

**Senate Study Bill 1187 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON FEENSTRA)

**A BILL FOR**

1 An Act concerning county funding of mental health and  
2 disability services and the mental health and disability  
3 services property tax levy, and including effective date and  
4 applicability provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 222.73, subsection 2, paragraph b, Code  
2 2017, is amended to read as follows:

3 b. The per diem costs billed to each mental health and  
4 disability services region shall not exceed the per diem costs  
5 billed to the county region in the fiscal year beginning July  
6 1, ~~1996~~ 2016. ~~However, the per diem costs billed to a county~~  
7 ~~may be adjusted for a fiscal year to reflect increased costs~~  
8 ~~to the extent of the percentage increase in the statewide per~~  
9 ~~capita expenditure target amount, if any per capita growth~~  
10 ~~amount is authorized by the general assembly for that fiscal~~  
11 ~~year in accordance with section 331.424A.~~

12 Sec. 2. Section 230.20, subsection 2, paragraph b, Code  
13 2017, is amended to read as follows:

14 b. The per diem costs billed to each mental health and  
15 disability services region shall not exceed the per diem costs  
16 billed to the county region in the fiscal year beginning July  
17 1, ~~1996~~ 2016. ~~However, the per diem costs billed to a mental~~  
18 ~~health and disability services region may be adjusted annually~~  
19 ~~to reflect increased costs, to the extent of the percentage~~  
20 ~~increase in the statewide per capita expenditure target amount,~~  
21 ~~if any per capita growth amount is authorized by the general~~  
22 ~~assembly for the fiscal year in accordance with section 426B.3.~~

23 Sec. 3. Section 331.424A, subsection 1, Code 2017, is  
24 amended by striking the subsection and inserting in lieu  
25 thereof the following:

26 1. For the purposes of part 6 of division III of this  
27 chapter, this section, and chapter 426B, unless the context  
28 otherwise requires:

29 a. "Annual inflation factor" means the percentage  
30 established as follows and used to adjust the regional per  
31 capita expenditure target amount for each region:

32 (1) For the fiscal year beginning July 1, 2018, one hundred  
33 one percent.

34 (2) For the fiscal year beginning July 1, 2019, one hundred  
35 one percent.

1 (3) For the fiscal year beginning July 1, 2020, one hundred  
2 two percent.

3 (4) For the fiscal year beginning July 1, 2021, one hundred  
4 two percent.

5 (5) For the fiscal year beginning July 1, 2022, and each  
6 succeeding fiscal year, one hundred percent.

7 *b. "Base expenditure amount"* is an amount determined for  
8 each county that is the lesser of the following amounts:

9 (1) The county's base year expenditures for mental health  
10 and disabilities services, as defined in section 331.424A,  
11 subsection 1, paragraph "a", Code 2017.

12 (2) The product of the statewide per capita expenditure  
13 target amount multiplied by the county's population for the  
14 fiscal year beginning July 1, 2017.

15 *c. "County budgeted amount"* means the amount calculated  
16 under subsection 9 and certified for levy under subsection 6.

17 *d. "County services fund"* means a county mental health and  
18 disabilities services fund created pursuant to this section.

19 *e. "Population"* means the population shown by the latest  
20 preceding certified federal census or the latest applicable  
21 population estimate issued by the federal government, whichever  
22 is most recent and available as of July 1 of the fiscal year  
23 preceding the fiscal year to which the funding calculations  
24 apply.

25 *f. "Region"* means a mental health and disability services  
26 region formed in accordance with section 331.389.

27 *g. "Regional per capita expenditure target amount"* means the  
28 amount determined in subsection 8 for each region.

29 *h. "Statewide per capita expenditure target amount"* means  
30 forty-seven dollars and twenty-eight cents.

31 Sec. 4. Section 331.424A, subsections 4, 6, and 7, Code  
32 2017, are amended to read as follows:

33 4. An amount shall be reserved in the county services  
34 fund to address cash flow obligations in the next fiscal  
35 year. The cash flow amount shall not exceed twenty-five

1 percent of the gross expenditures budgeted from the county  
2 services fund for the fiscal year in progress. Amounts in  
3 excess of the twenty-five percent limitation shall be used  
4 for payment of services and shall result in a corresponding  
5 reduction of the county budgeted amount under subsection 9.  
6 The cash flow amount for a county's services fund shall be  
7 ~~specified in~~ based on the financial provisions of the regional  
8 governance agreement entered into by the county under section  
9 331.392. Amounts transferred from a county hospital fund to  
10 the county services fund pursuant to section 347.7, subsection  
11 1, paragraph "c", shall not be considered part of the cash flow  
12 amount reserved under this subsection.

13 6. For each fiscal year, the county shall certify a levy  
14 for payment of services. For each fiscal year, county revenues  
15 from taxes imposed by the county credited to the county  
16 services fund shall not exceed an amount equal to the county  
17 budgeted amount of base year expenditures for mental health  
18 and disability services for the fiscal year. A levy certified  
19 under [this section](#) is not subject to the appeal provisions of  
20 section 331.426 or to any other provision in law authorizing  
21 a county to exceed, increase, or appeal a property tax levy  
22 limit.

23 7. Appropriations specifically authorized to be made from  
24 the ~~mental health and disabilities~~ county services fund shall  
25 not be made from any other fund of the county.

26 Sec. 5. Section 331.424A, subsection 8, Code 2017, is  
27 amended by striking the subsection and inserting in lieu  
28 thereof the following:

29 8. a. For the fiscal year beginning July 1, 2017, the  
30 regional per capita expenditure target amount is the sum of the  
31 base expenditure amount for all counties in the region divided  
32 by the population of the region.

33 b. For the fiscal year beginning July 1, 2018, and each  
34 subsequent fiscal year, the regional per capita expenditure  
35 target amount shall be an amount equal to the regional

1 per capita expenditure target amount for the immediately  
2 preceding fiscal year multiplied by the annual inflation factor  
3 established in subsection 1 for the fiscal year. However,  
4 application of the annual inflation factor in any fiscal year  
5 shall not result in a regional per capita expenditure target  
6 amount that exceeds the statewide per capita expenditure target  
7 amount.

8 Sec. 6. Section 331.424A, Code 2017, is amended by adding  
9 the following new subsection:

10 NEW SUBSECTION. 9. For the fiscal year beginning July 1,  
11 2017, and each subsequent fiscal year, the county budgeted  
12 amount determined for each county shall be the amount necessary  
13 to meet the county's financial obligations for the payment  
14 of services provided under the regional service system  
15 management plan approved pursuant to section 331.393, not to  
16 exceed an amount equal to the product of the regional per  
17 capita expenditure target amount multiplied by the county's  
18 population, and reduced by the amount of the county's cash flow  
19 amount in the county services fund as provided in subsection  
20 4 that exceeds twenty-five percent of the gross expenditures  
21 budgeted from the county services fund for the fiscal year in  
22 progress, if applicable.

23 Sec. 7. Section 331.432, subsection 3, Code 2017, is amended  
24 to read as follows:

25 3. Except as authorized in [section 331.477](#), transfers  
26 of moneys between the county ~~mental health and disabilities~~  
27 services fund created pursuant to [section 331.424A](#) and any  
28 other fund are prohibited. This subsection does not apply  
29 to transfers made pursuant to section 347.7, subsection 1,  
30 paragraph "c".

31 Sec. 8. Section 347.7, subsection 1, Code 2017, is amended  
32 by adding the following new paragraph:

33 NEW PARAGRAPH. c. For the fiscal year beginning July  
34 1, 2017, and subsequent fiscal years, if a county having a  
35 population of two hundred twenty-five thousand or over has

1 a county budgeted amount under section 331.424A, subsection  
2 9, that is equal to the product of the regional per capita  
3 expenditure target amount multiplied by the county's  
4 population, as those terms are defined in section 331.424A, the  
5 board of supervisors may transfer from a county public hospital  
6 fund to the county services fund created pursuant to section  
7 331.424A, an amount not to exceed the product of the county's  
8 population multiplied by the remainder of the statewide per  
9 capita expenditure target amount minus the regional per capita  
10 expenditure target amount for the county, as those terms are  
11 defined in section 331.424A.

12 Sec. 9. Section 426B.1, subsection 2, Code 2017, is amended  
13 to read as follows:

14 2. Moneys shall be distributed from the property tax  
15 relief fund to counties for the mental health and disability  
16 regional service system for ~~providing county base property tax~~  
17 ~~equivalent equalization payments and the per capita growth~~  
18 ~~amount established pursuant to section 426B.3 mental health and~~  
19 ~~disabilities services~~, in accordance with the appropriations  
20 made to the fund and other statutory requirements.

21 Sec. 10. Section 426B.2, Code 2017, is amended to read as  
22 follows:

23 **426B.2 Property tax relief fund payments.**

24 ~~1.~~ The director of human services shall draw warrants on the  
25 property tax relief fund, payable to the county treasurer in  
26 the amount due to a county in accordance with ~~section 426B.3~~  
27 ~~statutory requirements~~, and mail the warrants to the county  
28 auditors in July and January of each year.

29 ~~2.~~ As used in ~~this chapter~~ and in ~~section 331.424A~~, for  
30 ~~purposes of population-based funding calculations, "population"~~  
31 ~~means the population shown by the latest preceding certified~~  
32 ~~federal census or the latest applicable population estimate~~  
33 ~~issued by the federal government, whichever is most recent and~~  
34 ~~available as of July 1 of the fiscal year preceding the fiscal~~  
35 ~~year to which the funding calculations apply.~~

1     Sec. 11. REPEAL. Section 426B.3, Code 2017, is repealed.

2     Sec. 12. COUNTY BUDGET RECERTIFICATION. If this Act takes  
3 effect on or after March 15, 2017, notwithstanding section  
4 24.17, for the fiscal year beginning July 1, 2017, a county may  
5 recertify the county's budget as necessary to implement the  
6 provisions of this Act. A budget recertified pursuant to this  
7 section must be recertified in duplicate to the county auditor  
8 not later than thirty days after the effective date of this  
9 Act, and protests to the budget shall be filed not later than  
10 ten days after the county's budget is recertified.

11    Sec. 13. MENTAL HEALTH AND DISABILITY SERVICES FUNDING —  
12 FISCAL VIABILITY REVIEW DURING 2020 LEGISLATIVE INTERIM. The  
13 legislative council is requested to authorize a study  
14 committee to analyze the viability of the mental health and  
15 disability services funding provisions in this Act, including  
16 the methodology used to calculate and determine the base  
17 expenditure amount, the county budgeted amount, the regional  
18 per capita expenditure target amount, the statewide per  
19 capita expenditure target amount, and the annual inflation  
20 factor. The study committee shall consist of five members of  
21 the senate, three of whom shall be appointed by the majority  
22 leader of the senate and two of whom shall be appointed by  
23 the minority leader of the senate, and five members of the  
24 house of representatives, three of whom shall be appointed by  
25 the speaker of the house of representatives and two of whom  
26 shall be appointed by the minority leader of the house of  
27 representatives. The study committee shall meet during the  
28 2020 legislative interim to make appropriate recommendations  
29 for consideration during the 2021 legislative session in a  
30 report submitted to the general assembly by January 15, 2021.

31    Sec. 14. SAVINGS PROVISION. This Act, pursuant to section  
32 4.13, does not affect the operation of, or prohibit the  
33 application of, prior provisions of law amended or repealed  
34 by this Act, or rules adopted under chapter 17A to administer  
35 prior provisions of law amended or repealed by this Act, for

1 fiscal years beginning before July 1, 2017.

2 Sec. 15. EFFECTIVE UPON ENACTMENT. This Act, being deemed  
3 of immediate importance, takes effect upon enactment.

4 Sec. 16. APPLICABILITY. This Act applies to fiscal years  
5 beginning on or after July 1, 2017.

6 EXPLANATION

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

9 This bill concerns county funding of mental health and  
10 disability services and the mental health and disability  
11 services property tax levy and includes effective date and  
12 applicability provisions.

13 Under current law, for the fiscal period beginning July 1,  
14 2013, and ending June 30, 2018, county revenues from property  
15 taxes levied by the county and credited to a county mental  
16 health and disabilities services fund created pursuant to Code  
17 section 331.424A (county services fund) shall not exceed the  
18 lower of the amount of the county's base year expenditures for  
19 mental health and disability services or the amount equal to  
20 the product of the statewide per capita expenditure target  
21 for the fiscal year beginning July 1, 2013, multiplied by the  
22 county's general population for the applicable fiscal year.  
23 After June 30, 2017, current law provides that county revenues  
24 from property taxes levied and credited to the county services  
25 fund shall not exceed an amount equal to the county's base year  
26 expenditures for these services.

27 The bill amends Code section 331.424A relating to the amount  
28 of county funding for mental health and disability services  
29 and the amount of property taxes levied for payment of such  
30 services.

31 The bill establishes a methodology for establishing a  
32 regional per capita expenditure target amount. For the  
33 fiscal year beginning July 1, 2017, the regional per capita  
34 expenditure target amount is the sum of the base expenditure  
35 amount for all counties in the region, divided by the



1 population of the region. The bill defines "base expenditure  
2 amount" as the lesser of either the county's base year  
3 expenditures for mental health and disabilities services, as  
4 defined in section 331.424A, Code 2017, or the product of  
5 \$47.28 multiplied by the county's population for the fiscal  
6 year beginning July 1, 2017. For the fiscal year beginning  
7 July 1, 2018, and each subsequent fiscal year, the regional  
8 per capita expenditure target amount is an amount equal to  
9 the regional per capita expenditure target amount for the  
10 immediately preceding fiscal year multiplied by the annual  
11 inflation factor for the fiscal year, as specified in the  
12 bill. However, the bill prohibits the application of the  
13 annual inflation factor from resulting in a regional per capita  
14 expenditure target amount that exceeds the statewide per capita  
15 expenditure target amount.

16 Under the bill, a county is required to certify a property  
17 tax levy for payment of services in an amount not to exceed the  
18 county budgeted amount for the fiscal year. For the fiscal  
19 year beginning July 1, 2017, and subsequent fiscal years,  
20 each county's budgeted amount shall be the amount necessary  
21 to meet the county's financial obligations for the payment of  
22 services under the regional service system management plan, not  
23 to exceed an amount equal to the product of the regional per  
24 capita expenditure target amount multiplied by the county's  
25 population, and reduced by specified excess cash flow reserve  
26 funds, if applicable.

27 Under current law, counties are required to reserve an  
28 amount to address cash flow obligations in the next fiscal  
29 year that does not exceed 25 percent of the gross expenditures  
30 budgeted from the county services fund for the fiscal year  
31 in progress. Under the bill, a county's cash flow amount in  
32 the county services fund that exceeds 25 percent of the gross  
33 expenditures budgeted from the county services fund for the  
34 fiscal year in progress must be used for services and reduces  
35 the county's budgeted amount calculated under the bill and

1 levied as property taxes. Amounts transferred from a county  
2 hospital fund to the county services fund, as authorized in the  
3 bill, shall not be considered part of the reserved cash flow  
4 amount.

5 The bill amends Code section 347.7, relating to county  
6 hospital tax levies. The bill provides that for the fiscal  
7 year beginning July 1, 2017, and subsequent fiscal years,  
8 if a county with a population of 225,000 or more that has a  
9 county budgeted amount equal to the product of the county's  
10 population multiplied by the regional per capita expenditure  
11 target amount, the board of supervisors may transfer from the  
12 county hospital fund to the county services fund an amount  
13 not to exceed the product of the county's population for the  
14 applicable fiscal year multiplied by the remainder of the  
15 statewide per capita expenditure target amount minus the  
16 regional per capita expenditure target amount for the county.  
17 Amounts transferred by a county under this provision are  
18 available to the county for the payment of mental health and  
19 disability services.

20 The bill repeals Code section 426B.3 relating to per capita  
21 funding and repayments of Medicaid offset amounts and makes  
22 conforming Code changes to other provisions of law.

23 The bill provides that, notwithstanding the deadline for  
24 certifying a county budget, for the fiscal year beginning  
25 July 1, 2017, a county may recertify the county's budget as  
26 necessary to implement the bill if the bill takes effect after  
27 the budget certification deadline. A budget recertified  
28 pursuant to the bill must be recertified to the county auditor  
29 no later than 30 days after the effective date of the bill,  
30 and protests to the budget must be filed no later than 10 days  
31 after the county's budget is recertified.

32 The bill requests the legislative council to authorize  
33 a study committee to analyze the viability of the mental  
34 health and disability services funding provisions in the bill,  
35 including the methodology used to calculate and determine

1 the base expenditure amount, the county budgeted amount, the  
2 regional per capita expenditure target amount, the statewide  
3 per capita expenditure target amount, and the annual inflation  
4 factor. The study committee shall consist of 10 legislative  
5 members appointed as specified in the bill. The study  
6 committee shall meet during the 2020 legislative interim to  
7 make appropriate recommendations for consideration during the  
8 2021 legislative session in a report submitted to the general  
9 assembly by January 15, 2021.

10 The bill takes effect upon enactment and applies to fiscal  
11 years beginning on or after July 1, 2017.

12 The bill does not affect the operation of, or prohibit the  
13 application of, prior provisions of law amended or repealed by  
14 the bill, or rules adopted to administer prior provisions of  
15 law amended or repealed by the bill, for fiscal years beginning  
16 before July 1, 2017.