

**House File 2382 - Introduced**

HOUSE FILE 2382

BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HSB 601)

**A BILL FOR**

1 An Act relating to water quality by providing funding for  
2 water quality financial assistance programs, extending the  
3 period of time for collecting sales tax for deposit in the  
4 secure an advanced vision for education fund, modifying  
5 and specifying uses for funding received from the secure  
6 an advanced vision for education fund, and modifying  
7 allocations of state sales and use tax revenue collections.  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

WATER QUALITY — FUNDING

1  
2  
3 Section 1. Section 16.134, Code 2016, is amended to read as  
4 follows:

5 **16.134 Wastewater and drinking water treatment financial**  
6 **assistance program.**

7 1. The Iowa finance authority shall establish and  
8 administer a wastewater and drinking water treatment financial  
9 assistance program. The purpose of the program shall be to  
10 provide financial assistance to enhance water quality. The  
11 program shall be administered in accordance with rules adopted  
12 by the authority pursuant to chapter 17A. For purposes of  
13 this section, "program" means the wastewater and drinking water  
14 treatment financial assistance program and "committee" means  
15 the water quality financing review committee created in section  
16 16.143.

17 2. A wastewater and drinking water treatment financial  
18 assistance fund is created and shall consist of appropriations  
19 made to the fund and transfers of interest, earnings, and  
20 moneys from other funds as provided by law. Moneys in the  
21 fund are not subject to section 8.33. Notwithstanding section  
22 12C.7, subsection 2, interest or earnings on moneys in the fund  
23 shall be credited to the fund.

24 3. Financial assistance under the program shall be used to  
25 install or upgrade wastewater treatment facilities and systems  
26 and drinking water treatment facilities and systems, and for  
27 engineering or technical assistance for facility planning and  
28 design.

29 4. The authority committee shall ~~distribute~~ approve  
30 financial assistance ~~in~~ from the fund in accordance with the  
31 following:

32 ~~a. The goal of the program shall be to base awards on the~~  
33 ~~impact of the grant combined with other sources of financing to~~  
34 ~~ensure that sewer rates do not exceed one and one-half percent~~  
35 ~~of a community's median household income.~~

1 ~~b.~~ a. ~~Communities shall be eligible for financial~~  
2 ~~assistance by qualifying as~~ Priority shall be given for  
3 projects in which a disadvantaged community and is seeking  
4 financial assistance for the installation or upgrade of  
5 wastewater treatment facilities ~~due to regulatory activity~~  
6 ~~by the department of natural resources~~ and drinking water  
7 treatment facilities. For purposes of **this section**, the term  
8 "*disadvantaged community*" means the same as defined by the  
9 department.

10 ~~e.~~ b. Priority shall be given to projects in which the  
11 financial assistance is used ~~to obtain~~ with financing under the  
12 water pollution control works and drinking water facilities  
13 financing program pursuant to **section 16.131** or other federal  
14 or state financing.

15 ~~d.~~ c. Priority shall also be given to projects whose  
16 completion will provide significant improvement to water  
17 quality in the relevant watershed.

18 ~~e.~~ d. Priority shall also be given to communities that  
19 employ an alternative wastewater treatment technology pursuant  
20 to **section 455B.199C**.

21 ~~f.~~ e. Priority shall ~~be~~ be given to those communities  
22 where sewer or water rates are the highest as a percentage of  
23 that community's median household income.

24 ~~g.~~ f. Financial assistance in the form of grants shall be  
25 issued on an annual basis.

26 ~~h.~~ g. An applicant shall not receive a grant that exceeds  
27 five hundred thousand dollars.

28 5. The authority in cooperation with the department of  
29 natural resources shall ~~share~~ provide information and resources  
30 to the committee when the committee is determining the  
31 qualifications of a community for financial assistance from the  
32 fund.

33 6. The authority shall enter into agreements with financial  
34 assistance recipients and distribute moneys under the program  
35 pursuant to financial assistance determinations made by the

1 committee. The authority may use an amount of not more than  
2 four percent of any moneys appropriated for deposit in the fund  
3 for administration purposes.

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

7 8. a. Beginning September 1, 2026, and every ten years  
8 thereafter, a program review committee is established for  
9 purposes of reviewing the wastewater and drinking water  
10 treatment financial assistance program. By December 1 of  
11 the same year, the review committee shall file a report  
12 with the governor and the general assembly that reviews the  
13 effectiveness of the program during the prior ten fiscal years.

14 b. The program review committee shall consist of the  
15 following members:

16 (1) The governor or the governor's designee.

17 (2) The secretary of agriculture or the secretary's  
18 designee.

19 (3) The executive director of the authority or the executive  
20 director's designee.

21 (4) The director of the department of natural resources or  
22 the director's designee.

23 (5) Four members of the general assembly, with two from the  
24 senate and two from the house of representatives and not more  
25 than one member from each chamber being from the same political  
26 party. The two senators shall be designated one member each  
27 by the president of the senate, after consultation with the  
28 majority leader of the senate, and by the minority leader of  
29 the senate. The two representatives shall be designated one  
30 member each by the speaker of the house of representatives,  
31 after consultation with the majority leader of the house of  
32 representatives, and by the minority leader of the house of  
33 representatives.

34 c. Staffing services shall be provided by the authority.

35 Sec. 2. NEW SECTION. 16.142 Definitions.

1 1. As used in this part, unless the context otherwise  
2 requires:

3 a. "Committee" means the water quality financing review  
4 committee created in section 16.143.

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

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

15 d. "Loan recipient" means an eligible entity that has  
16 received a loan under the program.

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

29 f. "Program" means the water quality financing program  
30 created in this part.

31 g. "Project" means any combination of improvements,  
32 structures, developments, tasks, actions, constructions,  
33 modifications, operations, or practices designed to improve  
34 water quality that are proposed by an eligible entity and  
35 approved by the committee. "Project" includes but is not

1 limited to any of the following:

2 (1) A project meeting the requirements of part 2 of this  
3 subchapter.

4 (2) A project, operation, or practice undertaken or carried  
5 out to address watershed protection, flood prevention, or water  
6 quality improvement.

7 (3) A project meeting the requirements of a sponsor project  
8 under section 455B.199.

9 Sec. 3. NEW SECTION. **16.143 Water quality financing review**  
10 **committee.**

11 1. A water quality financing review committee is created  
12 consisting of the secretary of agriculture or the secretary's  
13 designee, the executive director of the authority or the  
14 executive director's designee, and the director of the  
15 department of natural resources or the director's designee.

16 2. The committee shall review and approve or deny  
17 applications for financial assistance under the water quality  
18 financing program established in section 16.144 and the  
19 wastewater and drinking water treatment financial assistance  
20 program established under section 16.134.

21 Sec. 4. NEW SECTION. **16.144 Water quality financing**  
22 **program.**

23 1. The authority, in cooperation with the department of  
24 natural resources and the department of agriculture and land  
25 stewardship, shall establish and administer a water quality  
26 financing program. The purpose of the program shall be to  
27 provide financial assistance to enhance the quality of surface  
28 water and groundwater, particularly by providing financial  
29 assistance for projects designed to improve water quality by  
30 addressing collaborative projects between point and nonpoint  
31 sources.

32 2. The authority shall determine the interest rate  
33 and repayment terms for loans made under the program, in  
34 cooperation with the department of natural resources and  
35 the department of agriculture and land stewardship, and the

1 authority shall enter into loan agreements with eligible  
2 entities in compliance with and subject to the terms and  
3 conditions of the program as described in this part.

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

11 4. The program shall be administered by the authority in  
12 accordance with rules adopted by the authority pursuant to  
13 chapter 17A.

14 5. *a.* Beginning September 1, 2026, and every ten years  
15 thereafter, a program review committee is established for  
16 purposes of reviewing the water quality financing program. By  
17 December 1 of the same year, the review committee shall file a  
18 report with the governor and the general assembly that reviews  
19 the effectiveness of the program during the prior ten fiscal  
20 years.

21 *b.* The program review committee shall consist of the  
22 following members:

23 (1) The governor or the governor's designee.

24 (2) The secretary of agriculture or the secretary's  
25 designee.

26 (3) The executive director of the authority or the executive  
27 director's designee.

28 (4) The director of the department of natural resources or  
29 the director's designee.

30 (5) Four members of the general assembly, with two from the  
31 senate and two from the house of representatives and not more  
32 than one member from each chamber being from the same political  
33 party. The two senators shall be designated one member each  
34 by the president of the senate, after consultation with the  
35 majority leader of the senate, and by the minority leader of

1 the senate. The two representatives shall be designated one  
2 member each by the speaker of the house of representatives,  
3 after consultation with the majority leader of the house of  
4 representatives, and by the minority leader of the house of  
5 representatives.

6 *c.* Staffing services shall be provided by the authority.

7 **Sec. 5. NEW SECTION. 16.145 Water quality financing program**  
8 **fund — appropriation — other funds.**

9 1. *a.* A water quality financing program fund is created  
10 and shall consist of appropriations made to the fund, transfers  
11 to the fund pursuant to section 423.2, subsection 11, and  
12 transfers of interest, earnings, and moneys from other  
13 funds as provided by law. The fund shall be administered by  
14 the authority as a revolving fund. Moneys in the fund are  
15 appropriated to the authority for purposes of the program.  
16 Notwithstanding section 8.33, moneys in the fund that remain  
17 unencumbered or unobligated at the close of a fiscal year shall  
18 not revert but shall remain available for expenditure for the  
19 purposes designated. Notwithstanding section 12C.7, subsection  
20 2, interest or earnings on moneys in the fund shall be credited  
21 to the fund.

22 *b.* The authority shall use the moneys in the fund to provide  
23 financial assistance to eligible entities under the program.  
24 The authority may provide financial assistance in the form  
25 deemed most convenient for the efficient financing of projects,  
26 including loans, forgivable loans, or grants. The authority  
27 shall administer the fund and the program in such a manner  
28 as to provide a permanent source of water quality project  
29 financial assistance to eligible entities.

30 *c.* The authority may annually use an amount of not more  
31 than one percent of the moneys in the fund for administrative  
32 purposes.

33 2. *a.* The authority may establish and maintain other  
34 funds and accounts determined to be necessary to carry out the  
35 purposes of the program and shall provide for the funding,



1 administration, investment, restrictions, and disposition of  
2 the funds and accounts.

3     *b.* Moneys appropriated to and used by the authority for  
4 purposes of paying the costs and expenses associated with  
5 the administration of the program shall be administered as  
6 determined by the authority.

7     *c.* All moneys transferred to the authority pursuant to  
8 section 423.2, subsection 11, shall be deposited and held in  
9 a fund or account established and maintained pursuant to this  
10 section for purposes of the program.

11     3. The funds or accounts held by the authority, or a trustee  
12 acting on behalf of the authority pursuant to a trust agreement  
13 related to the program, shall not be considered part of the  
14 general fund of the state, are not subject to appropriation for  
15 any other purpose by the general assembly, and in determining  
16 a general fund balance shall not be included in the general  
17 fund of the state, but shall remain in the funds and accounts  
18 maintained by the authority or trustee pursuant to a trust  
19 agreement. Funds and accounts held by the authority, or a  
20 trustee acting on behalf of the authority pursuant to a trust  
21 agreement related to the program, are separate dedicated funds  
22 and accounts under the administration and control of the  
23 authority and subject to section 16.31.

24     4. By October 1 of each year, the authority shall submit  
25 a report to the governor and the general assembly itemizing  
26 expenditures from the fund during the previous fiscal year.

27     Sec. 6. NEW SECTION. **16.146 Eligible entities — agreements**  
28 **required.**

29     1. An eligible entity may apply to the authority for  
30 financial assistance under the program by submitting a plan  
31 that meets the following requirements:

32     *a.* The plan includes one or more projects that substantially  
33 improve water quality in the local area or watershed. Projects  
34 shall be in accordance with the latest version of the document  
35 entitled "Iowa Nutrient Reduction Strategy" initially presented

1 in November 2012 by the department of agriculture and land  
2 stewardship, the department of natural resources, and Iowa  
3 state university of science and technology.

4     *b.* The plan describes in detail the manner in which the  
5 projects will be financed and undertaken, including, as  
6 applicable, the sources of revenue directed to financing the  
7 improvements as well as the municipalities or landowners that  
8 will be receiving the revenues and how such revenues will be  
9 spent on the projects.

10     2. The committee shall review and approve or deny  
11 applications for financial assistance. The provision of  
12 financial assistance under the program shall take into account,  
13 as applicable, the number of municipalities or landowners  
14 comprising an eligible entity and the eligible entity's  
15 financing capacity. The committee shall score applications  
16 for financial assistance according to rules adopted pursuant  
17 to this part. The committee shall only provide financial  
18 assistance to eligible entities that have sufficient financing  
19 capacity and that submit an appropriate plan designed to  
20 improve water quality.

21     3. An approved eligible entity shall enter into an agreement  
22 with the authority for the provision of financial assistance.  
23 The agreement shall include standard terms for the receipt  
24 of program moneys and any other terms the authority deems  
25 necessary or convenient for the efficient administration of the  
26 program.

27     Sec. 7. NEW SECTION. 161A.101 **Water quality infrastructure**  
28 **cost-share program.**

29     1. The division shall establish and administer a water  
30 quality infrastructure cost-share program. The program  
31 shall provide financial assistance on a cost-share basis to  
32 landowners for installing infrastructure projects designed to  
33 improve the water quality of the watershed in which the land  
34 is located. In order to be eligible for financial assistance,  
35 a proposed project must be designed to reduce the transport of

1 nutrients to water from nonpoint sources within watersheds in  
2 accordance with the latest revision of the document entitled  
3 "Iowa Nutrient Reduction Strategy" initially presented in  
4 November 2012 by the department of agriculture and land  
5 stewardship, the department of natural resources, and Iowa  
6 state university of science and technology. The division  
7 shall review proposed projects submitted by applicants,  
8 negotiate project details with applicants, and approve or  
9 deny applications. The division shall score applications  
10 for financial assistance according to rules adopted pursuant  
11 to this section. The division shall adopt rules pursuant to  
12 chapter 17A necessary for the administration of the program.

13 2. A water quality infrastructure cost-share fund is  
14 created within the state treasury under the control of the  
15 division. Moneys in the fund shall consist of appropriations  
16 made to the fund, transfers to the fund pursuant to section  
17 423.2, subsection 11, and transfers of interest, earnings,  
18 and moneys from other funds as provided by law. Moneys in  
19 the fund are appropriated to the division for purposes of the  
20 program. The department may use up to four percent of the  
21 moneys credited to the fund each fiscal year for purposes of  
22 administrative costs. Notwithstanding section 8.33, moneys in  
23 the fund that remain unencumbered or unobligated at the close  
24 of a fiscal year shall not revert but shall remain available  
25 for expenditure for the purposes designated. Notwithstanding  
26 section 12C.7, subsection 2, interest or earnings on moneys in  
27 the fund shall be credited to the fund.

28 3. By October 1 of each year, the department shall submit  
29 a report to the governor and the general assembly itemizing  
30 expenditures under the program during the previous fiscal year.

31 4. a. Beginning September 1, 2026, and every ten years  
32 thereafter, a program review committee is established for  
33 purposes of reviewing the water quality infrastructure  
34 cost-share program. By December 1 of the same year, the review  
35 committee shall file a report with the governor and the general

1 assembly that reviews the effectiveness of the program during  
2 the prior ten fiscal years.

3 *b.* The program review committee shall consist of the  
4 following members:

5 (1) The governor or the governor's designee.

6 (2) The secretary of agriculture or the secretary's  
7 designee.

8 (3) The executive director of the authority or the executive  
9 director's designee.

10 (4) The director of the department of natural resources or  
11 the director's designee.

12 (5) Four members of the general assembly, with two from the  
13 senate and two from the house of representatives and not more  
14 than one member from each chamber being from the same political  
15 party. The two senators shall be designated one member each  
16 by the president of the senate, after consultation with the  
17 majority leader of the senate, and by the minority leader of  
18 the senate. The two representatives shall be designated one  
19 member each by the speaker of the house of representatives,  
20 after consultation with the majority leader of the house of  
21 representatives, and by the minority leader of the house of  
22 representatives.

23 *c.* Staffing services shall be provided by the authority.

24 Sec. 8. Section 423.2, subsection 11, paragraph b,  
25 subparagraph (3), Code 2016, is amended by striking the  
26 subparagraph and inserting in lieu thereof the following:

27 (3) (a) Of the one-sixth of the remaining revenues:

28 (i) Beginning July 1, 2016, transfer to the secure an  
29 advanced vision for education fund created in section 423F.2,  
30 the sum of the amount transferred to the secure an advanced  
31 vision for education fund pursuant to this subparagraph for  
32 the fiscal year beginning July 1, 2015, plus ten million  
33 dollars. Beginning July 1, 2017, the amount transferred to the  
34 secure an advanced vision for education fund pursuant to this  
35 subparagraph subdivision shall increase each fiscal year by ten

1 million dollars.

2 (ii) Following the transfer under subparagraph subdivision  
3 (i), transfer any remaining amount as follows:

4 (A) Fifteen percent to the wastewater and drinking water  
5 treatment financial assistance fund created in section 16.134.

6 (B) Thirty-five percent to the water quality financing  
7 program fund created in section 16.145.

8 (C) Fifty percent to the division of soil conservation  
9 and water quality of the department of agriculture and land  
10 stewardship for purposes of the water quality infrastructure  
11 cost-share program created in section 161A.101, assisting  
12 landowners with implementing water quality practices on a  
13 cost-share basis as provided in chapter 161A, and water quality  
14 demonstration projects.

15 (b) This subparagraph (3) is repealed January 1, 2050.

16 Sec. 9. Section 423.2, subsection 14, Code 2016, is amended  
17 to read as follows:

18 14. The sales tax rate of six percent is reduced to five  
19 percent beginning on January 1, ~~2030~~ 2050.

20 Sec. 10. Section 423.5, subsection 5, Code 2016, is amended  
21 to read as follows:

22 5. The use tax rate of six percent is reduced to five  
23 percent beginning on January 1, ~~2030~~ 2050.

24 Sec. 11. Section 423.43, subsection 1, paragraph b, Code  
25 2016, is amended to read as follows:

26 *b.* Subsequent to the deposit into the general fund of  
27 the state and after the transfer of such revenues collected  
28 under [chapter 423B](#), the department shall transfer one-sixth of  
29 such remaining revenues to the ~~secure an advanced vision for~~  
30 ~~education fund created in [section 423F.2](#) funds specified in~~  
31 section 423.2, subsection 11, paragraph "b", subparagraph (3),  
32 in amounts proportionate to the transfers in section 423.2,  
33 subsection 11, paragraph "b", subparagraph (3). This paragraph  
34 is repealed ~~December 31, 2029~~ January 1, 2050.

35 Sec. 12. Section 423F.1, Code 2016, is amended to read as

1 follows:

2 **423F.1 Legislative intent.**

3 It is the intent of the general assembly that the extension  
4 of the increase in the state sales, services, and use taxes  
5 under chapter 423, subchapters II and III, from five percent  
6 to six percent ~~on July 1, 2008~~ to January 1, 2050, shall be  
7 used solely for purposes of providing revenues to local school  
8 districts under this chapter to be used solely for school  
9 infrastructure purposes or school district property tax relief  
10 and water quality efforts.

11 Sec. 13. Section 423F.3, subsection 7, Code 2016, is amended  
12 to read as follows:

13 7. The general assembly shall not alter the purposes as  
14 stated in section 423F.1 for which the revenues received under  
15 this section may be used from infrastructure and property tax  
16 relief purposes and water quality efforts to any other purpose  
17 unless the bill is approved by a vote of at least two-thirds  
18 of the members of both chambers of the general assembly and is  
19 signed by the governor.

20 Sec. 14. Section 423F.6, Code 2016, is amended to read as  
21 follows:

22 **423F.6 Repeal.**

23 This chapter is repealed ~~December 31, 2029~~ January 1, 2050.

24 DIVISION II

25 SECURE AN ADVANCED VISION FOR EDUCATION FUND

26 Sec. 15. Section 257.2, subsection 2, Code 2016, is amended  
27 by striking the subsection.

28 Sec. 16. Section 257.4, subsection 1, paragraph a, Code  
29 2016, is amended by adding the following new subparagraph:

30 NEW SUBPARAGRAPH. (10) The amount of revenue received from  
31 the secure an advanced vision for education fund and approved  
32 by the school district for reducing the school district's  
33 additional property tax levy pursuant to a revenue purpose  
34 statement adopted under section 423F.3.

35 Sec. 17. NEW SECTION. **257.14A District cost per pupil**

1 equity — budget adjustment.

2 1. The board of directors of a school district with a  
3 regular program district cost per pupil that is less than the  
4 highest regular program district cost per pupil among all  
5 school districts in the state for the same budget year that  
6 wishes to receive the budget adjustment under this section may  
7 adopt a resolution by May 15 preceding the budget year and  
8 shall notify the department of management of the adoption of  
9 the resolution and the amount of the budget adjustment to be  
10 received.

11 2. *a.* For budget years beginning on or after July 1,  
12 2017, each school district that satisfies the requirements of  
13 subsection 1 shall be eligible for a budget adjustment for that  
14 budget year in an amount not to exceed the difference between  
15 the school district's regular program district cost per pupil  
16 and the highest regular program district cost per pupil among  
17 all school districts in the state multiplied by the district's  
18 budget enrollment. The resolution adopted under subsection 1  
19 may specify a budget adjustment amount that is less than the  
20 maximum amount authorized under this paragraph "a".

21 *b.* The school district shall fund the budget adjustment  
22 solely using moneys from its distribution of moneys received  
23 from the secure an advanced vision for education fund under  
24 Code section 423F.3 and authorized for such purpose by a  
25 revenue purpose statement. Amounts used to fund the budget  
26 adjustment shall be excluded from collective bargaining and  
27 shall be used solely for instructional expenditures and shall  
28 supplement, not supplant, existing school district funding for  
29 instructional expenditures.

30 3. A budget adjustment received under this section shall  
31 not affect the eligibility for or amount of any other budget  
32 adjustment authorized by law for the same budget year. In  
33 addition, a budget adjustment under this section shall be  
34 limited to the budget year for which the adjustment was  
35 authorized and shall not be included in any computation of a

1 school district's cost for any future budget year.

2 4. a. For purposes of this section, *“instructional*  
3 *expenditures”* means any of the following:

4 (1) Textbooks, as defined in section 301.1.

5 (2) Library books.

6 (3) Other instructional materials and equipment used  
7 directly by students.

8 b. *“Instructional expenditures”* does not include the  
9 salary, benefits, or other compensation of any school district  
10 employee.

11 Sec. 18. Section 423F.3, subsection 1, paragraph d, Code  
12 2016, is amended to read as follows:

13 d. For any authorized school infrastructure purpose or  
14 project of the school district as defined in subsection 6,  
15 excluding purposes specified in subsection 6, paragraph “0d”, if  
16 the total cost of the authorized infrastructure purpose does  
17 not exceed one million dollars.

18 Sec. 19. Section 423F.3, subsection 3, paragraphs b and d,  
19 Code 2016, are amended to read as follows:

20 b. If the board of directors intends to use funds for  
21 purposes or projects other than those listed in paragraph  
22 *“a”*, or change the use of funds to purposes or projects other  
23 than those listed in paragraph *“a”*, the board shall adopt  
24 a revenue purpose statement or amend an existing revenue  
25 purpose statement, subject to approval of the electors, listing  
26 the proposed use of the funds. If the board of directors  
27 intends to use funds for a school infrastructure purpose or  
28 project that was approved by the board on or after July 1,  
29 2016, the total cost of which exceeds one million dollars,  
30 the board shall adopt a revenue purpose statement or amend  
31 an existing revenue purpose statement, subject to approval  
32 of the electors, to specifically authorize the use of funds  
33 for that school infrastructure purpose or project. Both the  
34 ballot presented to the electors and the revenue purpose  
35 statement shall describe each school infrastructure purpose or



1 project that has a total cost exceeding one million dollars,  
 2 specify the estimated commencement and completion dates for  
 3 each such purpose or project, and specify a maximum amount of  
 4 funds received under this section that may be used for each  
 5 such purpose or project. School districts shall submit the  
 6 statement to the voters no later than sixty days prior to the  
 7 expiration of any existing revenue purpose statement or change  
 8 in use not included in the existing revenue purpose statement.  
 9 *d.* The board secretary shall notify the county commissioner  
 10 of elections of the intent to take an issue to the voters  
 11 pursuant to paragraph "b" or "c". The county commissioner of  
 12 elections shall publish the notices required by law for special  
 13 or general elections, and the election shall be held on a date  
 14 specified in [section 39.2, subsection 4](#), paragraph "c". A  
 15 majority of those voting on the question must favor approval  
 16 of the revenue purpose statement. However, if the proposed  
 17 revenue purpose statement or proposed amendment to an existing  
 18 revenue purpose statement authorizes the use of funds received  
 19 from the secure an advanced vision for education fund for a  
 20 school infrastructure purpose or project the cost of which  
 21 exceeds one million dollars, sixty percent of those voting  
 22 on the question must favor approval. If the proposal is not  
 23 approved, the school district shall not submit the same or new  
 24 revenue purpose statement to the electors for a period of six  
 25 months from the date of the previous election.

26 Sec. 20. Section 423F.3, subsection 6, Code 2016, is amended  
 27 by adding the following new paragraph:

28 NEW PARAGRAPH. *od.* For school budget years beginning on or  
 29 after July 1, 2017, "school infrastructure" includes any of the  
 30 following if specified in a revenue purpose statement approved  
 31 at election:

32 (1) If a school district's average transportation costs  
 33 per pupil exceed the state average transportation costs per  
 34 pupil determined under section 257.31, subsection 17, paragraph  
 35 "c", the payment of school district transportation costs not

1 to exceed an amount equal to the district's actual enrollment  
2 for the school year multiplied by the difference between the  
3 district's average transportation costs per pupil and the state  
4 average transportation costs per pupil for the school year.

5 (2) Funding a district cost per pupil equity budget  
6 adjustment under section 257.14A.

7 (3) Reduction of the school district's additional property  
8 tax levy under section 257.4.

9

EXPLANATION

10 The inclusion of this explanation does not constitute agreement with  
11 the explanation's substance by the members of the general assembly.

12 This bill relates to water quality by providing funding for  
13 water quality financial assistance programs, extending the  
14 period of time for collecting sales tax for deposit in the  
15 secure an advanced vision for education (SAVE) fund, modifying  
16 and specifying uses for funding received from the secure an  
17 advanced vision for education fund, and modifying allocations  
18 of state sales and use tax revenue collections. The bill is  
19 organized by divisions.

20 WATER QUALITY — FUNDING. The bill creates a water quality  
21 financing review committee to review and approve applications  
22 for financial assistance under the water quality financing  
23 program and the wastewater and drinking water treatment  
24 financial assistance program.

25 The bill amends the wastewater treatment financial  
26 assistance program administered by the Iowa finance authority.  
27 Currently, the program provides financial assistance to install  
28 or upgrade wastewater treatment facilities and systems, and  
29 for engineering or technical assistance for facility planning  
30 and design. Awards of financial assistance are made by the  
31 authority. The bill adds drinking water treatment facilities  
32 and systems to the program and provides that the water quality  
33 financing review committee shall approve financial assistance.  
34 The bill adds reporting and review requirements to the program.

35 The bill creates a water quality financing program to

1 provide financial assistance in the form of loans, forgivable  
2 loans, and grants to enhance the quality of surface water and  
3 groundwater, particularly by providing financial assistance  
4 for projects designed to reduce the amount of contamination  
5 by addressing collaborative projects between point and  
6 nonpoint sources. The program is administered by the Iowa  
7 finance authority in cooperation with the department of  
8 natural resources and the department of agriculture and land  
9 stewardship. The bill creates a water quality financing  
10 program fund administered by the authority to provide financial  
11 assistance under the program. The bill allows the authority  
12 to establish and maintain other funds and accounts necessary  
13 to carry out the purposes of the program. Moneys in the water  
14 quality financing program fund are not part of the general fund  
15 and are not included in determining the balance of the general  
16 fund of the state. Under the program, an eligible entity is  
17 a municipality, as defined in the bill, a landowner, a public  
18 utility, a rural water district, or rural water association.  
19 The bill provides certain application requirements regarding a  
20 plan for water quality improvement and financing and requires  
21 loan recipients to enter into agreements with the authority for  
22 terms of the financial assistance. The bill includes reporting  
23 and review requirements.

24 The bill establishes a water quality infrastructure  
25 cost-share program to provide financial assistance on a  
26 cost-share basis to landowners for installing infrastructure  
27 projects designed to improve the water quality of the watershed  
28 in which the land is located. In order to be eligible for  
29 financial assistance, a proposed project must be designed  
30 to reduce the transport of nutrients to water from nonpoint  
31 sources within watersheds in accordance with the latest  
32 revision of the document entitled "Iowa Nutrient Reduction  
33 Strategy" initially presented in November 2012 by the  
34 department of agriculture and land stewardship, the department  
35 of natural resources, and Iowa state university of science

1 and technology. The division of soil conservation and water  
2 quality of the department of agriculture and land stewardship  
3 shall review proposed projects submitted by applicants,  
4 negotiate project details with applicants, and approve  
5 applications. The bill creates a water quality infrastructure  
6 cost-share fund under the control of the division to provide  
7 financial assistance under the program. The bill includes  
8 reporting and review requirements.

9 Code section 423.2 imposes a state tax of 6 percent upon  
10 the sales price of all sales of tangible personal property,  
11 consisting of goods, wares, merchandise, and other items  
12 designated by statute, sold at retail in the state to  
13 consumers, except as otherwise provided by Code chapter 423.  
14 Generally, by operation of law, a sale subject to the sales tax  
15 is also subject to the use tax. Following certain specified  
16 transfers, one-sixth of the remaining state sales tax revenue  
17 from the 6 percent tax is transferred to the SAVE fund created  
18 in Code section 423F.2. Moneys in the SAVE fund are allocated  
19 to school districts on a per pupil basis to be used for  
20 infrastructure and property tax relief purposes specified in  
21 Code chapter 423F. Under current law, the sales tax rate of 6  
22 percent is reduced to 5 percent on January 1, 2030, and Code  
23 chapter 423F, along with other corresponding provisions, is  
24 repealed December 31, 2029.

25 The bill extends the imposition of the sales tax at the  
26 6 percent rate, the allocation to the SAVE fund, and the  
27 statutory repeal of Code chapter 423F until January 1, 2050.  
28 The bill amends the legislative intent provision that describes  
29 the purpose of increasing the state sales tax from 5 to 6  
30 percent to include water quality efforts.

31 The bill also divides the revenues currently transferred to  
32 the SAVE fund. Currently, after certain transfers are made,  
33 one-sixth of the remaining revenues are transferred to the SAVE  
34 fund. Beginning July 1, 2016, the bill transfers an amount to  
35 the SAVE fund equal to the sum of the amount transferred to the

1 SAVE fund for the fiscal year beginning July 1, 2015, plus \$10  
2 million. Beginning July 1, 2017, the amount transferred to  
3 the SAVE fund increases each fiscal year by \$10 million. Any  
4 moneys remaining from the one-sixth of the remaining revenues  
5 following the transfer to the SAVE fund are transferred to the  
6 wastewater and drinking water treatment financial assistance  
7 fund, the water quality financing program fund, and the water  
8 quality infrastructure cost-share fund. The wastewater and  
9 drinking water treatment financial assistance fund receives 15  
10 percent of the remainder, the water quality financing program  
11 fund receives 35 percent of the remainder, and the division  
12 of soil conservation and water quality receives 50 percent of  
13 the remainder for purposes of the water quality infrastructure  
14 cost-share program, assisting landowners with implementing  
15 water quality practices on a cost-share basis, and water  
16 quality demonstration projects.

17 SAVE FUND PURPOSES AND REQUIREMENTS. The bill establishes a  
18 district cost per pupil equity budget adjustment. The board of  
19 directors of a school district with a regular program district  
20 cost per pupil that is less than the highest regular program  
21 district cost per pupil among all school districts in the  
22 state for the same budget year may annually adopt a resolution  
23 to receive the budget adjustment authorized in the bill.  
24 Following adoption of the resolution the board of directors  
25 must notify the department of management of the adoption of  
26 the resolution and the amount of the budget adjustment to be  
27 received.

28 For budget years beginning on or after July 1, 2017, each  
29 eligible school district is eligible for a budget adjustment  
30 for that budget year in an amount equal to the difference  
31 between the school district's regular program district cost  
32 per pupil and the highest regular program district cost per  
33 pupil among all school districts in the state multiplied by the  
34 district's budget enrollment. The resolution authorizing the  
35 budget adjustment may specify a budget adjustment amount that

1 is less than the maximum amount authorized under the bill. The  
2 bill requires the school district to fund the budget adjustment  
3 by using moneys received from the SAVE fund and authorized for  
4 such purpose in a revenue purpose statement. Amounts used to  
5 fund the budget adjustment are required to be excluded from  
6 collective bargaining and must be used solely for instructional  
7 expenditures and must supplement, not supplant, existing school  
8 funding for instructional expenditures. The bill defines  
9 "instructional expenditures".

10 Current Code section 423F.3 provides that a school district  
11 receiving revenues from the secure an advanced vision for  
12 education fund under Code chapter 423F without a valid revenue  
13 purpose statement shall expend the revenues for specified  
14 purposes in the order prescribed by law. After required  
15 reductions of specified property tax levies, such a district  
16 may expend those revenues for authorized school infrastructure  
17 purposes specified by law. The bill amends that provision to  
18 allow only those authorized school infrastructure purposes or  
19 projects the total cost of which is \$1 million or less.

20 Code chapter 423F provides that if the school board intends  
21 to use funds for purposes or projects other than for providing  
22 property tax relief by reducing indebtedness from the levies  
23 specified under Code section 298.2 or 298.18 or to change the  
24 use of funds to purposes or projects other than those purposes  
25 or projects, the board must adopt a revenue purpose statement,  
26 subject to approval of the electors, listing the proposed use  
27 of the funds. The bill specifies that an existing revenue  
28 purpose statement may be amended to provide for such a change  
29 in the use of funds, subject to voter approval.

30 Under the bill, if the school board intends to use funds for  
31 a school infrastructure purpose or project that was approved  
32 by the board on or after July 1, 2016, the total cost of which  
33 exceeds \$1 million, the board shall adopt a revenue purpose  
34 statement or amend an existing revenue purpose statement,  
35 subject to approval of the electors, to specifically authorize

1 the use of funds for that school infrastructure purpose or  
2 project. The bill also requires both the ballot presented to  
3 the electors and the revenue purpose statement to describe each  
4 school infrastructure purpose or project that has a total cost  
5 exceeding \$1 million, specify the estimated commencement and  
6 completion dates for each such purpose or project, and specify  
7 a maximum amount of funds received from the SAVE fund that may  
8 be used for each such purpose or project.

9 The bill also provides that if the proposed revenue purpose  
10 statement or proposed amendment to an existing revenue  
11 purpose statement authorizes the use of funds for a school  
12 infrastructure purpose or project the cost of which exceeds \$1  
13 million, 60 percent of those voting on the question, rather  
14 than a simple majority, must vote in favor of approval.

15 The bill also specifies additional purposes for which a  
16 school district may use funds received from the SAVE fund  
17 in school budget years beginning on or after July 1, 2017,  
18 if the purpose is included in a voter-approved revenue  
19 purpose statement. Those additional purposes include: (1)  
20 certain transportation costs if a school district's average  
21 transportation costs per pupil exceed the state average  
22 transportation costs per pupil; (2) funding a district cost per  
23 pupil equity budget adjustment, as authorized in the bill; and  
24 (3) a reduction of the school district's additional property  
25 tax levy.