 are due and payable in the fiscal year for which a
41 sufficient appropriation was not made, shall revalue
42 all industrial machinery, equipment and computers
43 described in section 427B.17, subsections 2 and 3, in
44 the county at a percentage of net acquisition cost
45 which will yield from each taxing district its
46 shortfall and the property shall be assessed and taxed
47 in such manner for taxes due and payable in the
48 following fiscal year in addition to being assessed
49 and taxed in the applicable manner under section
50 427B.17. When conducting the revaluation, the

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1 assessor shall increase the percentage of net
2 acquisition cost of such property by the same
3 percentage point. Property tax dollar amounts
4 certified pursuant to this section shall not be
5 considered property tax dollars certified for purposes
6 of the property tax limitation in chapter 444.

7 Sec. 34. Section 257.3, subsection 1, Code 1995,
8 is amended by adding the following new unnumbered
9 paragraph:

10 NEW UNNUMBERED PARAGRAPH. The amount paid to each
11 school district for the tax replacement claim for
12 industrial machinery, equipment and computers under
13 section 427B.19A shall be regarded as property tax.
14 The portion of the payment which is foundation
15 property tax shall be determined by applying the
16 foundation property tax rate to the amount computed
17 under section 427B.19, subsection 3, paragraph "a", as
18 adjusted by paragraph "d", if any adjustment was made.

19 DIVISION VI

20 FISCAL YEAR 1996 PAYMENT

21 Sec. 35. FISCAL YEAR 1996 RELIEF FUND PAYMENT.

22 Notwithstanding 1995 Iowa Acts, House File 132,
23 section 13, the appropriation in that section shall
24 not be made from the general fund of the state but
25 shall be made from the property tax relief fund
26 created in section 426B.1, as enacted by this Act.
27 Notwithstanding section 426B.2, subsection 2, as
28 enacted by this Act, for the fiscal year beginning
29 July 1, 1995, the amount of moneys distributed under
30 that subsection shall be \$54.4 million."

31 2. Title page, by striking lines 1 through 4 and
32 inserting the following: "An Act relating to tax
33 provisions involving state income tax, certain county
34 property tax and services associated with mental
35 health and developmental disabilities services, the
36 county property tax limitation, and property tax on
37 industrial machinery, equipment and computers,
38 providing appropriations, and providing effective and
39 applicability dates."""

By TOM VILSACK

S-3600 FILED APRIL 27, 1995

ADOPTED (p.1462)

SENATE AMENDMENT TO HOUSE AMENDMENT TO SENATE FILE 69
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1 Amend the House amendment, S-3082, to Senate File
2 69 as passed by the Senate as follows:

3 1. By striking page 1, line 1, through page 44,
4 line 25, and inserting the following:

5 "Amend Senate File 69, as passed by the Senate, as
6 follows:

7 1. By striking everything after the enacting
8 clause and inserting the following:

9 "DIVISION I
10 INCOME TAX

11 Section 1. Section 422.7, Code 1995, is amended by
12 adding the following new subsection:

13 NEW SUBSECTION. 33. For a person who is disabled,
14 or is fifty-five years of age or older, or is the
15 surviving spouse of an individual or a survivor having
16 an insurable interest in an individual who would have
17 qualified for the exemption under this subsection for
18 the tax year, subtract, to the extent included, the
19 total amount of a governmental or other pension or
20 retirement pay, including, but not limited to, defined
21 benefit or defined contribution plans, annuities,
22 individual retirement accounts, plans maintained or
23 contributed to by an employer, or maintained or
24 contributed to by a self-employed person as an
25 employer, and deferred compensation plans or any
26 earnings attributable to the deferred compensation
27 plans, up to a maximum of three thousand dollars for a
28 person who files a separate state income tax return
29 and up to a maximum of six thousand dollars for a
30 husband and wife who file a joint state income tax
31 return. However, a surviving spouse who is not
32 disabled or fifty-five years of age or older can only
33 exclude the amount of pension or retirement pay
34 received as a result of the death of the other spouse.

35 Sec. 2. Section 422.12, subsection 1, paragraph c,
36 Code 1995, is amended to read as follows:

37 c. For each dependent, an additional ~~fifteen~~ forty
38 dollars. As used in this section, the term
39 "dependent" has the same meaning as provided by the
40 Internal Revenue Code.

41 Sec. 3. TAXATION STUDY. The legislative council
42 is requested to establish a taxation study during the
43 1995 legislative interim period. The study would
44 address taxation of businesses, including subchapter S
45 corporations, taxation incentives and disincentives
46 for economic development, and the long-term objectives
47 of business taxation. The legislative council is
48 requested to authorize up to \$100,000 for consultants
49 and other costs associated with the business taxation
50 study.

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1 'Sec. 4. RETROACTIVE APPLICABILITY. This division
2 of this Act applies retroactively to January 1, 1995,
3 for tax years beginning on or after that date.

4 DIVISION II

5 SUPPLEMENTAL LEVY AND COUNTY MENTAL HEALTH FUND

6 Sec. 5. Section 123.38, unnumbered paragraph 2,
7 Code 1995, is amended to read as follows:

8 Any licensee or permittee, or the licensee's or
9 permittee's executor or administrator, or any person
10 duly appointed by the court to take charge of and
11 administer the property or assets of the licensee or
12 permittee for the benefit of the licensee's or
13 permittee's creditors, may voluntarily surrender a
14 license or permit to the division. When a license or
15 permit is surrendered the division shall notify the
16 local authority, and the division or the local
17 authority shall refund to the person surrendering the
18 license or permit, a proportionate amount of the fee
19 received by the division or the local authority for
20 the license or permit as follows: If a license or
21 permit is surrendered during the first three months of
22 the period for which it was issued, the refund shall
23 be three-fourths of the amount of the fee; if
24 surrendered more than three months but not more than
25 six months after issuance, the refund shall be one-
26 half of the amount of the fee; if surrendered more
27 than six months but not more than nine months after
28 issuance, the refund shall be one-fourth of the amount
29 of the fee. No refund shall be made, however, for any
30 special liquor permit, nor for a liquor control
31 license, wine permit, or beer permit surrendered more
32 than nine months after issuance. For purposes of this
33 paragraph, any portion of license or permit fees used
34 for the purposes authorized in section 331.424,
35 subsection 1, paragraphs "a", "b", "c", "d", "e",
36 "f", "g", and "h", and in section 331.424A, shall not
37 be deemed received either by the division or by a
38 local authority. No refund shall be made to any
39 licensee or permittee, upon the surrender of the
40 license or permit, if there is at the time of
41 surrender, a complaint filed with the division or
42 local authority, charging the licensee or permittee
43 with a violation of this chapter. If upon a hearing
44 on a complaint the license or permit is not revoked or
45 suspended, then the licensee or permittee is eligible,
46 upon surrender of the license or permit, to receive a
47 refund as provided in this section; but if the license
48 or permit is revoked or suspended upon hearing the
49 licensee or permittee is not eligible for the refund
50 of any portion of the license or permit fee.

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1 Sec. 6. Section 218.99, Code 1995, is amended to
2 read as follows:

3 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'
4 PERSONAL ACCOUNTS.

5 The administrator of a division of the department
6 of human services in control of a state institution
7 shall direct the business manager of each institution
8 under the administrator's jurisdiction which is
9 mentioned in section 331.424, subsection 1, paragraphs
10 "a" through-"g" and "b" and for which services are
11 paid under section 331.424A to quarterly inform the
12 auditor of the county of legal settlement of any
13 patient or resident who has an amount in excess of two
14 hundred dollars on account in the patients' personal
15 deposit fund and the amount on deposit. The
16 administrators shall direct the business manager to
17 further notify the auditor of the county at least
18 fifteen days before the release of funds in excess of
19 two hundred dollars or upon the death of the patient
20 or resident. If the patient or resident has no county
21 of legal settlement, notice shall be made to the
22 director of the department of human services and the
23 administrator of the division of the department in
24 control of the institution involved.

25 Sec. 7. Section 225C.4, subsection 2, paragraph b,
26 Code 1995, is amended to read as follows:

27 b. Establish mental health and mental retardation
28 services for all institutions under the control of the
29 director of human services and establish an autism
30 unit, following mutual planning with and consultation
31 from the medical director of the state psychiatric
32 hospital, at an institution or a facility administered
33 by the administrator to provide psychiatric and
34 related services and other specific programs to meet
35 the needs of autistic persons ~~as defined in section~~
36 ~~331.424, subsection 1,~~ and to furnish appropriate
37 diagnostic evaluation services.

38 Sec. 8. Section 331.301, subsection 12, Code 1995,
39 is amended to read as follows:

40 12. The board of supervisors may credit funds to a
41 reserve for the purposes authorized by subsection 11
42 of this section; section 331.424, subsection 1,
43 paragraph "f"; and section 331.441, subsection 2,
44 paragraph "b". Moneys credited to the reserve, and
45 interest earned on such moneys, shall remain in the
46 reserve until expended for purposes authorized by
47 subsection 11 of this section; section 331.424,
48 subsection 1, paragraph "f"; or section 331.441,
49 subsection 2, paragraph "b".

50 Sec. 9. Section 331.424, subsection 1, Code 1995,

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1 is amended to read as follows:

2 1. For general county services, an amount
3 sufficient to pay the charges for the following:

4 a. To the extent that the county is obligated by
5 statute to pay the charges for:

6 ~~(1)---Care-and-treatment-of-patients-by-a-state
7 mental-health-institute-~~

8 ~~---(2)---Care-and-treatment-of-patients-by-either-of
9 the-state-hospital-schools-or-by-any-other-facility
10 established-under-chapter-222-and-diagnostic
11 evaluation-under-section-222.31-~~

12 ~~---(3)---Care-and-treatment-of-patients-under-chapter
13 225-~~

14 ~~(4) (1) Care and treatment of persons at the
15 alcoholic treatment center at Oakdale. However, the
16 county may require that an admission to the center
17 shall be reported to the board by the center within
18 five days as a condition of the payment of county
19 funds for that admission.~~

20 ~~(5) (2) Care of children admitted or committed to
21 the Iowa juvenile home at Toledo.~~

22 ~~(6) (3) Clothing, transportation, medical, or
23 other services provided persons attending the Iowa
24 braille and sight saving school, the Iowa school for
25 the deaf, or the state hospital-school for severely
26 handicapped children at Iowa City, for which the
27 county becomes obligated to pay pursuant to sections
28 263.12, 269.2, and 270.4 through 270.7.~~

29 ~~b.---To-the-extent-that-the-board-deems-it-advisable
30 to-pay,-the-charges-for-professional-evaluation,
31 treatment,-training,-habilitation,-and-care-of-persons
32 who-are-mentally-retarded,-autistic-persons,-or
33 persons-who-are-afflicted-by-any-other-developmental
34 disability,-at-a-suitable-public-or-private-facility
35 providing-inpatient-or-outpatient-care-in-the-county.
36 As-used-in-this-paragraph:~~

37 ~~---(1)---"Developmental-disability"-has-the-meaning
38 assigned-that-term-by-42-U.S.C.-sec.-6001(7)-(1976),
39 Supp.-II,-1978,-and-Supp.-III,-1979-~~

40 ~~---(2)---"Autistic-persons"-means-persons,-regardless
41 of-age,-with-severe-communication-and-behavior
42 disorders-that-became-manifest-during-the-early-stages
43 of-childhood-development-and-that-are-characterized-by
44 a-severely-disabling-inability-to-understand,
45 communicate,-learn,-and-participate-in-social
46 relationships.--"Autistic-persons"-includes-but-is-not
47 limited-to-those-persons-afflicted-by-infantile
48 autism,-profound-aphasia,-and-childhood-psychosis-~~

49 ~~---c.---Care-and-treatment-of-persons-placed-in-the
50 county-hospital,-county-care-facility,-a-health-care~~

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1 facility-as-defined-in-section-135C.17-subsection-6
2 or-any-other-public-or-private-facility,-which
3 placement-is-in-lieu-of-admission-or-commitment-to-or
4 is-upon-discharge,-removal,-or-transfer-from-a-state
5 mental-health-institute,-hospital-school,-or-other
6 facility-established-pursuant-to-chapter-222-

7 ---d.---Amounts-budgeted-by-the-board-for-the-cost-of
8 establishment-and-initial-operation-of-a-community
9 mental-health-center-in-the-manner-and-subject-to-the
10 limitations-provided-by-state-law-

11 ---e. b. Foster care and related services provided
12 under court order to a child who is under the
13 jurisdiction of the juvenile court, including court-
14 ordered costs for a guardian ad litem under section
15 232.71.

16 f.---The-care,-admission,-commitment,-and
17 transportation-of-mentally-ill-patients-in-state
18 hospitals,-to-the-extent-that-expenses-for-these
19 services-are-required-to-be-paid-by-the-county,
20 including-compensation-for-the-advocate-appointed
21 under-section-229.19-

22 ---g.---Amounts-budgeted-by-the-board-for-mental-health
23 services-or-mental-retardation-services-furnished-to
24 persons-on-either-an-outpatient-or-inpatient-basis,-to
25 a-school-or-other-public-agency,-or-to-the-community
26 at-large,-by-a-community-mental-health-center-or-other
27 suitable-facility-located-in-or-reasonably-near-the
28 county,-provided-that-services-meet-the-standards-of
29 the-mental-health-and-developmental-disabilities
30 commission-created-in-section-225C.5-and-are
31 consistent-with-the-annual-plan-for-services-approved
32 by-the-board-

33 ---h.---Reimbursement-on-behalf-of-mentally-retarded
34 persons-under-section-249A.12-

35 i. c. Elections, and voter registration pursuant
36 to chapter 48A.

37 j. d. Employee benefits under chapters 96, 97B,
38 and 97C, which are associated with salaries for
39 general county services.

40 k. e. Joint county and city building authorities
41 established under section 346.27, as provided in
42 subsection 22 of that section.

43 l. f. Tort liability insurance, property
44 insurance, and any other insurance that may be
45 necessary in the operation of the county, costs of a
46 self-insurance program, costs of a local government
47 risk pool, and amounts payable under any insurance
48 agreements to provide or procure such insurance, self-
49 insurance program, or local government risk pool.

50 m. g. The maintenance and operation of the courts,

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1 including but not limited to the salary and expenses
2 of the clerk of the district court and other employees
3 of the clerk's office, and bailiffs, court costs if
4 the prosecution fails or if the costs cannot be
5 collected from the person liable, costs and expenses
6 of prosecution under section 189A.17, salaries and
7 expenses of juvenile court officers under chapter 602,
8 court-ordered costs in domestic abuse cases under
9 section 236.5, the county's expense for confinement of
10 prisoners under chapter 356A, temporary assistance to
11 the county attorney, county contributions to a
12 retirement system for bailiffs, reimbursement for
13 judicial magistrates under section 602.6501, claims
14 filed under section 622.93, interpreters' fees under
15 section 622B.7, uniform citation and complaint
16 supplies under section 805.6, and costs of prosecution
17 under section 815.13.

18 n- h. Court-ordered costs of conciliation
19 procedures under section 598.16.

20 o- i. Establishment and maintenance of a joint
21 county indigent defense fund pursuant to an agreement
22 under section 28E.19.

23 p- j. The maintenance and operation of a local
24 emergency management agency established pursuant to
25 chapter 29C.

26 The board may require a public or private facility,
27 as a condition of receiving payment from county funds
28 for services it has provided, to furnish the board
29 with a statement of the income, assets, and legal
30 residence including township and county of each person
31 who has received services from that facility for which
32 payment has been made from county funds under
33 paragraphs "a" ~~through-"h"~~ and "b". However, the
34 facility shall not disclose to anyone the name or
35 street or route address of a person receiving services
36 for which commitment is not required, without first
37 obtaining that person's written permission.

38 Parents or other persons may voluntarily reimburse
39 the county or state for the reasonable cost of caring
40 for a patient or an inmate in a county or state
41 facility.

42 Sec. 10. NEW SECTION. 331.424A COUNTY MENTAL
43 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
44 DISABILITIES SERVICES FUND.

45 1. For the purposes of this chapter, unless the
46 context otherwise requires, "services fund" means the
47 county mental health, mental retardation, and
48 developmental disabilities services fund created in
49 subsection 2. The county finance committee created in
50 section 333A.2 shall consult with the state-county

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1 management committee in adopting rules and prescribing
2 forms for administering the services fund.

3 2. For the fiscal year beginning July 1, 1996, and
4 succeeding fiscal years, county revenues from taxes
5 and other sources designated for mental health, mental
6 retardation, and developmental disabilities services
7 shall be credited to the mental health, mental
8 retardation, and developmental disabilities services
9 fund of the county. The board shall make
10 appropriations from the fund for payment of services
11 provided under the county management plan approved
12 pursuant to section 331.439.

13 3. For the fiscal year beginning July 1, 1996, and
14 succeeding fiscal years, receipts from the state or
15 federal government for such services shall be credited
16 to the services fund, including moneys allotted to the
17 county from the state payment made pursuant to section
18 331.439 and moneys allotted to the county for property
19 tax relief pursuant to section 426B.1.

20 4. For the fiscal year beginning July 1, 1996, and
21 for each subsequent fiscal year, the county shall
22 certify a levy for payment of services. Unless
23 otherwise provided by state law, for each fiscal year,
24 county revenues from taxes imposed by the county
25 credited to the services fund shall not exceed an
26 amount equal to the amount of base year expenditures
27 for services in the fiscal year beginning July 1,
28 1993, and ending June 30, 1994, as defined in section
29 331.438 less the amount of property tax relief to be
30 received pursuant to section 426B.2, subsections 1 and
31 3, in the fiscal year for which the budget is
32 certified. The county auditor and the board of
33 supervisors shall reduce the amount of the levy
34 certified for the services fund by the amount of
35 property tax relief to be received.

36 5. Appropriations specifically authorized to be
37 made from the mental health, mental retardation, and
38 developmental disabilities services fund shall not be
39 made from any other fund of the county.

40 Sec. 11. Section 444.25A, subsection 3, paragraph
41 b, subparagraph (3), Code 1995, is amended to read as
42 follows:

43 (3) Need for additional moneys for health care,
44 treatment, and facilities, including ~~mental-health-and~~
45 ~~mental-retardation-care-and~~ treatment pursuant to
46 section 331.424, subsection 1, paragraphs "a" through
47 "h" and "b".

48 Sec. 12. EFFECTIVE AND APPLICABILITY DATES. This
49 division of this Act takes effect January 1, 1996, and
50 is applicable to taxes payable in the fiscal year

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1 beginning July 1, 1996, and subsequent fiscal years.

2

DIVISION III

3

PROPERTY TAX RELIEF PROVISIONS

4 Sec. 13. Section 222.60, unnumbered paragraph 1,
5 Code 1995, as amended by 1995 Iowa Acts, House File
6 483, section 12, is amended to read as follows:

7 All necessary and legal expenses for the cost of
8 admission or commitment or for the treatment,
9 training, instruction, care, habilitation, support and
10 transportation of persons with mental retardation, as
11 provided for in the county management plan provisions
12 implemented pursuant to section 331.439, subsection 1,
13 in a state hospital-school, or in a special unit, or
14 any public or private facility within or without the
15 state, approved by the director of the department of
16 human services, shall be paid by either:

17 Sec. 14. Section 331.438, subsection 1, paragraph
18 b, Code 1995, is amended to read as follows:

19 b. "State payment" means the payment made by the
20 state to a county determined to be eligible for the
21 payment in accordance with section 331.439.

22 1A. Except as modified based upon the actual
23 amount of the appropriation for purposes of state
24 payment under section 331.439, the amount of the state
25 payment for a fiscal year shall be calculated as fifty
26 percent-of-the-amount-by-which-the-county's-qualified
27 expenditures-during-the-immediately-preceding-fiscal
28 year-were-in-excess-of-the-amount-of-the-county's-base
29 year-expenditures by applying the inflation factor
30 adjustment established in accordance with section
31 331.439, subsection 3, for that fiscal year to the
32 amount of county expenditures for qualified services
33 in the previous fiscal year. A state payment is the
34 state funding a county receives pursuant to section
35 426B.2, subsection 2. Any state funding received by a
36 county for property tax relief in accordance with
37 section 426B.2, subsections 1 and 3, is not a state
38 payment and shall not be included in the state payment
39 calculation made pursuant to this subsection.

40 Sec. 15. Section 331.439, Code 1995, is amended by
41 striking the section and inserting in lieu thereof the
42 following:

43 331.439 ELIGIBILITY FOR STATE PAYMENT.

44 1. The state payment to eligible counties under
45 this section shall be made as provided in sections
46 331.438 and 426B.2. A county is eligible for the
47 state payment, as defined in section 331.438, for the
48 fiscal year beginning July 1, 1996, and for subsequent
49 fiscal years if the director of human services, in
50 consultation with the state-county management

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1 committee, determines for a specific fiscal year that
2 all of the following conditions are met:

3 a. The county accurately reported by October 15
4 the county's expenditures for mental health, mental
5 retardation, and developmental disabilities services
6 for the previous fiscal year on forms prescribed by
7 the department of human services.

8 b. The county developed and implemented a county
9 management plan for the county's mental health, mental
10 retardation, and developmental disabilities services
11 in accordance with the provisions of this paragraph.
12 The plan shall comply with the administrative rules
13 adopted for this purpose by the council on human
14 services and is subject to the approval of the
15 director of human services in consultation with the
16 state-county management committee created in section
17 331.438. The plan shall include a description of the
18 county's service management provision for mental
19 health, mental retardation, and developmental
20 disabilities services. For mental retardation and
21 developmental disabilities service management, the
22 plan shall describe the county's development and
23 implementation of a managed system of cost-effective
24 individualized services and shall comply with the
25 provisions of paragraph "d". The goal of this part of
26 the plan shall be to assist the individuals served to
27 be as independent, productive, and integrated into the
28 community as possible. The service management
29 provisions for mental health shall comply with the
30 provisions of paragraph "c".

31 c. (1) For mental health service management, the
32 county may either directly implement a system of
33 service management and contract with service
34 providers, or contract with a private entity to manage
35 the system, provided all requirements of this lettered
36 paragraph are met by the private entity. The mental
37 health service management shall incorporate a single
38 entry point and clinical assessment process developed
39 in accordance with the provisions of section 331.440.
40 The county shall submit this part of the plan to the
41 department of human services for approval by April 1
42 for the succeeding year. Initially, this part of the
43 plan shall be submitted to the department by April 1,
44 1996, and the county shall implement the approved plan
45 by July 1, 1996.

46 (2) The basis for determining whether a managed
47 care system for mental health proposed by a county is
48 comparable to a mental health managed care contractor
49 approved by the department of human services shall
50 include but is not limited to all of the following

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1 elements which shall be specified in administrative
2 rules adopted by the council on human services in
3 consultation with the state-county management
4 committee:

5 (a) The enrollment and eligibility process.
6 (b) The scope of services included.
7 (c) The method of plan administration.
8 (d) The process for managing utilization and
9 access to services and other assistance.
10 (e) The quality assurance process.
11 (f) The risk management provisions and fiscal
12 viability of the provisions, if the county contracts
13 with a private managed care entity.

14 d. For mental retardation and developmental
15 disabilities services management, the county must
16 either develop and implement a managed system of care
17 which addresses a full array of appropriate services
18 and cost-effective delivery of services or contract
19 with a state-approved managed care contractor or
20 contractors. Any system or contract implemented under
21 this paragraph shall incorporate a single entry point
22 and clinical assessment process developed in
23 accordance with the provisions of section 331.440.
24 The elements of the managed system of care and the
25 state-approved managed care contract or contracts
26 shall be specified in rules developed by the
27 department of human services in consultation with the
28 state-county management committee and adopted by the
29 council on human services. Initially, this part of
30 the plan shall be submitted to the department for
31 approval on or before October 1, 1996, and shall be
32 implemented on or before January 1, 1997. In fiscal
33 years succeeding the fiscal year of initial
34 implementation, this part of the plan shall be
35 submitted to the department of human services for
36 approval by April 1 for the succeeding fiscal year.

37 e. Changes to the approved plan are submitted at
38 least sixty days prior to the proposed change and are
39 not to be implemented prior to the director of human
40 services' approval.

41 2. The county management plan shall address the
42 county's criteria for serving persons with chronic
43 mental illness, including any rationale used for
44 decision making regarding this population.

45 3. a. For the fiscal year beginning July 1, 1996,
46 and succeeding fiscal years, the county's mental
47 health, mental retardation, and developmental
48 disabilities service expenditures for a fiscal year
49 are limited to a fixed budget amount. The fixed
50 budget amount shall be the amount identified in the

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1 county's management plan and budget for the fiscal
2 year. The county shall be allowed an inflation factor
3 adjustment for services paid from the county's
4 services fund under section 331.424A which is in
5 accordance with the county's management plan and
6 budget, implemented pursuant to this section.

7 b. Based upon information contained in county
8 management plans and budgets, the state-county
9 management committee shall recommend an inflation
10 factor adjustment to the council on human services by
11 November 15 for the succeeding fiscal year. The
12 inflation factor adjustment shall address costs
13 associated with new consumers of service, service cost
14 inflation, and investments for economy and efficiency.
15 The council on human services shall recommend to the
16 governor the amount of the inflation factor adjustment
17 for the succeeding fiscal year for inclusion in the
18 governor's proposed budget for the succeeding fiscal
19 year.

20 c. If the general assembly has not revised the
21 amount of the inflation factor adjustment for a fiscal
22 year on the date county budgets must be approved and
23 levies must be certified for that fiscal year, the
24 budgets and levies shall utilize the inflation factor
25 adjustment for that fiscal year recommended by the
26 governor in the governor's proposed budget.

27 4. A county may provide assistance to service
28 populations with disabilities to which the county has
29 historically provided assistance but who are not
30 included in the service management provisions required
31 under subsection 1, subject to the availability of
32 funding.

33 5. Notwithstanding any other provision of law to
34 the contrary, a county shall have no obligation to pay
35 for or provide mental health, mental retardation, or
36 developmental disabilities services for any person
37 that applies through the county's single entry point
38 and clinical assessment process after the moneys in
39 the county services fund under section 331.424A are
40 expended.

41 6. A county shall implement the county's
42 management plan in a manner so as to provide adequate
43 funding for the entire fiscal year by budgeting for
44 ninety-nine percent of the funding anticipated to be
45 available for the plan. A county may expend all of
46 the funding anticipated to be available for the plan.

47 7. The director's approval of a county's mental
48 health, mental retardation, and developmental
49 disabilities services management plan shall not be
50 construed to constitute certification of the county's

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1 budget.

2 Sec. 16. Section 331.440, subsection 1, Code 1995,
3 is amended by adding the following new paragraph:

4 NEW PARAGRAPH. c. The single entry point and
5 clinical assessment process shall include provision
6 for the county's participation in a management
7 information system developed in accordance with rules
8 adopted pursuant to subsection 3.

9 Sec. 17. NEW SECTION. 426B.1 APPROPRIATIONS --
10 PROPERTY TAX RELIEF FUND.

11 1. A property tax relief fund is created in the
12 state treasury under the authority of the department
13 of revenue and finance. The fund shall be separate
14 from the general fund of the state and shall not be
15 considered part of the general fund of the state
16 except in determining the cash position of the state
17 for payment of state obligations. The moneys in the
18 fund are not subject to the provisions of section 8.33
19 and shall not be transferred, used, obligated,
20 appropriated, or otherwise encumbered except as
21 provided in this section. Moneys in the fund may be
22 used for cash flow purposes, provided that any moneys
23 so allocated are returned to the fund by the end of
24 each fiscal year. However, the fund shall be
25 considered a special account for the purposes of
26 section 8.53, relating to elimination of any GAAP
27 deficit. For the purposes of this chapter, unless the
28 context otherwise requires, "property tax relief fund"
29 means the property tax relief fund created in this
30 section.

31 2. There is appropriated to the property tax
32 relief fund for the indicated fiscal years from the
33 general fund of the state the following amounts:

34 a. For the fiscal year beginning July 1, 1995,
35 sixty-one million dollars.

36 b. For the fiscal year beginning July 1, 1996,
37 seventy-eight million dollars.

38 c. For the fiscal year beginning July 1, 1997, and
39 succeeding fiscal years, ninety-five million dollars.

40 Sec. 18. NEW SECTION. 426B.2 PROPERTY TAX RELIEF
41 FUND DISTRIBUTIONS.

42 Moneys in the property tax relief fund shall be
43 utilized in each fiscal year as follows in the order
44 listed:

45 1. The first sixty-one million dollars plus the
46 amount paid pursuant to subsection 3 in the previous
47 fiscal year in the property tax relief fund shall be
48 distributed to counties under this subsection. A
49 county's proportion of the moneys shall be equivalent
50 to the sum of the following three factors:

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1 a. One-third based upon the county's proportion of
2 the state's general population.

3 b. One-third based upon the county's proportion of
4 the state's total taxable property valuation assessed
5 for taxes payable in the previous fiscal year.

6 c. One-third based upon the county's proportion of
7 all counties' base year expenditures, as defined in
8 section 331.438.

9 Moneys provided to a county for property tax relief
10 in a fiscal year in accordance with this section shall
11 not be less than the amount provided for property tax
12 relief in the previous fiscal year.

13 2. Payment of moneys to eligible counties of the
14 state payment in accordance with the provisions of
15 sections 331.438 and 331.439.

16 3. For the fiscal year beginning July 1, 1996, and
17 succeeding fiscal years, the department of human
18 services shall estimate the amount of moneys required
19 for the state payment pursuant to subsection 2.

20 Moneys remaining in the property tax relief fund
21 following the payment made pursuant to subsection 1
22 and the estimated amount of the state payment pursuant
23 to subsection 2 shall be paid for property tax relief
24 in the same manner as provided in subsection 1 to
25 counties eligible for state payment under subsection
26 2. These payments shall continue until the combined
27 amount of the payments made under this subsection and
28 subsection 1 are equal to fifty percent of the total
29 of all counties' base year expenditures as defined in
30 section 331.438. The amount of moneys paid to a
31 county pursuant to this subsection shall be added in
32 subsequent fiscal years to the amount of moneys paid
33 under subsection 1.

34 4. Moneys remaining in the property tax relief
35 fund following the payments made pursuant to
36 subsections 1, 2, and 3 shall be transferred to the
37 homestead credit fund created in section 425.1. This
38 transfer shall continue until the homestead credit is
39 fully funded.

40 5. The department of human services shall notify
41 the director of revenue and finance of the amounts due
42 a county in accordance with the provisions of this
43 section. The director of revenue and finance shall
44 draw warrants on the property tax relief fund, payable
45 to the county treasurer in the amount due to a county
46 in accordance with subsections 1 and 3 and mail the
47 warrants to the county auditors in September and March
48 of each year. Warrants for the state payment in
49 accordance with subsection 2 shall be mailed in
50 January of each year.

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1 Sec. 19. NEW SECTION. 426B.3 NOTIFICATION OF
2 MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL
3 DISABILITIES EXPENDITURE RELIEF FUND PAYMENT.

4 1. The county auditor shall reduce the certified
5 budget amount received from the board of supervisors
6 for the succeeding fiscal year for the county mental
7 health, mental retardation, and developmental
8 disabilities services fund created in section 331.424A
9 by an amount equal to the amount the county will
10 receive from the property tax relief fund pursuant to
11 section 426B.2, subsections 1 and 3, for the
12 succeeding fiscal year and the auditor shall determine
13 the rate of taxation necessary to raise the reduced
14 amount. On the tax list, the county auditor shall
15 compute the amount of taxes due and payable on each
16 parcel before and after the amount received from the
17 property tax relief fund is used to reduce the county
18 budget. The director of revenue and finance shall
19 notify the county auditor of each county of the amount
20 of moneys the county will receive from the property
21 tax relief fund pursuant to section 426B.2,
22 subsections 1 and 3, for the succeeding fiscal year.

23 2. The amount of property tax dollars reduced on
24 each parcel as a result of the moneys received from
25 the property tax relief fund pursuant to section
26 426B.2, subsections 1 and 3, shall be noted on each
27 tax statement prepared by the county treasurer
28 pursuant to section 445.23.

29 Sec. 20. NEW SECTION. 426B.4 RULES.

30 The council on human services shall consult with
31 the state-county management committee created in
32 section 331.438 and the director of revenue and
33 finance in prescribing forms and adopting rules
34 pursuant to chapter 17A to administer this chapter.

35 Sec. 21. PROPERTY TAX RELIEF -- FISCAL YEAR 1995-
36 1996. For the fiscal year beginning July 1, 1995, the
37 department of management shall notify each county
38 auditor by June 1, 1995, of the amount the county will
39 receive from the property tax relief fund for property
40 tax relief pursuant to section 426B.2, subsection 1,
41 for that fiscal year. The county auditor shall reduce
42 by the notified amount the amount of the county's
43 certified budget to be raised by property tax for that
44 fiscal year which is to be expended for mental health,
45 mental retardation, and developmental disabilities
46 services and shall revise the rate of taxation as
47 necessary to raise the reduced amount. The county
48 auditor shall report the reduction in the certified
49 budget and the revised rate of taxation to the
50 department of management by June 30, 1995.

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1 Sec. 22. FUNDING OF SESSION LAW REQUIREMENTS. If
2 the appropriations in section 426B.1, subsection 2, as
3 created in this division of this Act, are enacted by
4 this Act, the requirements of 1994 Iowa Acts, chapter
5 1163, section 8, subsection 2, to fully fund
6 provisions of sections 331.438 and 331.439 shall be
7 considered to be met and the repeals contained in 1994
8 Iowa Acts, chapter 1163, section 8, subsection 2,
9 shall be void.

10 Sec. 23. STATE-COUNTY MANAGEMENT COMMITTEE REVIEW
11 -- 1995 INTERIM. The state-county management
12 committee created in section 331.438 shall review
13 statutory provisions and administrative rules which
14 are intended to regulate and contain county
15 expenditures for mental health, mental retardation,
16 and developmental disabilities (MH/MR/DD) services and
17 the formula for distribution of property tax relief
18 moneys to counties under section 426B.2. The
19 committee should consider proposals from counties and
20 other interested persons for a distribution formula
21 factor which rewards or provides incentives for
22 economy and efficiency in providing mental health,
23 mental retardation, and developmental disabilities
24 services; and a mechanism for a county to appeal to
25 the state if it is believed the county is unfairly
26 treated under an established funding formula. In
27 addition, the committee shall consider tort and other
28 liability issues associated with a county managing
29 MH/MR/DD expenditures in accordance with a fixed
30 budget and make recommendations to address the issues.
31 The committee shall review the dates required under
32 section 331.439 and chapter 426B, as enacted by this
33 Act and make recommendations for change if revisions
34 are deemed necessary. The committee shall report to
35 the governor and the general assembly on or before
36 December 1, 1995.

37 Sec. 24. LEVY STUDY. The county finance committee
38 created in chapter 333A shall consult with any
39 interested parties in studying the ramifications of
40 consolidating the county general basic levies and the
41 general supplemental levies and other proposals
42 involving the levies. The committee shall be assisted
43 by four legislators with one each appointed by the
44 following leaders: majority leader of the senate,
45 minority leader of the senate, speaker of the house of
46 representatives, and minority leader of the house of
47 representatives. The legislative appointees are
48 eligible for per diem and actual expenses for their
49 assistance to the committee. The committee shall
50 report to the governor and the general assembly with

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1 findings and recommendations on or before January 4,
2 1996.

3 Sec. 25. EFFECTIVE DATE. Section 21 of this
4 division of this Act, relating to property tax relief
5 for fiscal year 1995-1996, being deemed of immediate
6 importance, takes effect upon enactment.

7 DIVISION IV

8 COUNTY PROPERTY TAX LIMITATION

9 Sec. 26. Section 444.25A, subsection 1, Code 1995,
10 is amended to read as follows:

11 1. COUNTY LIMITATION. The maximum amount of
12 property tax dollars which may be certified by a
13 county for taxes payable in the fiscal year beginning
14 July 1, 1995, shall not exceed the amount of property
15 tax dollars certified by the county for taxes payable
16 in the fiscal year beginning July 1, 1994, minus the
17 amount of property tax relief moneys to be received by
18 the county for the fiscal year beginning July 1, 1995,
19 pursuant to section 426B.2, subsection 1, and the
20 maximum amount of property tax dollars which may be
21 certified by a county for taxes payable in the fiscal
22 year beginning July 1, 1996, shall not exceed the
23 amount of property tax dollars certified by the county
24 for taxes payable in the fiscal year beginning July 1,
25 1995, minus the amount by which the property tax
26 relief moneys to be received by the county in the
27 fiscal year beginning July 1, 1996, pursuant to
28 section 426B.2, subsections 1 and 3, exceeds the
29 amount of the property tax relief moneys received in
30 the fiscal year beginning July 1, 1995, for each of
31 the levies for the following, except for the levies on
32 the increase in taxable valuation due to new
33 construction, additions or improvements to existing
34 structures, remodeling of existing structures for
35 which a building permit is required, annexation, and
36 phasing out of tax exemptions, and on the increase in
37 valuation of taxable property as a result of a
38 comprehensive revaluation by a private appraiser under
39 a contract entered into prior to January 1, 1992, or
40 as a result of a comprehensive revaluation directed or
41 authorized by the conference board prior to January 1,
42 1992, with documentation of the contract,
43 authorization, or directive on the revaluation
44 provided to the director of revenue and finance, if
45 the levies are equal to or less than the levies for
46 the previous year, levies on that portion of the
47 taxable property located in an urban renewal project
48 the tax revenues from which are no longer divided as
49 provided in section 403.19, subsection 2, or as
50 otherwise provided in this section:

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1 a. General county services under section 331.422,
2 subsection 1.

3 b. Rural county services under section 331.422,
4 subsection 2.

5 c. Other taxes under section 331.422, subsection
6 4.

7 Sec. 27. NEW SECTION. 444.25B PROPERTY TAX
8 LIMITATION FOR FISCAL YEAR 1998.

9 1. COUNTY LIMITATION. The maximum amount of
10 property tax dollars which may be certified by a
11 county for taxes payable in the fiscal year beginning
12 July 1, 1997, shall not exceed the amount of property
13 tax dollars certified by the county for taxes payable
14 in the fiscal year beginning July 1, 1996, minus the
15 amount by which the property tax relief moneys to be
16 received by the county in the fiscal year beginning
17 July 1, 1997, pursuant to section 426B.2, subsections
18 1 and 3, exceeds the amount of the property tax relief
19 moneys received in the fiscal year beginning July 1,
20 1996, for each of the levies for the following, except
21 for the levies on the increase in taxable valuation
22 due to new construction, additions or improvements to
23 existing structures, remodeling of existing structures
24 for which a building permit is required, annexation,
25 and phasing out of tax exemptions, and on the increase
26 in valuation of taxable property as a result of a
27 comprehensive revaluation by a private appraiser under
28 a contract entered into prior to January 1, 1992, or
29 as a result of a comprehensive revaluation directed or
30 authorized by the conference board prior to January 1,
31 1992, with documentation of the contract,
32 authorization, or directive on the revaluation
33 provided to the director of revenue and finance, if
34 the levies are equal to or less than the levies for
35 the previous year, levies on that portion of the
36 taxable property located in an urban renewal project
37 the tax revenues from which are no longer divided as
38 provided in section 403.19, subsection 2, or as
39 otherwise provided in this section:

40 a. General county services under section 331.422,
41 subsection 1.

42 b. Rural county services under section 331.422,
43 subsection 2.

44 c. Other taxes under section 331.422, subsection
45 4.

46 2. EXCEPTIONS. The limitations provided in
47 subsection 1 do not apply to the levies made for the
48 following:

49 a. Debt service to be deposited into the debt
50 service fund pursuant to section 331.430.

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1 b. Taxes approved by a vote of the people which
2 are payable during the fiscal year beginning July 1,
3 1997.

4 c. Hospitals pursuant to chapters 37, 347, and
5 347A.

6 d. Emergency management to be deposited into the
7 local emergency management fund and expended for
8 development of hazardous substance teams pursuant to
9 chapter 29C.

10 e. Unusual need for additional moneys to finance
11 existing programs which would provide substantial
12 benefit to county residents or compelling need to
13 finance new programs which would provide substantial
14 benefit to county residents. The increase in taxes
15 levied under this exception for the fiscal year
16 beginning July 1, 1997, is limited to no more than the
17 product of the total tax dollars levied in the fiscal
18 year beginning July 1, 1996, and the percent change,
19 computed to two decimal places, in the price index for
20 government purchases by type for state and local
21 governments computed for the third quarter of calendar
22 year 1996 from that computed for the third quarter of
23 calendar year 1995.

24 For purposes of this paragraph, the price index for
25 government purchases by type for state and local
26 governments is defined by the bureau of economic
27 analysis of the United States department of commerce
28 and published in table 7.11 of the national income and
29 products accounts. For the fiscal year beginning July
30 1, 1997, the price index used shall be the revision
31 published in the November 1996 edition of the United
32 States department of commerce publication, "survey of
33 current business". For purposes of this paragraph,
34 tax dollars levied in the fiscal year beginning July
35 1, 1996, shall not include funds levied for paragraphs
36 "a", "b", and "c" of this subsection.

37 Application of this exception shall require an
38 original publication of the budget and a public
39 hearing and a second publication and a second hearing
40 both in the manner and form prescribed by the director
41 of the department of management, notwithstanding the
42 provisions of section 331.434. The publications and
43 hearings prescribed in this paragraph shall be held
44 and the budget certified no later than March 15. The
45 taxes levied for counties whose budgets are certified
46 after March 15, 1997, shall be frozen at the fiscal
47 year beginning July 1, 1996, level.

48 3. APPEAL PROCEDURES. In lieu of the procedures
49 in sections 24.48 and 331.426, which procedures do not
50 apply for taxes payable in the fiscal year beginning

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1 July 1, 1997, if a county needs to raise property tax
2 dollars from a tax levy in excess of the limitations
3 imposed by subsection 1, the following procedures
4 apply:

5 a. Not later than March 1, and after the
6 publication and public hearing on the budget in the
7 manner and form prescribed by the director of the
8 department of management, notwithstanding section
9 331.434, the county shall petition the state appeal
10 board for approval of a property tax increase in
11 excess of the increase provided for in subsection 2,
12 paragraph "e", on forms furnished by the director of
13 the department of management. Applications received
14 after March 1 shall be automatically ineligible for
15 consideration by the board.

16 b. Additional costs incurred by the county due to
17 any of the following circumstances shall be the basis
18 for justifying the excess in property tax dollars:

19 (1) Natural disaster or other life-threatening
20 emergencies.

21 (2) Unusual need for additional moneys to finance
22 existing programs which would provide substantial
23 benefit to county residents or compelling need to
24 finance new programs which would provide substantial
25 benefit to county residents.

26 (3) Need for additional moneys for health care,
27 treatment, and facilities pursuant to section 331.424,
28 subsection 1, paragraphs "a" and "b".

29 (4) Judgments, settlements, and related costs
30 arising out of civil claims against the county and its
31 officers, employees, and agents, as defined in chapter
32 670.

33 c. The state appeal board shall approve,
34 disapprove, or reduce the amount of excess property
35 tax dollars requested. The board shall take into
36 account the intent of this section to provide property
37 tax relief. The decision of the board shall be
38 rendered at a regular or special meeting of the board
39 within twenty days of the board's receipt of an
40 appeal.

41 d. Within seven days of receipt of the decision of
42 the state appeal board, the county shall adopt and
43 certify its budget under section 331.434, which budget
44 may be protested as provided in section 331.436. The
45 budget shall not contain an amount of property tax
46 dollars in excess of the amount approved by the state
47 appeal board.

48 4. Rate adjustment by county auditor. In addition
49 to the requirement of the county auditor in section
50 444.3 to establish a rate of tax which does not exceed

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1 the rate authorized by law, the county auditor shall
2 also adjust the rate if the amount of property tax
3 dollars to be raised is in excess of the amount
4 specified in subsection 1, as may be adjusted pursuant
5 to subsection 3.

6 Sec. 28. Section 444.27, Code 1995, is amended to
7 read as follows:

8 444.27 SECTIONS VOID.

9 1. For purposes of section 444.25, sections 24.48
10 and 331.426 are void for the fiscal years beginning
11 July 1, 1993, and July 1, 1994. For purposes of
12 section 444.25A, sections 24.48 and 331.426 are void
13 for the fiscal years beginning July 1, 1995, and July
14 1, 1996.

15 2. For purposes of section 444.25B, sections 24.48
16 and 331.426 are void for the fiscal year beginning
17 July 1, 1997.

18 DIVISION V

19 INDUSTRIAL MACHINERY, EQUIPMENT AND COMPUTERS PROPERTY
20 TAX

21 EXEMPTION AND REPLACEMENT

22 Sec. 29. Section 427B.17, Code 1995, is amended to
23 read as follows:

24 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

25 1. For property defined in section 427A.1,
26 subsection 1, paragraphs "e" and "j", acquired or
27 initially leased on or after January 1, 1982, the
28 taxpayer's valuation shall be limited to thirty
29 percent of the net acquisition cost of the property,
30 except as otherwise provided in subsections 2 and 3.
31 For purposes of this section, "net acquisition cost"
32 means the acquired cost of the property including all
33 foundations and installation cost less any excess cost
34 adjustment.

35 For purposes of this section subsection:

36 ~~1. Property assessed by the department of revenue~~
37 ~~and finance pursuant to sections 428.24 to 428.29, or~~
38 ~~chapters 433, 434 and 436 to 438 shall not receive the~~
39 ~~benefits of this section.~~

40 2. a. Property acquired before January 1, 1982,
41 which was owned or used before January 1, 1982, by a
42 related person shall not receive the benefits of this
43 section subsection.

44 3. b. Property acquired on or after January 1,
45 1982, which was owned and used by a related person
46 shall not receive any additional benefits under this
47 section subsection.

48 4. c. Property which was owned or used before
49 January 1, 1982, and subsequently acquired by an
50 exchange of like property shall not receive the

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1 benefits of this section subsection.

2 5- d. Property which was acquired on or after
3 January 1, 1982, and subsequently exchanged for like
4 property shall not receive any additional benefits
5 under this section subsection.

6 6- e. Property acquired before January 1, 1982,
7 which is subsequently leased to a taxpayer or related
8 person who previously owned the property shall not
9 receive the benefits of this section subsection.

10 7- f. Property acquired on or after January 1,
11 1982, which is subsequently leased to a taxpayer or
12 related person who previously owned the property shall
13 not receive any additional benefits under this section
14 subsection.

15 For purposes of this section subsection, "related
16 person" means a person who owns or controls the
17 taxpayer's business and another business entity from
18 which property is acquired or leased or to which
19 property is sold or leased. Business entities are
20 owned or controlled by the same person if the same
21 person directly or indirectly owns or controls fifty
22 percent or more of the assets or any class of stock or
23 who directly or indirectly has an interest of fifty
24 percent or more in the ownership or profits.

25 2. Property defined in section 427A.1, subsection
26 1, paragraphs "e" and "j", which is first assessed for
27 taxation in this state on or after January 1, 1995,
28 shall be exempt from taxation.

29 3. Property defined in section 427A.1, subsection
30 1, paragraphs "e" and "j", and assessed under section
31 427B.17, subsection 1, shall be valued by the local
32 assessor as follows for the following assessment
33 years:

34 a. For the assessment year beginning January 1,
35 1999, at twenty-two percent of the net acquisition
36 cost.

37 b. For the assessment year beginning January 1,
38 2000, at fourteen percent of the net acquisition cost.

39 c. For the assessment year beginning January 1,
40 2001, at six percent of the net acquisition cost.

41 d. For the assessment year beginning January 1,
42 2002, and succeeding assessment years, at zero percent
43 of the net acquisition cost.

44 4. Property assessed pursuant to this section
45 shall not be eligible to receive a partial exemption
46 under sections 427B.1 to 427B.6.

47 5. This section shall not apply to property
48 assessed by the department of revenue and finance
49 pursuant to sections 428.24 to 428.29, or chapters
50 433, 434, and 436 to 438, and such property shall not

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1 receive the benefits of this section.

2 Any electric power generating plant which operated
3 during the preceding assessment year at a net capacity
4 factor of more than twenty percent, shall not receive
5 the benefits of this section or of sections 15.332 and
6 15.334. For purposes of this section, "electric power
7 generating plant" means any name plate rated electric
8 power generating plant, in which electric energy is
9 produced from other forms of energy, including all
10 taxable land, buildings, and equipment used in the
11 production of such energy. "Net capacity factor"
12 means net actual generation divided by the product of
13 net maximum capacity times the number of hours the
14 unit was in the active state during the assessment
15 year. Upon commissioning, a unit is in the active
16 state until it is decommissioned. "Net actual
17 generation" means net electrical megawatt hours
18 produced by the unit during the preceding assessment
19 year. "Net maximum capacity" means the capacity the
20 unit can sustain over a specified period when not
21 restricted by ambient conditions or equipment
22 deratings, minus the losses associated with station
23 service or auxiliary loads.

24 6. The taxpayer's valuation of property defined in
25 section 427A.1, subsection 1, paragraphs "e" and "j",
26 and located in an urban renewal area for which an
27 urban renewal plan provides for the division of taxes
28 as provided in section 403.19 to pay the principal and
29 interest on loans, advances, bonds issued under the
30 authority of section 403.9, subsection 1, or
31 indebtedness incurred by a city or county to finance
32 an urban renewal project within the urban renewal
33 area, if such loans, advances, or bonds were issued or
34 indebtedness incurred, on or after January 1, 1982,
35 and on or before June 30, 1995, shall be limited to
36 thirty percent of the net acquisition cost of the
37 property. Such property located in an urban renewal
38 area shall not be valued pursuant to subsection 2 or
39 3, whichever is applicable, until the assessment year
40 following the calendar year in which the obligations
41 created by any loans, advances, bonds, or indebtedness
42 payable from the division of taxes as provided in
43 section 403.19 have been retired. The taxpayer's
44 valuation for such property shall then be the
45 valuation specified in subsection 2 or 3, whichever is
46 applicable, for the applicable assessment year. If
47 the loans, advances, or bonds issued, or indebtedness
48 incurred between January 1, 1982, and June 30, 1995,
49 are refinanced or refunded after June 30, 1995, the
50 valuation of such property shall then be the valuation

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1 specified in subsection 2 or 3, whichever is
2 applicable, for the applicable assessment year
3 beginning with the assessment year following the
4 calendar year in which any of those loans, advances,
5 bonds, or other indebtedness are refinanced or
6 refunded after June 30, 1995.

7 7. For the purpose of dividing taxes under section
8 260E.4 or 260F.4, the employer's or business's
9 valuation of property defined in section 427A.1,
10 subsection 1, paragraphs "e" and "j", and used to fund
11 a new jobs training project which project's first
12 written agreement providing for a division of taxes as
13 provided in section 403.19 is approved on or before
14 June 30, 1995, shall be limited to thirty percent of
15 the net acquisition cost of the property. An
16 employer's or business's taxable property used to fund
17 a new jobs training project shall not be valued
18 pursuant to subsection 2 or 3, whichever is
19 applicable, until the assessment year following the
20 calendar year in which the certificates or other
21 funding obligations have been retired or escrowed.
22 The taxpayer's valuation for such property shall then
23 be the valuation specified in subsection 1 for the
24 applicable assessment year. If the certificates
25 issued, or other funding obligations incurred, between
26 January 1, 1982, and June 30, 1995, are refinanced or
27 refunded after June 30, 1995, the valuation of such
28 property shall then be the valuation specified in
29 subsection 2 or 3, whichever is applicable, for the
30 applicable assessment year beginning with the
31 assessment year following the calendar year in which
32 those certificates or other funding obligations are
33 refinanced or refunded after June 30, 1995.

34 Sec. 30. NEW SECTION. 427B.18 REPLACEMENT.

35 Beginning with the fiscal year beginning July 1,
36 1996, each county treasurer shall be paid from the
37 industrial machinery, equipment and computers
38 replacement fund an amount equal to the amount of the
39 industrial machinery, equipment and computers tax
40 replacement claim, as calculated in section 427B.19.

41 Sec. 31. NEW SECTION. 427B.19 ASSESSOR AND
42 COUNTY AUDITOR DUTIES.

43 1. On or before July 1 of each fiscal year, the
44 assessor shall determine the total assessed value of
45 the property assessed under section 427B.17 for taxes
46 payable in that fiscal year and the total assessed
47 value of such property assessed as of January 1, 1994,
48 and shall report the valuations to the county auditor.

49 2. On or before July 1 of each fiscal year, the
50 assessor shall determine the valuation of all

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1 commercial and industrial property assessed for taxes
2 payable in that fiscal year and the valuation of such
3 property assessed as of January 1, 1994, and shall
4 report the valuations to the county auditor.

5 3. On or before July 1, 1996, and on or before
6 July 1 of each succeeding fiscal year through June 30,
7 2006, the county auditor shall prepare a statement,
8 based upon the report received pursuant to subsections
9 1 and 2, listing for each taxing district in the
10 county:

11 a. Beginning with the assessment year beginning
12 January 1, 1995, the difference between the assessed
13 valuation of property assessed pursuant to section
14 427B.17 for that year and the total assessed value of
15 such property assessed as of January 1, 1994. If the
16 total assessed value of the property assessed as of
17 January 1, 1994, is less, there is no tax replacement
18 for the fiscal year.

19 b. The tax levy rate for each taxing district for
20 that fiscal year.

21 c. The industrial machinery, equipment and
22 computers tax replacement claim for each taxing
23 district. For fiscal years beginning July 1, 1996,
24 and ending June 30, 2001, the replacement claim is
25 equal to the amount determined pursuant to paragraph
26 "a", multiplied by the tax rate specified in paragraph
27 "b". For fiscal years beginning July 1, 2001, and
28 ending June 30, 2006, the replacement claim is equal
29 to the product of the amount determined pursuant to
30 paragraph "a", less any increase in valuations
31 determined in paragraph "d", and the tax rate
32 specified in paragraph "b". If the amount subtracted
33 under paragraph "d" is more than the amount determined
34 in paragraph "a", there is no tax replacement for the
35 fiscal year.

36 d. Beginning with the assessment year beginning
37 January 1, 2000, the auditor shall reduce the amount
38 listed in paragraph "a", by the increase, if any, in
39 assessed valuations of commercial and industrial
40 property in the assessment year beginning January 1,
41 1994, and the assessment year for which taxes are due
42 and payable in that fiscal year. If the calculation
43 under this paragraph indicates a net decrease in
44 aggregate valuation of such property, the industrial
45 machinery, equipment and computers tax replacement
46 claim for each taxing district is equal to the amount
47 determined pursuant to paragraph "a", multiplied by
48 the tax rate specified in paragraph "b".

49 4. The county auditor shall certify and forward
50 one copy of the statement to the department of revenue

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1 and finance not later than July 1 of each year.

2 Sec. 32. NEW SECTION. 427B.19A FUND CREATED.

3 1. The industrial machinery, equipment and
4 computers property tax replacement fund is created.
5 For the fiscal year beginning July 1, 1996, through
6 the fiscal year ending June 30, 2006, there is
7 appropriated annually from the general fund of the
8 state to the department of revenue and finance to be
9 credited to the industrial machinery, equipment and
10 computers property tax replacement fund, an amount
11 sufficient to implement this division.

12 2. If an amount appropriated for a fiscal year is
13 insufficient to pay all claims, the director shall
14 prorate the disbursements from the fund to the county
15 treasurers and shall notify the county auditors of the
16 pro rata percentage on or before August 1.

17 3. The replacement claims shall be paid to each
18 county treasurer in equal installments in September
19 and March of each year. The county treasurer shall
20 apportion the replacement claim payments among the
21 eligible taxing districts in the county.

22 Sec. 33. NEW SECTION. 427B.19B GUARANTEE OF
23 STATE REPLACEMENT FUNDS.

24 For the fiscal years beginning July 1, 1996, and
25 ending June 30, 2006, if the industrial machinery,
26 equipment and computers property tax replacement fund
27 is insufficient to pay in full the total of the
28 amounts certified to the director of revenue and
29 finance, the director shall compute for each county
30 the difference between the total of all replacement
31 claims for each taxing district within the county and
32 the amount paid to the county treasurer for
33 disbursement to each taxing district in the county.
34 The assessor, for the assessment year for which taxes
35 are due and payable in the fiscal year for which a
36 sufficient appropriation was not made, shall revalue
37 all industrial machinery, equipment and computers
38 described in section 427B.17, subsections 2 and 3, in
39 the county at a percentage of net acquisition cost
40 which will yield from each taxing district its
41 shortfall and the property shall be assessed and taxed
42 in such manner for taxes due and payable in the
43 following fiscal year in addition to being assessed
44 and taxed in the applicable manner under section
45 427B.17. When conducting the revaluation, the
46 assessor shall increase the percentage of net
47 acquisition cost of such property by the same
48 percentage point. Property tax dollar amounts
49 certified pursuant to this section shall not be
50 considered property tax dollars certified for purposes

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1 of the property tax limitation in chapter 444.
2 Sec. 34. Section 257.3, subsection 1, Code 1995,
3 is amended by adding the following new unnumbered
4 paragraph:

5 NEW UNNUMBERED PARAGRAPH. The amount paid to each
6 school district for the tax replacement claim for
7 industrial machinery, equipment and computers under
8 section 427B.19A shall be regarded as property tax.
9 The portion of the payment which is foundation
10 property tax shall be determined by applying the
11 foundation property tax rate to the amount computed
12 under section 427B.19, subsection 3, paragraph "a", as
13 adjusted by paragraph "d", if any adjustment was made.

14 DIVISION VI

15 FISCAL YEAR 1996 PAYMENT

16 Sec. 35. FISCAL YEAR 1996 RELIEF FUND PAYMENT.

17 Notwithstanding 1995 Iowa Acts, House File 132,
18 section 13, the appropriation in that section shall
19 not be made from the general fund of the state but
20 shall be made from the property tax relief fund
21 created in section 426B.1, as enacted by this Act.
22 Notwithstanding section 426B.2, subsection 2, as
23 enacted by this Act, for the fiscal year beginning
24 July 1, 1995, the amount of moneys distributed under
25 that subsection shall be \$54.4 million."

26 2. Title page, by striking lines 1 through 4 and
27 inserting the following: "An Act relating to tax
28 provisions involving state income tax, certain county
29 property tax and services associated with mental
30 health and developmental disabilities services, the
31 county property tax limitation, and property tax on
32 industrial machinery, equipment and computers,
33 providing appropriations, and providing effective and
34 applicability dates.""

RECEIVED FROM THE SENATE

H-4121 FILED APRIL 27, 1995

*Journal
Amended a day later
4.27-95 (p. 2017)*



OFFICE OF THE GOVERNOR

STATE CAPITOL
DES MOINES, IOWA 50319
515 281-5211

TERRY E. BRANSTAD
GOVERNOR

May 2, 1995

RECEIVED

MAY 02 1995

LEGISLATIVE SERVICE
BUREAU

The Honorable Leonard Boswell
President of the Senate
State Capitol Building
L O C A L

Dear Mr. President:

✓ I hereby transmit Senate File 69, an act relating to tax provisions involving state income tax, certain county property tax and services associated with mental health and developmental disabilities services, the county property tax limitation, and property tax on industrial machinery, equipment and computers, providing appropriations, and providing effective and applicability dates.

Senate File 69 represents landmark legislation for the first session of the Seventy-Sixth General Assembly. The bill contains nearly \$100 million in tax reductions for Iowa families and businesses in fiscal year 1996, growing to \$172 million in fiscal year 2001.

With the repeal of property taxes on new machinery and equipment, this bill will have an immediate impact on Iowa's ability to attract and keep high paying jobs. This impact will grow in the future, as all property taxes on existing equipment are gradually eliminated. County taxpayers will also receive property tax relief through the mental health provisions, where 50 percent of mental health financing is shifted to the State and a process for cost containment is begun. Finally, families and retirees will see their Iowa income tax bills go down as a result of increasing the dependent credit from \$15 to \$40, and allowing the exclusion from taxable income of \$3,000 of pension income (\$6,000 for married filers).

I believe that Senate File 69 is an excellent first step towards the goals of increasing jobs, personal income and population growth. I expect additional action to be taken during the next legislative session to reduce income tax rates and treating small businesses the same as other corporations under the single-factor corporate income tax. These changes are critical to attaining our goals.

The Honorable Leonard Boswell
May 2, 1995
Page 2

Senate File 69 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

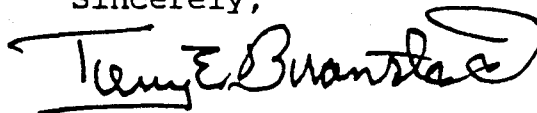
I am unable to approve the designated portion of Section 15, identified as the third sentence of Section 331.439, subsection 3a, and Section 331.439, subsections 3b and 3c, in their entirety. These items require counties to receive an inflation factor for mental health beginning in fiscal year 1997, and spell out specific factors and procedures relating to its determination. These items fail to allow for savings from managed care, and could significantly dilute the property tax relief. Moreover, the portion of Section 15, identified as Section 331.439, subsection 3b, contains a provision that intrudes upon my executive budgeting responsibilities. The concept of an inflation factor may be appropriate to reconsider at a later date, after adequate cost containment has been achieved through the rule-making process.

I am unable to approve the designated portion of Section 15, identified as Section 331.439, subsection 5, in its entirety. This item limits counties' obligations for payment of mental health, mental retardation and developmental disabilities services. I support the concept of limiting counties' obligations, except in those instances where a county elects to become its own managed care provider. The assumption of financial risk is one of the defining characteristics of managed care. If a county chooses to become its own managed care provider, it should also assume the financial risk. I will approve language that is subsequently enacted as long as it contains this exclusion.

I am unable to approve the designated portion of Section 18, identified as Section 426B.2, second unnumbered and unlettered paragraph, in its entirety. This item will hinder future efforts to change the allocation formula.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 69 are hereby approved as of this date.

Sincerely,



Terry E. Branstad
Governor

TEB/ps

cc: Secretary of the Senate
Chief Clerk of the House
Secretary of State

Item Vetoed

SENATE FILE 69

AN ACT

RELATING TO TAX PROVISIONS INVOLVING STATE INCOME TAX,
CERTAIN COUNTY PROPERTY TAX AND SERVICES ASSOCIATED WITH
MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES SERVICES,
THE COUNTY PROPERTY TAX LIMITATION, AND PROPERTY TAX ON
INDUSTRIAL MACHINERY, EQUIPMENT AND COMPUTERS, PROVIDING
APPROPRIATIONS, AND PROVIDING EFFECTIVE AND APPLICABILITY
DATES.

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

DIVISION I
INCOME TAX

Section 1. Section 422.7, Code 1995, is amended by adding
the following new subsection:

NEW SUBSECTION. 33. For a person who is disabled, or is
fifty-five years of age or older, or is the surviving spouse
of an individual or a survivor having an insurable interest in
an individual who would have qualified for the exemption under
this subsection for the tax year, subtract, to the extent
included, the total amount of a governmental or other pension
or retirement pay, including, but not limited to, defined
benefit or defined contribution plans, annuities, individual
retirement accounts, plans maintained or contributed to by an
employer, or maintained or contributed to by a self-employed
person as an employer, and deferred compensation plans or any
earnings attributable to the deferred compensation plans, up
to a maximum of three thousand dollars for a person who files
a separate state income tax return and up to a maximum of six
thousand dollars for a husband and wife who file a joint state
income tax return. However, a surviving spouse who is not
disabled or fifty-five years of age or older can only exclude
the amount of pension or retirement pay received as a result

of the death of the other spouse.

Sec. 2. Section 422.12, subsection 1, paragraph c, Code
1995, is amended to read as follows:

c. For each dependent, an additional fifteen forty
dollars. As used in this section, the term "dependent" has
the same meaning as provided by the Internal Revenue Code.

Sec. 3. TAXATION STUDY. The legislative council is
requested to establish a taxation study during the 1995
legislative interim period. The study would address taxation
of businesses, including subchapter S corporations, taxation
incentives and disincentives for economic development, and the
long-term objectives of business taxation. The legislative
council is requested to authorize up to \$100,000 for
consultants and other costs associated with the business
taxation study.

Sec. 4. RETROACTIVE APPLICABILITY. This division of this
Act applies retroactively to January 1, 1995, for tax years
beginning on or after that date.

DIVISION II

SUPPLEMENTAL LEVY AND COUNTY MENTAL HEALTH FUND

Sec. 5. Section 123.38, unnumbered paragraph 2, Code 1995,
is amended to read as follows:

Any licensee or permittee, or the licensee's or permittee's
executor or administrator, or any person duly appointed by the
court to take charge of and administer the property or assets
of the licensee or permittee for the benefit of the licensee's
or permittee's creditors, may voluntarily surrender a license
or permit to the division. When a license or permit is
surrendered the division shall notify the local authority, and
the division or the local authority shall refund to the person
surrendering the license or permit, a proportionate amount of
the fee received by the division or the local authority for
the license or permit as follows: If a license or permit is
surrendered during the first three months of the period for
which it was issued, the refund shall be three-fourths of the

amount of the fee; if surrendered more than three months but not more than six months after issuance, the refund shall be one-half of the amount of the fee; if surrendered more than six months but not more than nine months after issuance, the refund shall be one-fourth of the amount of the fee. No refund shall be made, however, for any special liquor permit, nor for a liquor control license, wine permit, or beer permit surrendered more than nine months after issuance. For purposes of this paragraph, any portion of license or permit fees used for the purposes authorized in section 331.424, subsection 1, paragraphs "a" and "b", "c", "d", "e", "f", "g", and "h", and in section 331.424A, shall not be deemed received either by the division or by a local authority. No refund shall be made to any licensee or permittee, upon the surrender of the license or permit, if there is at the time of surrender, a complaint filed with the division or local authority, charging the licensee or permittee with a violation of this chapter. If upon a hearing on a complaint the license or permit is not revoked or suspended, then the licensee or permittee is eligible, upon surrender of the license or permit, to receive a refund as provided in this section; but if the license or permit is revoked or suspended upon hearing the licensee or permittee is not eligible for the refund of any portion of the license or permit fee.

Sec. 6. Section 218.99, Code 1995, is amended to read as follows:

218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS' PERSONAL ACCOUNTS.

The administrator of a division of the department of human services in control of a state institution shall direct the business manager of each institution under the administrator's jurisdiction which is mentioned in section 331.424, subsection 1, paragraphs "a" through "g" and "b" and for which services are paid under section 331.424A to quarterly inform the auditor of the county of legal settlement of any patient or

resident who has an amount in excess of two hundred dollars on account in the patients' personal deposit fund and the amount on deposit. The administrators shall direct the business manager to further notify the auditor of the county at least fifteen days before the release of funds in excess of two hundred dollars or upon the death of the patient or resident. If the patient or resident has no county of legal settlement, notice shall be made to the director of the department of human services and the administrator of the division of the department in control of the institution involved.

Sec. 7. Section 225C.4, subsection 2, paragraph b, Code 1995, is amended to read as follows:

b. Establish mental health and mental retardation services for all institutions under the control of the director of human services and establish an autism unit, following mutual planning with and consultation from the medical director of the state psychiatric hospital, at an institution or a facility administered by the administrator to provide psychiatric and related services and other specific programs to meet the needs of autistic persons as defined in section 331.424, subsection 1, and to furnish appropriate diagnostic evaluation services.

Sec. 8. Section 331.301, subsection 12, Code 1995, is amended to read as follows:

12. The board of supervisors may credit funds to a reserve for the purposes authorized by subsection 11 of this section; section 331.424, subsection 1, paragraph "f"; and section 331.441, subsection 2, paragraph "b". Moneys credited to the reserve, and interest earned on such moneys, shall remain in the reserve until expended for purposes authorized by subsection 11 of this section; section 331.424, subsection 1, paragraph "f"; or section 331.441, subsection 2, paragraph "b".

Sec. 9. Section 331.424, subsection 1, Code 1995, is amended to read as follows:

1. For general county services, an amount sufficient to pay the charges for the following:

a. To the extent that the county is obligated by statute to pay the charges for:

{1}--Care and treatment of patients by a state mental health institute.

{2}--Care and treatment of patients by either of the state hospital schools or by any other facility established under chapter 222 and diagnostic evaluation under section 222.31.

{3}--Care and treatment of patients under chapter 225.

{4} (1) Care and treatment of persons at the alcoholic treatment center at Oakdale. However, the county may require that an admission to the center shall be reported to the board by the center within five days as a condition of the payment of county funds for that admission.

{5} (2) Care of children admitted or committed to the Iowa juvenile home at Toledo.

{6} (3) Clothing, transportation, medical, or other services provided persons attending the Iowa braille and sight saving school, the Iowa school for the deaf, or the state hospital-school for severely handicapped children at Iowa City, for which the county becomes obligated to pay pursuant to sections 263.12, 269.2, and 270.4 through 270.7.

b.--To the extent that the board deems it advisable to pay the charges for professional evaluation, treatment, training, habilitation, and care of persons who are mentally retarded, autistic persons, or persons who are afflicted by any other developmental disability, at a suitable public or private facility providing inpatient or outpatient care in the county. As used in this paragraph:

{1}--"Developmental disability" has the meaning assigned that term by 42 U.S.C. sec. 6001(7) (1976), Supp. II, 1978, and Supp. III, 1979.

{2}--"Autistic persons" means persons, regardless of age, with severe communication and behavior disorders that became

manifest during the early stages of childhood development and that are characterized by a severely disabling inability to understand, communicate, learn, and participate in social relationships.--"Autistic persons" includes but is not limited to those persons afflicted by infantile autism, profound aphasia, and childhood psychosis.

c.--Care and treatment of persons placed in the county hospital, county care facility, a health care facility as defined in section 135C.17, subsection 6, or any other public or private facility, which placement is in lieu of admission or commitment to or is upon discharge, removal, or transfer from a state mental health institute, hospital school, or other facility established pursuant to chapter 222.

d.--Amounts budgeted by the board for the cost of establishment and initial operation of a community mental health center in the manner and subject to the limitations provided by state law.

e. b. Foster care and related services provided under court order to a child who is under the jurisdiction of the juvenile court, including court-ordered costs for a guardian ad litem under section 232.71.

f.--The care, admission, commitment, and transportation of mentally ill patients in state hospitals, to the extent that expenses for these services are required to be paid by the county, including compensation for the advocate appointed under section 229.19.

g.--Amounts budgeted by the board for mental health services or mental retardation services furnished to persons on either an outpatient or inpatient basis, to a school or other public agency, or to the community at large, by a community mental health center or other suitable facility located in or reasonably near the county, provided that services meet the standards of the mental health and developmental disabilities commission created in section 225C.5 and are consistent with the annual plan for services approved by the board.

~~h. Reimbursement on behalf of mentally retarded persons under section 249A.12.~~

~~i. c. Elections, and voter registration pursuant to chapter 48A.~~

~~j. d. Employee benefits under chapters 96, 97B, and 97C, which are associated with salaries for general county services.~~

~~k. e. Joint county and city building authorities established under section 346.27, as provided in subsection 22 of that section.~~

~~l. f. Tort liability insurance, property insurance, and any other insurance that may be necessary in the operation of the county, costs of a self-insurance program, costs of a local government risk pool, and amounts payable under any insurance agreements to provide or procure such insurance, self-insurance program, or local government risk pool.~~

~~m. g. The maintenance and operation of the courts, including but not limited to the salary and expenses of the clerk of the district court and other employees of the clerk's office, and bailiffs, court costs if the prosecution fails or if the costs cannot be collected from the person liable, costs and expenses of prosecution under section 189A.17, salaries and expenses of juvenile court officers under chapter 602, court-ordered costs in domestic abuse cases under section 236.5, the county's expense for confinement of prisoners under chapter 356A, temporary assistance to the county attorney, county contributions to a retirement system for bailiffs, reimbursement for judicial magistrates under section 602.6501, claims filed under section 622.93, interpreters' fees under section 622B.7, uniform citation and complaint supplies under section 805.6, and costs of prosecution under section 815.13.~~

~~n. h. Court-ordered costs of conciliation procedures under section 598.16.~~

~~o. i. Establishment and maintenance of a joint county indigent defense fund pursuant to an agreement under section 28E.19.~~

~~p. j. The maintenance and operation of a local emergency management agency established pursuant to chapter 29C.~~

The board may require a public or private facility, as a condition of receiving payment from county funds for services it has provided, to furnish the board with a statement of the income, assets, and legal residence including township and county of each person who has received services from that facility for which payment has been made from county funds under paragraphs "a" through "h" and "b". However, the facility shall not disclose to anyone the name or street or route address of a person receiving services for which commitment is not required, without first obtaining that person's written permission.

Parents or other persons may voluntarily reimburse the county or state for the reasonable cost of caring for a patient or an inmate in a county or state facility.

Sec. 10. NEW SECTION. 331.424A COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES SERVICES FUND.

1. For the purposes of this chapter, unless the context otherwise requires, "services fund" means the county mental health, mental retardation, and developmental disabilities services fund created in subsection 2. The county finance committee created in section 333A.2 shall consult with the state-county management committee in adopting rules and prescribing forms for administering the services fund.

2. For the fiscal year beginning July 1, 1996, and succeeding fiscal years, county revenues from taxes and other sources designated for mental health, mental retardation, and developmental disabilities services shall be credited to the mental health, mental retardation, and developmental disabilities services fund of the county. The board shall make appropriations from the fund for payment of services provided under the county management plan approved pursuant to section 331.439.

3. For the fiscal year beginning July 1, 1996, and succeeding fiscal years, receipts from the state or federal government for such services shall be credited to the services fund, including moneys allotted to the county from the state payment made pursuant to section 331.439 and moneys allotted to the county for property tax relief pursuant to section 426B.1.

4. For the fiscal year beginning July 1, 1996, and for each subsequent fiscal year, the county shall certify a levy for payment of services. Unless otherwise provided by state law, for each fiscal year, county revenues from taxes imposed by the county credited to the services fund shall not exceed an amount equal to the amount of base year expenditures for services in the fiscal year beginning July 1, 1993, and ending June 30, 1994, as defined in section 331.438 less the amount of property tax relief to be received pursuant to section 426B.2, subsections 1 and 3, in the fiscal year for which the budget is certified. The county auditor and the board of supervisors shall reduce the amount of the levy certified for the services fund by the amount of property tax relief to be received.

5. Appropriations specifically authorized to be made from the mental health, mental retardation, and developmental disabilities services fund shall not be made from any other fund of the county.

Sec. 11. Section 444.25A, subsection 3, paragraph b, subparagraph (3), Code 1995, is amended to read as follows:

(3) Need for additional moneys for health care, treatment, and facilities, including ~~mental health and mental retardation care and treatment~~ pursuant to section 331.424, subsection 1, paragraphs "a" through "h" and "b".

Sec. 12. EFFECTIVE AND APPLICABILITY DATES. This division of this Act takes effect January 1, 1996, and is applicable to taxes payable in the fiscal year beginning July 1, 1996, and subsequent fiscal years.

DIVISION III

PROPERTY TAX RELIEF PROVISIONS

Sec. 13. Section 222.60, unnumbered paragraph 1, Code 1995, as amended by 1995 Iowa Acts, House File 483, section 12, is amended to read as follows:

All necessary and legal expenses for the cost of admission or commitment or for the treatment, training, instruction, care, habilitation, support and transportation of persons with mental retardation, as provided for in the county management plan provisions implemented pursuant to section 331.439, subsection 1, in a state hospital-school, or in a special unit, or any public or private facility within or without the state, approved by the director of the department of human services, shall be paid by either:

Sec. 14. Section 331.438, subsection 1, paragraph b, Code 1995, is amended to read as follows:

b. "State payment" means the payment made by the state to a county determined to be eligible for the payment in accordance with section 331.439.

1A. Except as modified based upon the actual amount of the appropriation for purposes of state payment under section 331.439, the amount of the state payment for a fiscal year shall be calculated as-fifty-percent-of-the-amount-by-which the-county's-qualified-expenditures-during-the-immediately preceding-fiscal-year-were-in-excess-of-the-amount-of-the county's-base-year-expenditures by applying the inflation factor adjustment established in accordance with section 331.439, subsection 3, for that fiscal year to the amount of county expenditures for qualified services in the previous fiscal year. A state payment is the state funding a county receives pursuant to section 426B.2, subsection 2. Any state funding received by a county for property tax relief in accordance with section 426B.2, subsections 1 and 3, is not a state payment and shall not be included in the state payment calculation made pursuant to this subsection.

Sec. 15. Section 331.439, Code 1995, is amended by striking the section and inserting in lieu thereof the following:

331.439 ELIGIBILITY FOR STATE PAYMENT.

1. The state payment to eligible counties under this section shall be made as provided in sections 331.438 and 426B.2. A county is eligible for the state payment, as defined in section 331.438, for the fiscal year beginning July 1, 1996, and for subsequent fiscal years if the director of human services, in consultation with the state-county management committee, determines for a specific fiscal year that all of the following conditions are met:

a. The county accurately reported by October 15 the county's expenditures for mental health, mental retardation, and developmental disabilities services for the previous fiscal year on forms prescribed by the department of human services.

b. The county developed and implemented a county management plan for the county's mental health, mental retardation, and developmental disabilities services in accordance with the provisions of this paragraph. The plan shall comply with the administrative rules adopted for this purpose by the council on human services and is subject to the approval of the director of human services in consultation with the state-county management committee created in section 331.438. The plan shall include a description of the county's service management provision for mental health, mental retardation, and developmental disabilities services. For mental retardation and developmental disabilities service management, the plan shall describe the county's development and implementation of a managed system of cost-effective individualized services and shall comply with the provisions of paragraph "d". The goal of this part of the plan shall be to assist the individuals served to be as independent, productive, and integrated into the community as possible.

The service management provisions for mental health shall comply with the provisions of paragraph "c".

c. (1) For mental health service management, the county may either directly implement a system of service management and contract with service providers, or contract with a private entity to manage the system, provided all requirements of this lettered paragraph are met by the private entity. The mental health service management shall incorporate a single entry point and clinical assessment process developed in accordance with the provisions of section 331.440. The county shall submit this part of the plan to the department of human services for approval by April 1 for the succeeding year. Initially, this part of the plan shall be submitted to the department by April 1, 1996, and the county shall implement the approved plan by July 1, 1996.

(2) The basis for determining whether a managed care system for mental health proposed by a county is comparable to a mental health managed care contractor approved by the department of human services shall include but is not limited to all of the following elements which shall be specified in administrative rules adopted by the council on human services in consultation with the state-county management committee:

(a) The enrollment and eligibility process.

(b) The scope of services included.

(c) The method of plan administration.

(d) The process for managing utilization and access to services and other assistance.

(e) The quality assurance process.

(f) The risk management provisions and fiscal viability of the provisions, if the county contracts with a private managed care entity.

d. For mental retardation and developmental disabilities services management, the county must either develop and implement a managed system of care which addresses a full array of appropriate services and cost-effective delivery of

services or contract with a state-approved managed care contractor or contractors. Any system or contract implemented under this paragraph shall incorporate a single entry point and clinical assessment process developed in accordance with the provisions of section 331.440. The elements of the managed system of care and the state-approved managed care contract or contracts shall be specified in rules developed by the department of human services in consultation with the state-county management committee and adopted by the council on human services. Initially, this part of the plan shall be submitted to the department for approval on or before October 1, 1996, and shall be implemented on or before January 1, 1997. In fiscal years succeeding the fiscal year of initial implementation, this part of the plan shall be submitted to the department of human services for approval by April 1 for the succeeding fiscal year.

e. Changes to the approved plan are submitted at least sixty days prior to the proposed change and are not to be implemented prior to the director of human services' approval.

2. The county management plan shall address the county's criteria for serving persons with chronic mental illness, including any rationale used for decision making regarding this population.

3. a. For the fiscal year beginning July 1, 1996, and succeeding fiscal years, the county's mental health, mental retardation, and developmental disabilities service expenditures for a fiscal year are limited to a fixed budget amount. The fixed budget amount shall be the amount identified in the county's management plan and budget for the fiscal year.

The county shall be allowed an inflation factor adjustment for services paid from the county's services fund under section 331.424A which is in accordance with the county's management plan and budget, implemented pursuant to this section.

Vetoed

Vetoed

b. Based upon information contained in county management plans and budgets, the state-county management committee shall recommend an inflation factor adjustment to the council on human services by November 15 for the succeeding fiscal year. The inflation factor adjustment shall address costs associated with new consumers of service, service cost inflation, and investments for economy and efficiency. The council on human services shall recommend to the governor the amount of the inflation factor adjustment for the succeeding fiscal year for inclusion in the governor's proposed budget for the succeeding fiscal year.

Vetoed

c. If the general assembly has not revised the amount of the inflation factor adjustment for a fiscal year on the date county budgets must be approved and levies must be certified for that fiscal year, the budgets and levies shall utilize the inflation factor adjustment for that fiscal year recommended by the governor in the governor's proposed budget.

4. A county may provide assistance to service populations with disabilities to which the county has historically provided assistance but who are not included in the service management provisions required under subsection 1, subject to the availability of funding.

5. Notwithstanding any other provision of law to the contrary, a county shall have no obligation to pay for or provide mental health, mental retardation, or developmental disabilities services for any person that applies through the county's single entry point and clinical assessment process after the moneys in the county services fund under section 331.424A are expended.

VETOED

6. A county shall implement the county's management plan in a manner so as to provide adequate funding for the entire fiscal year by budgeting for ninety-nine percent of the funding anticipated to be available for the plan. A county may expend all of the funding anticipated to be available for the plan.

7. The director's approval of a county's mental health, mental retardation, and developmental disabilities services management plan shall not be construed to constitute certification of the county's budget.

Sec. 16. Section 331.440, subsection 1, Code 1995, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. The single entry point and clinical assessment process shall include provision for the county's participation in a management information system developed in accordance with rules adopted pursuant to subsection 3.

Sec. 17. NEW SECTION. 426B.1 APPROPRIATIONS -- PROPERTY TAX RELIEF FUND.

1. A property tax relief fund is created in the state treasury under the authority of the department of revenue and finance. The fund shall be separate from the general fund of the state and shall not be considered part of the general fund of the state except in determining the cash position of the state for payment of state obligations. The moneys in the fund are not subject to the provisions of section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in this section. Moneys in the fund may be used for cash flow purposes, provided that any moneys so allocated are returned to the fund by the end of each fiscal year. However, the fund shall be considered a special account for the purposes of section 8.53, relating to elimination of any GAAP deficit. For the purposes of this chapter, unless the context otherwise requires, "property tax relief fund" means the property tax relief fund created in this section.

2. There is appropriated to the property tax relief fund for the indicated fiscal years from the general fund of the state the following amounts:

a. For the fiscal year beginning July 1, 1995, sixty-one million dollars.

b. For the fiscal year beginning July 1, 1996, seventy-eight million dollars.

c. For the fiscal year beginning July 1, 1997, and succeeding fiscal years, ninety-five million dollars.

Sec. 18. NEW SECTION. 426B.2 PROPERTY TAX RELIEF FUND DISTRIBUTIONS.

Moneys in the property tax relief fund shall be utilized in each fiscal year as follows in the order listed:

1. The first sixty-one million dollars plus the amount paid pursuant to subsection 3 in the previous fiscal year in the property tax relief fund shall be distributed to counties under this subsection. A county's proportion of the moneys shall be equivalent to the sum of the following three factors:

a. One-third based upon the county's proportion of the state's general population.

b. One-third based upon the county's proportion of the state's total taxable property valuation assessed for taxes payable in the previous fiscal year.

c. One-third based upon the county's proportion of all counties' base year expenditures, as defined in section 331.438.

Moneys provided to a county for property tax relief in a fiscal year in accordance with this section shall not be less than the amount provided for property tax relief in the previous fiscal year.

Vetoed

Utah

2. Payment of moneys to eligible counties of the state payment in accordance with the provisions of sections 331.438 and 331.439.

3. For the fiscal year beginning July 1, 1996, and succeeding fiscal years, the department of human services shall estimate the amount of moneys required for the state payment pursuant to subsection 2. Moneys remaining in the property tax relief fund following the payment made pursuant to subsection 1 and the estimated amount of the state payment pursuant to subsection 2 shall be paid for property tax relief

in the same manner as provided in subsection 1 to counties eligible for state payment under subsection 2. These payments shall continue until the combined amount of the payments made under this subsection and subsection 1 are equal to fifty percent of the total of all counties' base year expenditures as defined in section 331.438. The amount of moneys paid to a county pursuant to this subsection shall be added in subsequent fiscal years to the amount of moneys paid under subsection 1.

4. Moneys remaining in the property tax relief fund following the payments made pursuant to subsections 1, 2, and 3 shall be transferred to the homestead credit fund created in section 425.1. This transfer shall continue until the homestead credit is fully funded.

5. The department of human services shall notify the director of revenue and finance of the amounts due a county in accordance with the provisions of this section. The director of revenue and finance shall draw warrants on the property tax relief fund, payable to the county treasurer in the amount due to a county in accordance with subsections 1 and 3 and mail the warrants to the county auditors in September and March of each year. Warrants for the state payment in accordance with subsection 2 shall be mailed in January of each year.

Sec. 19. NEW SECTION. 426B.3 NOTIFICATION OF MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES EXPENDITURE RELIEF FUND PAYMENT.

1. The county auditor shall reduce the certified budget amount received from the board of supervisors for the succeeding fiscal year for the county mental health, mental retardation, and developmental disabilities services fund created in section 331.424A by an amount equal to the amount the county will receive from the property tax relief fund pursuant to section 426B.2, subsections 1 and 3, for the succeeding fiscal year and the auditor shall determine the rate of taxation necessary to raise the reduced amount. On

the tax list, the county auditor shall compute the amount of taxes due and payable on each parcel before and after the amount received from the property tax relief fund is used to reduce the county budget. The director of revenue and finance shall notify the county auditor of each county of the amount of moneys the county will receive from the property tax relief fund pursuant to section 426B.2, subsections 1 and 3, for the succeeding fiscal year.

2. The amount of property tax dollars reduced on each parcel as a result of the moneys received from the property tax relief fund pursuant to section 426B.2, subsections 1 and 3, shall be noted on each tax statement prepared by the county treasurer pursuant to section 445.23.

Sec. 20. NEW SECTION. 426B.4 RULES.

The council on human services shall consult with the state-county management committee created in section 331.438 and the director of revenue and finance in prescribing forms and adopting rules pursuant to chapter 17A to administer this chapter.

Sec. 21. PROPERTY TAX RELIEF -- FISCAL YEAR 1995-1996. For the fiscal year beginning July 1, 1995, the department of management shall notify each county auditor by June 1, 1995, of the amount the county will receive from the property tax relief fund for property tax relief pursuant to section 426B.2, subsection 1, for that fiscal year. The county auditor shall reduce by the notified amount the amount of the county's certified budget to be raised by property tax for that fiscal year which is to be expended for mental health, mental retardation, and developmental disabilities services and shall revise the rate of taxation as necessary to raise the reduced amount. The county auditor shall report the reduction in the certified budget and the revised rate of taxation to the department of management by June 30, 1995.

Sec. 22. FUNDING OF SESSION LAW REQUIREMENTS. If the appropriations in section 426B.1, subsection 2, as created in

this division of this Act, are enacted by this Act, the requirements of 1994 Iowa Acts, chapter 1163, section 8, subsection 2, to fully fund provisions of sections 331.438 and 331.439 shall be considered to be met and the repeals contained in 1994 Iowa Acts, chapter 1163, section 8, subsection 2, shall be void.

Sec. 23. STATE-COUNTY MANAGEMENT COMMITTEE REVIEW -- 1995 INTERIM. The state-county management committee created in section 331.438 shall review statutory provisions and administrative rules which are intended to regulate and contain county expenditures for mental health, mental retardation, and developmental disabilities (MH/MR/DD) services and the formula for distribution of property tax relief moneys to counties under section 426B.2. The committee should consider proposals from counties and other interested persons for a distribution formula factor which rewards or provides incentives for economy and efficiency in providing mental health, mental retardation, and developmental disabilities services; and a mechanism for a county to appeal to the state if it is believed the county is unfairly treated under an established funding formula. In addition, the committee shall consider tort and other liability issues associated with a county managing MH/MR/DD expenditures in accordance with a fixed budget and make recommendations to address the issues. The committee shall review the dates required under section 331.439 and chapter 426B, as enacted by this Act and make recommendations for change if revisions are deemed necessary. The committee shall report to the governor and the general assembly on or before December 1, 1995.

Sec. 24. LEVY STUDY. The county finance committee created in chapter 333A shall consult with any interested parties in studying the ramifications of consolidating the county general basic levies and the general supplemental levies and other proposals involving the levies. The committee shall be assisted by four legislators with one each appointed by the

following leaders: majority leader of the senate, minority leader of the senate, speaker of the house of representatives, and minority leader of the house of representatives. The legislative appointees are eligible for per diem and actual expenses for their assistance to the committee. The committee shall report to the governor and the general assembly with findings and recommendations on or before January 4, 1996.

Sec. 25. EFFECTIVE DATE. Section 21 of this division of this Act, relating to property tax relief for fiscal year 1995-1996, being deemed of immediate importance, takes effect upon enactment.

DIVISION IV
COUNTY PROPERTY TAX LIMITATION

Sec. 26. Section 444.25A, subsection 1, Code 1995, is amended to read as follows:

1. COUNTY LIMITATION. The maximum amount of property tax dollars which may be certified by a county for taxes payable in the fiscal year beginning July 1, 1995, shall not exceed the amount of property tax dollars certified by the county for taxes payable in the fiscal year beginning July 1, 1994, minus the amount of property tax relief moneys to be received by the county for the fiscal year beginning July 1, 1995, pursuant to section 426B.2, subsection 1, and the maximum amount of property tax dollars which may be certified by a county for taxes payable in the fiscal year beginning July 1, 1996, shall not exceed the amount of property tax dollars certified by the county for taxes payable in the fiscal year beginning July 1, 1995, minus the amount by which the property tax relief moneys to be received by the county in the fiscal year beginning July 1, 1996, pursuant to section 426B.2, subsections 1 and 3, exceeds the amount of the property tax relief moneys received in the fiscal year beginning July 1, 1995, for each of the levies for the following, except for the levies on the increase in taxable valuation due to new construction, additions or improvements to existing structures, remodeling

of existing structures for which a building permit is required, annexation, and phasing out of tax exemptions, and on the increase in valuation of taxable property as a result of a comprehensive revaluation by a private appraiser under a contract entered into prior to January 1, 1992, or as a result of a comprehensive revaluation directed or authorized by the conference board prior to January 1, 1992, with documentation of the contract, authorization, or directive on the revaluation provided to the director of revenue and finance, if the levies are equal to or less than the levies for the previous year, levies on that portion of the taxable property located in an urban renewal project the tax revenues from which are no longer divided as provided in section 403.19, subsection 2, or as otherwise provided in this section:

- a. General county services under section 331.422, subsection 1.
- b. Rural county services under section 331.422, subsection 2.
- c. Other taxes under section 331.422, subsection 4.

Sec. 27. NEW SECTION. 444.25B PROPERTY TAX LIMITATION FOR FISCAL YEAR 1998.

1. COUNTY LIMITATION. The maximum amount of property tax dollars which may be certified by a county for taxes payable in the fiscal year beginning July 1, 1997, shall not exceed the amount of property tax dollars certified by the county for taxes payable in the fiscal year beginning July 1, 1996, minus the amount by which the property tax relief moneys to be received by the county in the fiscal year beginning July 1, 1997, pursuant to section 426B.2, subsections 1 and 3, exceeds the amount of the property tax relief moneys received in the fiscal year beginning July 1, 1996, for each of the levies for the following, except for the levies on the increase in taxable valuation due to new construction, additions or improvements to existing structures, remodeling of existing structures for which a building permit is required,

annexation, and phasing out of tax exemptions, and on the increase in valuation of taxable property as a result of a comprehensive revaluation by a private appraiser under a contract entered into prior to January 1, 1992, or as a result of a comprehensive revaluation directed or authorized by the conference board prior to January 1, 1992, with documentation of the contract, authorization, or directive on the revaluation provided to the director of revenue and finance, if the levies are equal to or less than the levies for the previous year, levies on that portion of the taxable property located in an urban renewal project the tax revenues from which are no longer divided as provided in section 403.19, subsection 2, or as otherwise provided in this section:

- a. General county services under section 331.422, subsection 1.
 - b. Rural county services under section 331.422, subsection 2.
 - c. Other taxes under section 331.422, subsection 4.
2. EXCEPTIONS. The limitations provided in subsection 1 do not apply to the levies made for the following:
- a. Debt service to be deposited into the debt service fund pursuant to section 331.430.
 - b. Taxes approved by a vote of the people which are payable during the fiscal year beginning July 1, 1997.
 - c. Hospitals pursuant to chapters 37, 347, and 347A.
 - d. Emergency management to be deposited into the local emergency management fund and expended for development of hazardous substance teams pursuant to chapter 29C.
 - e. Unusual need for additional moneys to finance existing programs which would provide substantial benefit to county residents or compelling need to finance new programs which would provide substantial benefit to county residents. The increase in taxes levied under this exception for the fiscal year beginning July 1, 1997, is limited to no more than the product of the total tax dollars levied in the fiscal year

beginning July 1, 1996, and the percent change, computed to two decimal places, in the price index for government purchases by type for state and local governments computed for the third quarter of calendar year 1996 from that computed for the third quarter of calendar year 1995.

For purposes of this paragraph, the price index for government purchases by type for state and local governments is defined by the bureau of economic analysis of the United States department of commerce and published in table 7.11 of the national income and products accounts. For the fiscal year beginning July 1, 1997, the price index used shall be the revision published in the November 1996 edition of the United States department of commerce publication, "survey of current business". For purposes of this paragraph, tax dollars levied in the fiscal year beginning July 1, 1996, shall not include funds levied for paragraphs "a", "b", and "c" of this subsection.

Application of this exception shall require an original publication of the budget and a public hearing and a second publication and a second hearing both in the manner and form prescribed by the director of the department of management, notwithstanding the provisions of section 331.434. The publications and hearings prescribed in this paragraph shall be held and the budget certified no later than March 15. The taxes levied for counties whose budgets are certified after March 15, 1997, shall be frozen at the fiscal year beginning July 1, 1996, level.

3. APPEAL PROCEDURES. In lieu of the procedures in sections 24.48 and 331.426, which procedures do not apply for taxes payable in the fiscal year beginning July 1, 1997, if a county needs to raise property tax dollars from a tax levy in excess of the limitations imposed by subsection 1, the following procedures apply:

a. Not later than March 1, and after the publication and public hearing on the budget in the manner and form prescribed

by the director of the department of management, notwithstanding section 331.434, the county shall petition the state appeal board for approval of a property tax increase in excess of the increase provided for in subsection 2, paragraph "e", on forms furnished by the director of the department of management. Applications received after March 1 shall be automatically ineligible for consideration by the board.

b. Additional costs incurred by the county due to any of the following circumstances shall be the basis for justifying the excess in property tax dollars:

(1) Natural disaster or other life-threatening emergencies.

(2) Unusual need for additional moneys to finance existing programs which would provide substantial benefit to county residents or compelling need to finance new programs which would provide substantial benefit to county residents.

(3) Need for additional moneys for health care, treatment, and facilities pursuant to section 331.424, subsection 1, paragraphs "a" and "b".

(4) Judgments, settlements, and related costs arising out of civil claims against the county and its officers, employees, and agents, as defined in chapter 670.

c. The state appeal board shall approve, disapprove, or reduce the amount of excess property tax dollars requested. The board shall take into account the intent of this section to provide property tax relief. The decision of the board shall be rendered at a regular or special meeting of the board within twenty days of the board's receipt of an appeal.

d. Within seven days of receipt of the decision of the state appeal board, the county shall adopt and certify its budget under section 331.434, which budget may be protested as provided in section 331.436. The budget shall not contain an amount of property tax dollars in excess of the amount approved by the state appeal board.

4. Rate adjustment by county auditor. In addition to the requirement of the county auditor in section 444.3 to establish a rate of tax which does not exceed the rate authorized by law, the county auditor shall also adjust the rate if the amount of property tax dollars to be raised is in excess of the amount specified in subsection 1, as may be adjusted pursuant to subsection 3.

Sec. 28. Section 444.27, Code 1995, is amended to read as follows:

444.27 SECTIONS VOID.

1. For purposes of section 444.25, sections 24.48 and 331.426 are void for the fiscal years beginning July 1, 1993, and July 1, 1994. For purposes of section 444.25A, sections 24.48 and 331.426 are void for the fiscal years beginning July 1, 1995, and July 1, 1996.

2. For purposes of section 444.25B, sections 24.48 and 331.426 are void for the fiscal year beginning July 1, 1997.

DIVISION V

INDUSTRIAL MACHINERY, EQUIPMENT AND COMPUTERS PROPERTY

TAX

EXEMPTION AND REPLACEMENT

Sec. 29. Section 427B.17, Code 1995, is amended to read as follows:

427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

1. For property defined in section 427A.1, subsection 1, paragraphs "e" and "j", acquired or initially leased on or after January 1, 1982, the taxpayer's valuation shall be limited to thirty percent of the net acquisition cost of the property, except as otherwise provided in subsections 2 and 3. For purposes of this section, "net acquisition cost" means the acquired cost of the property including all foundations and installation cost less any excess cost adjustment.

For purposes of this ~~section~~ subsection:

~~1. Property assessed by the department of revenue and finance pursuant to sections 428:24 to 428:29, or chapters~~

~~433, 434 and 436 to 438 shall not receive the benefits of this section:~~

2. a. Property acquired before January 1, 1982, which was owned or used before January 1, 1982, by a related person shall not receive the benefits of this ~~section~~ subsection.

3. b. Property acquired on or after January 1, 1982, which was owned and used by a related person shall not receive any additional benefits under this ~~section~~ subsection.

4. c. Property which was owned or used before January 1, 1982, and subsequently acquired by an exchange of like property shall not receive the benefits of this ~~section~~ subsection.

5. d. Property which was acquired on or after January 1, 1982, and subsequently exchanged for like property shall not receive any additional benefits under this ~~section~~ subsection.

6. e. Property acquired before January 1, 1982, which is subsequently leased to a taxpayer or related person who previously owned the property shall not receive the benefits of this ~~section~~ subsection.

7. f. Property acquired on or after January 1, 1982, which is subsequently leased to a taxpayer or related person who previously owned the property shall not receive any additional benefits under this ~~section~~ subsection.

For purposes of this ~~section~~ subsection, "related person" means a person who owns or controls the taxpayer's business and another business entity from which property is acquired or leased or to which property is sold or leased. Business entities are owned or controlled by the same person if the same person directly or indirectly owns or controls fifty percent or more of the assets or any class of stock or who directly or indirectly has an interest of fifty percent or more in the ownership or profits.

2. Property defined in section 427A.1, subsection 1, paragraphs "e" and "j", which is first assessed for taxation in this state on or after January 1, 1995, shall be exempt from taxation.

3. Property defined in section 427A.1, subsection 1, paragraphs "e" and "j", and assessed under section 427B.17, subsection 1, shall be valued by the local assessor as follows for the following assessment years:

a. For the assessment year beginning January 1, 1999, at twenty-two percent of the net acquisition cost.

b. For the assessment year beginning January 1, 2000, at fourteen percent of the net acquisition cost.

c. For the assessment year beginning January 1, 2001, at six percent of the net acquisition cost.

d. For the assessment year beginning January 1, 2002, and succeeding assessment years, at zero percent of the net acquisition cost.

4. Property assessed pursuant to this section shall not be eligible to receive a partial exemption under sections 427B.1 to 427B.6.

5. This section shall not apply to property assessed by the department of revenue and finance pursuant to sections 428.24 to 428.29, or chapters 433, 434, and 436 to 438, and such property shall not receive the benefits of this section.

Any electric power generating plant which operated during the preceding assessment year at a net capacity factor of more than twenty percent, shall not receive the benefits of this section or of sections 15.332 and 15.334. For purposes of this section, "electric power generating plant" means any name plate rated electric power generating plant, in which electric energy is produced from other forms of energy, including all taxable land, buildings, and equipment used in the production of such energy. "Net capacity factor" means net actual generation divided by the product of net maximum capacity times the number of hours the unit was in the active state during the assessment year. Upon commissioning, a unit is in the active state until it is decommissioned. "Net actual generation" means net electrical megawatt hours produced by the unit during the preceding assessment year. "Net maximum

capacity" means the capacity the unit can sustain over a specified period when not restricted by ambient conditions or equipment deratings, minus the losses associated with station service or auxiliary loads.

6. The taxpayer's valuation of property defined in section 427A.1, subsection 1, paragraphs "e" and "j", and located in an urban renewal area for which an urban renewal plan provides for the division of taxes as provided in section 403.19 to pay the principal and interest on loans, advances, bonds issued under the authority of section 403.9, subsection 1, or indebtedness incurred by a city or county to finance an urban renewal project within the urban renewal area, if such loans, advances, or bonds were issued or indebtedness incurred, on or after January 1, 1982, and on or before June 30, 1995, shall be limited to thirty percent of the net acquisition cost of the property. Such property located in an urban renewal area shall not be valued pursuant to subsection 2 or 3, whichever is applicable, until the assessment year following the calendar year in which the obligations created by any loans, advances, bonds, or indebtedness payable from the division of taxes as provided in section 403.19 have been retired. The taxpayer's valuation for such property shall then be the valuation specified in subsection 2 or 3, whichever is applicable, for the applicable assessment year. If the loans, advances, or bonds issued, or indebtedness incurred between January 1, 1982, and June 30, 1995, are refinanced or refunded after June 30, 1995, the valuation of such property shall then be the valuation specified in subsection 2 or 3, whichever is applicable, for the applicable assessment year beginning with the assessment year following the calendar year in which any of those loans, advances, bonds, or other indebtedness are refinanced or refunded after June 30, 1995.

7. For the purpose of dividing taxes under section 260E.4 or 260F.4, the employer's or business's valuation of property defined in section 427A.1, subsection 1, paragraphs "e" and

"j", and used to fund a new jobs training project which project's first written agreement providing for a division of taxes as provided in section 403.19 is approved on or before June 30, 1995, shall be limited to thirty percent of the net acquisition cost of the property. An employer's or business's taxable property used to fund a new jobs training project shall not be valued pursuant to subsection 2 or 3, whichever is applicable, until the assessment year following the calendar year in which the certificates or other funding obligations have been retired or escrowed. The taxpayer's valuation for such property shall then be the valuation specified in subsection 1 for the applicable assessment year. If the certificates issued, or other funding obligations incurred, between January 1, 1982, and June 30, 1995, are refinanced or refunded after June 30, 1995, the valuation of such property shall then be the valuation specified in subsection 2 or 3, whichever is applicable, for the applicable assessment year beginning with the assessment year following the calendar year in which those certificates or other funding obligations are refinanced or refunded after June 30, 1995.

Sec. 30. NEW SECTION. 427B.18 REPLACEMENT.

Beginning with the fiscal year beginning July 1, 1996, each county treasurer shall be paid from the industrial machinery, equipment and computers replacement fund an amount equal to the amount of the industrial machinery, equipment and computers tax replacement claim, as calculated in section 427B.19.

Sec. 31. NEW SECTION. 427B.19 ASSESSOR AND COUNTY AUDITOR DUTIES.

1. On or before July 1 of each fiscal year, the assessor shall determine the total assessed value of the property assessed under section 427B.17 for taxes payable in that fiscal year and the total assessed value of such property assessed as of January 1, 1994, and shall report the valuations to the county auditor.

2. On or before July 1 of each fiscal year, the assessor shall determine the valuation of all commercial and industrial property assessed for taxes payable in that fiscal year and the valuation of such property assessed as of January 1, 1994, and shall report the valuations to the county auditor.

3. On or before July 1, 1996, and on or before July 1 of each succeeding fiscal year through June 30, 2006, the county auditor shall prepare a statement, based upon the report received pursuant to subsections 1 and 2, listing for each taxing district in the county:

a. Beginning with the assessment year beginning January 1, 1995, the difference between the assessed valuation of property assessed pursuant to section 427B.17 for that year and the total assessed value of such property assessed as of January 1, 1994. If the total assessed value of the property assessed as of January 1, 1994, is less, there is no tax replacement for the fiscal year.

b. The tax levy rate for each taxing district for that fiscal year.

c. The industrial machinery, equipment and computers tax replacement claim for each taxing district. For fiscal years beginning July 1, 1996, and ending June 30, 2001, the replacement claim is equal to the amount determined pursuant to paragraph "a", multiplied by the tax rate specified in paragraph "b". For fiscal years beginning July 1, 2001, and ending June 30, 2006, the replacement claim is equal to the product of the amount determined pursuant to paragraph "a", less any increase in valuations determined in paragraph "d", and the tax rate specified in paragraph "b". If the amount subtracted under paragraph "d" is more than the amount determined in paragraph "a", there is no tax replacement for the fiscal year.

d. Beginning with the assessment year beginning January 1, 2000, the auditor shall reduce the amount listed in paragraph "a", by the increase, if any, in assessed valuations of

commercial and industrial property in the assessment year beginning January 1, 1994, and the assessment year for which taxes are due and payable in that fiscal year. If the calculation under this paragraph indicates a net decrease in aggregate valuation of such property, the industrial machinery, equipment and computers tax replacement claim for each taxing district is equal to the amount determined pursuant to paragraph "a", multiplied by the tax rate specified in paragraph "b".

4. The county auditor shall certify and forward one copy of the statement to the department of revenue and finance not later than July 1 of each year.

Sec. 32. NEW SECTION. 427B.19A FUND CREATED.

1. The industrial machinery, equipment and computers property tax replacement fund is created. For the fiscal year beginning July 1, 1996, through the fiscal year ending June 30, 2006, there is appropriated annually from the general fund of the state to the department of revenue and finance to be credited to the industrial machinery, equipment and computers property tax replacement fund, an amount sufficient to implement this division.

2. If an amount appropriated for a fiscal year is insufficient to pay all claims, the director shall prorate the disbursements from the fund to the county treasurers and shall notify the county auditors of the pro rata percentage on or before August 1.

3. The replacement claims shall be paid to each county treasurer in equal installments in September and March of each year. The county treasurer shall apportion the replacement claim payments among the eligible taxing districts in the county.

Sec. 33. NEW SECTION. 427B.19B GUARANTEE OF STATE REPLACEMENT FUNDS.

For the fiscal years beginning July 1, 1996, and ending June 30, 2006, if the industrial machinery, equipment and

computers property tax replacement fund is insufficient to pay in full the total of the amounts certified to the director of revenue and finance, the director shall compute for each county the difference between the total of all replacement claims for each taxing district within the county and the amount paid to the county treasurer for disbursement to each taxing district in the county. The assessor, for the assessment year for which taxes are due and payable in the fiscal year for which a sufficient appropriation was not made, shall revalue all industrial machinery, equipment and computers described in section 427B.17, subsections 2 and 3, in the county at a percentage of net acquisition cost which will yield from each taxing district its shortfall and the property shall be assessed and taxed in such manner for taxes due and payable in the following fiscal year in addition to being assessed and taxed in the applicable manner under section 427B.17. When conducting the revaluation, the assessor shall increase the percentage of net acquisition cost of such property by the same percentage point. Property tax dollar amounts certified pursuant to this section shall not be considered property tax dollars certified for purposes of the property tax limitation in chapter 444.

Sec. 34. Section 257.3, subsection 1, Code 1995, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The amount paid to each school district for the tax replacement claim for industrial machinery, equipment and computers under section 427B.19A shall be regarded as property tax. The portion of the payment which is foundation property tax shall be determined by applying the foundation property tax rate to the amount computed under section 427B.19, subsection 3, paragraph "a", as adjusted by paragraph "d", if any adjustment was made.

DIVISION VI

FISCAL YEAR 1996 PAYMENT

Sec. 35. FISCAL YEAR 1996 RELIEF FUND PAYMENT.

Notwithstanding 1995 Iowa Acts, House File 132, section 13, the appropriation in that section shall not be made from the general fund of the state but shall be made from the property tax relief fund created in section 426B.1, as enacted by this Act. Notwithstanding section 426B.2, subsection 2, as enacted by this Act, for the fiscal year beginning July 1, 1995, the amount of moneys distributed under that subsection shall be \$54.4 million.

LEONARD L. BOSWELL
President of the Senate

RON J. CORBETT
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 69, Seventy-sixth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Stem Vitar
Approved May 2, 1995

TERRY E. BRANSTAD
Governor