

**Senate Study Bill 3116 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED GOVERNOR BILL)

**A BILL FOR**

1 An Act relating to state and local revenue and finances  
2 including modifying individual income taxes, sales and  
3 use taxes, water service tax, and certain tax credits and  
4 provisions relating to county juvenile court expenses and  
5 mental health region funding, making appropriations, and  
6 including effective date and applicability provisions.  
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

INDIVIDUAL INCOME TAXES BEGINNING 2021 TAX YEAR

Section 1. Section 422.5A, Code 2020, is amended by striking the section and inserting in lieu thereof the following:

**422.5A Tax rates.**

The tax imposed in section 422.5 shall be calculated at the following rates:

1. On all taxable income from 0 through \$3,364, the rate of 0.30 percent.

2. On all taxable income exceeding \$3,364 but not exceeding \$6,728, the rate of 2.00 percent.

3. On all taxable income exceeding \$6,728 but not exceeding \$15,138, the rate of 3.73 percent.

4. On all taxable income exceeding \$15,138 but not exceeding \$25,230, the rate of 5.07 percent.

5. On all taxable income exceeding \$25,230 but not exceeding \$33,640, the rate of 5.36 percent.

6. On all taxable income exceeding \$33,640 but not exceeding \$50,460, the rate of 5.63 percent.

7. On all taxable income exceeding \$50,460 but not exceeding \$75,690, the rate of 6.97 percent.

8. On all taxable income exceeding \$75,690, the rate of 7.48 percent.

Sec. 2. EFFECTIVE DATE. This division of this Act takes effect January 1, 2021.

Sec. 3. APPLICABILITY. This division of this Act applies to tax years beginning on or after January 1, 2021, but before the contingent effective date in 2018 Iowa Acts, chapter 1161, section 133.

DIVISION II

CONTINGENT EFFECTIVE DATE IN 2018 IOWA ACTS — NET GENERAL FUND REVENUES CALCULATION

Sec. 4. 2018 Iowa Acts, chapter 1161, section 133, subsection 1, unnumbered paragraph 1, is amended to read as follows:

1 This division of this Act takes effect on January 1, 2023, if  
2 ~~both of the following conditions are~~ the following condition  
3 is satisfied:

4 Sec. 5. 2018 Iowa Acts, chapter 1161, section 133,  
5 subsection 1, paragraph b, is amended by striking the  
6 paragraph.

7 Sec. 6. 2018 Iowa Acts, chapter 1161, section 133,  
8 subsection 2, unnumbered paragraph 1, is amended to read as  
9 follows:

10 If ~~the provisions of~~ subsection 1 are is not satisfied and  
11 this division of this Act does not take effect on January 1,  
12 2023, then this division of this Act shall take effect on  
13 January 1 following the first fiscal year for which ~~both of the~~  
14 ~~following conditions are~~ the following condition is satisfied:

15 Sec. 7. 2018 Iowa Acts, chapter 1161, section 133,  
16 subsection 2, paragraph b, is amended by striking the  
17 paragraph.

18 DIVISION III

19 FUTURE CONTINGENT INDIVIDUAL INCOME TAXES BEGINNING IN 2023 TAX  
20 YEAR

21 Sec. 8. 2018 Iowa Acts, chapter 1161, section 107, is  
22 amended to read as follows:

23 SEC. 107. [Section 422.5A](#), as enacted in this Act, is amended  
24 by striking the section and inserting in lieu thereof the  
25 following:

26 **422.5A Tax rates.**

27 1. The tax imposed in [section 422.5](#) shall be calculated  
28 at the following rates in the case of a married couple filing  
29 jointly:

30 a. On all taxable income from 0 through \$12,000, the rate of  
31 ~~4.40~~ 4.0 percent.

32 b. On all taxable income exceeding \$12,000 but not exceeding  
33 \$60,000, the rate of ~~4.82~~ 4.45 percent.

34 c. On all taxable income exceeding \$60,000 but not exceeding  
35 \$150,000, the rate of ~~5.70~~ 4.99 percent.

1 *d.* On all taxable income exceeding \$150,000, the rate of  
2 ~~6.50~~ 5.5 percent.

3 2. The tax imposed in [section 422.5](#) shall be calculated at  
4 the following rates in the case of any taxpayer other than a  
5 married couple filing jointly:

6 *a.* On all taxable income from 0 through \$6,000, the rate of  
7 ~~4.40~~ 4.0 percent.

8 *b.* On all taxable income exceeding \$6,000 but not exceeding  
9 \$30,000, the rate of ~~4.82~~ 4.45 percent.

10 *c.* On all taxable income exceeding \$30,000 but not exceeding  
11 \$75,000, the rate of ~~5.70~~ 4.99 percent.

12 *d.* On all taxable income exceeding \$75,000, the rate of ~~6.50~~  
13 5.5 percent.

14 DIVISION IV

15 CHILD AND DEPENDENT CARE AND EARLY CHILDHOOD TAX CREDITS

16 Sec. 9. Section 422.12C, subsection 1, paragraphs f and g,  
17 Code 2020, are amended to read as follows:

18 *f.* For a taxpayer with net income of forty thousand dollars  
19 or more but less than ~~forty-five~~ ninety thousand dollars,  
20 thirty percent.

21 *g.* For a taxpayer with net income of ~~forty-five~~ ninety  
22 thousand dollars or more, zero percent.

23 Sec. 10. Section 422.12C, subsection 2, paragraph a, Code  
24 2020, is amended to read as follows:

25 *a.* The taxes imposed under [this division](#), less the amounts  
26 of nonrefundable credits allowed under [this division](#), may be  
27 reduced by an early childhood development tax credit equal to  
28 twenty-five percent of the first one thousand dollars which  
29 the taxpayer has paid to others for each dependent, as defined  
30 in the Internal Revenue Code, ages three through five for  
31 early childhood development expenses. In determining the  
32 amount of early childhood development expenses for the tax year  
33 beginning in the 2006 calendar year only, such expenses paid  
34 during November and December of the previous tax year shall  
35 be considered paid in the tax year for which the tax credit

1 is claimed. This credit is available to a taxpayer whose net  
2 income is less than ~~forty-five~~ ninety thousand dollars. If the  
3 early childhood development tax credit is claimed for a tax  
4 year, the taxpayer and the taxpayer's spouse shall not claim  
5 the child and dependent care credit under [subsection 1](#).

6 Sec. 11. APPLICABILITY. This division of this Act applies  
7 to tax years beginning on or after January 1, 2021.

8 DIVISION V

9 PRECEPTOR TAX CREDIT

10 Sec. 12. NEW SECTION. 135.39E Preceptor tax credit.

11 1. As used in this section, unless the context otherwise  
12 requires:

13 *a. "Preceptor"* means a licensed practicing physician who  
14 provides on-site education to a medical student or resident at  
15 a hospital or medical clinic in a rural area.

16 *b. "Rural area"* means any county in the state other than  
17 the ten largest counties according to the most recent federal  
18 decennial census.

19 2. An eligible preceptor may apply to the department for  
20 tax credits under this section. The tax credit may be applied  
21 against income tax imposed under chapter 422, division II. The  
22 amount of the credit equals one thousand dollars per medical  
23 student or resident supervised by the preceptor up to a maximum  
24 of ten thousand dollars per year.

25 3. Any credit in excess of the tax liability is  
26 nonrefundable and shall not be credited to the tax liability  
27 for any following year.

28 4. The credits shall be issued by the department on a  
29 first-come, first-served basis until the maximum amount of the  
30 tax credits authorized in subsection 5 is reached.

31 5. The cumulative value of tax credits annually claimed  
32 shall not exceed one hundred thousand dollars.

33 6. The department in collaboration with the department of  
34 revenue shall develop a system for the application, review, and  
35 authorization of tax credits issued pursuant to this section.

1 7. The department and the department of revenue shall each  
2 adopt rules pursuant to chapter 17A to jointly administer  
3 this section, including establishing the number of hours a  
4 preceptor must supervise a medical student or resident in order  
5 to qualify for the tax credit.

6 Sec. 13. NEW SECTION. **422.120 Preceptor tax credit.**

7 The taxes imposed under this division, less the credits  
8 allowed under section 422.12, shall be reduced by the preceptor  
9 tax credit allowed under section 135.39E.

10 Sec. 14. **APPLICABILITY.** This division of this Act applies  
11 to tax years beginning on or after January 1, 2021.

12 **DIVISION VI**

13 **SALES AND USE TAXES**

14 Sec. 15. Section 423.2, subsection 1, unnumbered paragraph  
15 1, Code 2020, is amended to read as follows:

16 There is imposed a tax ~~of six percent~~ at the rate specified  
17 in subsection 12 upon the sales price of all sales of tangible  
18 personal property, consisting of goods, wares, or merchandise,  
19 sold at retail in the state to consumers or users except as  
20 otherwise provided in **this subchapter**.

21 Sec. 16. Section 423.2, subsections 2 and 3, Code 2020, are  
22 amended to read as follows:

23 2. A tax ~~of six percent~~ at the rate specified in subsection  
24 12 is imposed upon the sales price of the sale or furnishing  
25 of gas, electricity, water, heat, pay television service, and  
26 communication service, including the sales price from such  
27 sales by any municipal corporation or joint water utility  
28 furnishing gas, electricity, water, heat, pay television  
29 service, and communication service to the public in its  
30 proprietary capacity, except as otherwise provided in this  
31 subchapter, when sold at retail in the state to consumers or  
32 users.

33 3. A tax ~~of six percent~~ at the rate specified in subsection  
34 12 is imposed upon the sales price of all sales of tickets  
35 or admissions to places of amusement, fairs, and athletic

1 events except those of elementary and secondary educational  
2 institutions. A tax ~~of six percent~~ at the rate specified in  
3 subsection 12 is imposed on the sales price of an entry fee or  
4 like charge imposed solely for the privilege of participating  
5 in an activity at a place of amusement, fair, or athletic event  
6 unless the sales price of tickets or admissions charges for  
7 observing the same activity are taxable under [this subchapter](#).  
8 A tax ~~of six percent~~ at the rate specified in subsection 12  
9 is imposed upon that part of private club membership fees or  
10 charges paid for the privilege of participating in any athletic  
11 sports provided club members.

12 Sec. 17. Section 423.2, subsection 4, paragraph a, Code  
13 2020, is amended to read as follows:

14 a. A tax ~~of six percent~~ at the rate specified in subsection  
15 12 is imposed upon the sales price derived from the operation  
16 of all forms of amusement devices and games of skill, games of  
17 chance, raffles, and bingo games as defined in [chapter 99B](#), and  
18 card game tournaments conducted under [section 99B.27](#), that are  
19 operated or conducted within the state, the tax to be collected  
20 from the operator in the same manner as for the collection of  
21 taxes upon the sales price of tickets or admission as provided  
22 in [this section](#). Nothing in [this subsection](#) shall legalize any  
23 games of skill or chance or slot-operated devices which are now  
24 prohibited by law.

25 Sec. 18. Section 423.2, subsection 5, Code 2020, is amended  
26 to read as follows:

27 5. There is imposed a tax ~~of six percent~~ at the rate  
28 specified in subsection 12 upon the sales price from the  
29 furnishing of services as defined in [section 423.1](#).

30 Sec. 19. Section 423.2, subsection 7, paragraph a,  
31 unnumbered paragraph 1, Code 2020, is amended to read as  
32 follows:

33 A tax ~~of six percent~~ at the rate specified in subsection 12  
34 is imposed upon the sales price from the sales, furnishing, or  
35 service of solid waste collection and disposal service.

1     Sec. 20. Section 423.2, subsection 8, paragraph a, Code  
2 2020, is amended to read as follows:

3     a. ~~A tax of six percent at the rate specified in subsection~~  
4 12 is imposed on the sales price from sales of bundled  
5 transactions. For the purposes of **this subsection**, a *“bundled*  
6 *transaction”* is the retail sale of two or more distinct and  
7 identifiable products, except real property and services to  
8 real property, which are sold for one nonitemized price. A  
9 *“bundled transaction”* does not include the sale of any products  
10 in which the sales price varies, or is negotiable, based on  
11 the selection by the purchaser of the products included in the  
12 transaction.

13     Sec. 21. Section 423.2, subsection 9, Code 2020, is amended  
14 to read as follows:

15     9. ~~A tax of six percent at the rate specified in~~  
16 subsection 12 is imposed upon the sales price from any mobile  
17 telecommunications service, including all paging services,  
18 that this state is allowed to tax pursuant to the provisions  
19 of the federal Mobile Telecommunications Sourcing Act, Pub.  
20 L. No. 106-252, 4 U.S.C. §116 et seq. For purposes of this  
21 subsection, taxes on mobile telecommunications service, as  
22 defined under the federal Mobile Telecommunications Sourcing  
23 Act that are deemed to be provided by the customer’s home  
24 service provider, shall be paid to the taxing jurisdiction  
25 whose territorial limits encompass the customer’s place of  
26 primary use, regardless of where the mobile telecommunications  
27 service originates, terminates, or passes through and  
28 shall in all other respects be taxed in conformity with  
29 the federal Mobile Telecommunications Sourcing Act. All  
30 other provisions of the federal Mobile Telecommunications  
31 Sourcing Act are adopted by the state of Iowa and incorporated  
32 into **this subsection** by reference. With respect to mobile  
33 telecommunications service under the federal Mobile  
34 Telecommunications Sourcing Act, the director shall, if  
35 requested, enter into agreements consistent with the provisions



1 of the federal Act.

2 Sec. 22. Section 423.2, subsection 10, paragraph a, Code  
3 2020, is amended to read as follows:

4 a. A tax ~~of six percent~~ at the rate specified in subsection  
5 12 is imposed on the sales price of specified digital products  
6 sold at retail in the state. The tax applies whether the  
7 purchaser obtains permanent use or less than permanent use of  
8 the specified digital product, whether the sale is conditioned  
9 or not conditioned upon continued payment from the purchaser,  
10 and whether the sale is on a subscription basis or is not on a  
11 subscription basis.

12 Sec. 23. Section 423.2, subsection 12, Code 2020, is amended  
13 by striking the subsection and inserting in lieu thereof the  
14 following:

15 12. a. For the period beginning January 1, 2021, and ending  
16 December 31, 2051, the sales tax rate is seven percent.

17 b. Beginning January 1, 2051, the sales tax rate is six  
18 percent.

19 Sec. 24. Section 423.2A, subsection 2, Code 2020, is amended  
20 by adding the following new paragraph:

21 NEW PARAGRAPH. *Ob.* Transfer one-seventh of the remaining  
22 revenues to the secure an advanced vision for education fund  
23 created in section 423F.2. This paragraph "*Ob*" is repealed  
24 January 1, 2051.

25 Sec. 25. Section 423.2A, subsection 2, paragraph b, Code  
26 2020, is amended to read as follows:

27 b. Transfer from the remaining revenues the amounts required  
28 under Article VII, section 10, of the Constitution of the State  
29 of Iowa to the natural resources and outdoor recreation trust  
30 fund created in [section 461.31](#), ~~if applicable~~.

31 Sec. 26. Section 423.2A, subsection 2, paragraph c, Code  
32 2020, is amended by striking the paragraph.

33 Sec. 27. Section 423.2A, subsection 2, paragraph d, Code  
34 2020, is amended to read as follows:

35 d. Transfer to the baseball and softball complex sales tax

1 rebate fund that portion of the sales tax receipts described  
2 in [subsection 1](#), paragraph "b", remaining after the transfers  
3 required under paragraphs "a", "0b", and "b", ~~and "c"~~ of this  
4 subsection 2. This paragraph is repealed thirty days following  
5 the date on which five million dollars in total rebates have  
6 been provided under [section 423.4, subsection 10](#).

7 Sec. 28. Section 423.5, subsection 1, unnumbered paragraph  
8 1, Code 2020, is amended to read as follows:

9 Except as provided in paragraph "c", an excise tax at the  
10 rate of ~~six percent~~ specified in subsection 4 of the purchase  
11 price or installed purchase price is imposed on the following:

12 Sec. 29. Section 423.5, subsection 4, Code 2020, is amended  
13 by striking the subsection and inserting in lieu thereof the  
14 following:

15 4. a. For the period beginning January 1, 2021, and ending  
16 December 31, 2051, the use tax rate is seven percent.

17 b. Beginning January 1, 2051, the use tax rate is six  
18 percent.

19 Sec. 30. Section 423.43, subsection 1, paragraph b, Code  
20 2020, is amended to read as follows:

21 b. Subsequent to the deposit into the general fund of  
22 the state and after the transfer of such revenues collected  
23 under [chapter 423B](#), the department shall transfer ~~one-sixth~~  
24 one-seventh of such remaining revenues to the secure an  
25 advanced vision for education fund created in [section 423F.2](#).  
26 This paragraph is repealed January 1, 2051.

27 Sec. 31. EFFECTIVE DATE. This division of this Act takes  
28 effect January 1, 2021.

29 DIVISION VII

30 WATER SERVICE TAX REPEAL

31 Sec. 32. Section 421.71, subsection 3, Code 2020, is amended  
32 to read as follows:

33 3. *Private cause of action immunity for overpayment of*  
34 *certain taxes.*

35 a. A taxpayer, or any person required to collect taxes

1 imposed under chapters 423, 423A, 423B, 423C, and 423D, and  
2 chapter 423G, Code 2020, shall be immune from any private cause  
3 of action arising from or related to the overpayment of taxes  
4 imposed under chapters 423, 423A, 423B, 423C, and 423D, and  
5 chapter 423G, Code 2020, that are collected and remitted to the  
6 department.

7 *b.* Nothing in this subsection shall apply to or otherwise  
8 limit any of the following:

9 (1) Any claim, action, mandate, power, remedy, or  
10 discretion of the department, or an agent or designee of the  
11 department.

12 (2) A taxpayer's right to seek a refund from the department  
13 related to taxes imposed under chapters 423, 423A, 423B, 423C,  
14 and 423D, and chapter 423G, and Code 2020, that are collected  
15 from or paid by the taxpayer.

16 Sec. 33. Section 423G.7, Code 2020, is amended by striking  
17 the section and inserting in lieu thereof the following:

18 **423G.7 Repeal.**

19 This chapter is repealed January 1, 2021.

20 Sec. 34. EFFECTIVE DATE. This division of this Act takes  
21 effect January 1, 2021.

22 DIVISION VIII

23 SALES AND USE TAX EXEMPTIONS

24 Sec. 35. Section 423.3, subsection 68, paragraph c,  
25 subparagraph (1), subparagraph division (a), Code 2020, is  
26 amended to read as follows:

27 (a) "*Clothing*" includes but is not limited to the  
28 following: aprons, household and shop; athletic supporters;  
29 baby receiving blankets; bathing suits and caps; beach capes  
30 and coats; belts and suspenders; boots; coats and jackets;  
31 costumes; ~~diapers (children and adults, including disposable~~  
32 ~~diapers)~~; earmuffs; footlets; formal wear; garters and garter  
33 belts; girdles; gloves and mittens for general use; hats  
34 and caps; hosiery; insoles for shoes; lab coats; neckties;  
35 overshoes; pantyhose; rainwear; rubber pants; sandals;

1 scarves; shoes and shoelaces; slippers; sneakers; socks and  
2 stockings; steel-toed shoes; underwear; uniforms, athletic and  
3 nonathletic; and wedding apparel.

4 Sec. 36. Section 423.3, Code 2019, is amended by adding the  
5 following new subsections:

6 NEW SUBSECTION. 107. The sales price from the sale of  
7 feminine hygiene products. For purposes of this subsection,  
8 "*feminine hygiene products*" means sanitary napkins, tampons, or  
9 other similar items used for feminine hygiene.

10 NEW SUBSECTION. 108. The sales price from the sale of a  
11 child or adult diaper, whether cloth or disposable.

12 Sec. 37. EFFECTIVE DATE. This division of this Act takes  
13 effect January 1, 2021.

14 DIVISION IX

15 JUVENILE COURT EXPENSES

16 Sec. 38. Section 232.141, subsection 2, unnumbered  
17 paragraph 1, Code 2020, is amended to read as follows:

18 All of the following juvenile court expenses ~~are a charge~~  
19 ~~upon the county in which the proceedings are held, to the~~  
20 ~~extent provided in [subsection 3](#)~~ shall be paid from the indigent  
21 defense fund established in section 815.11 in accordance with  
22 this chapter and chapters 13B and 815:

23 Sec. 39. Section 232.141, subsections 3 and 7, Code 2020,  
24 are amended by striking the subsections.

25 Sec. 40. Section 602.1302, subsection 4, Code 2020, is  
26 amended to read as follows:

27 4. The judicial branch shall reimburse counties for the  
28 costs of witness and mileage fees and for attorney fees to the  
29 extent paid pursuant to [section 232.141, subsection 1](#).

30 Sec. 41. Section 602.1303, subsection 4, Code 2020, is  
31 amended to read as follows:

32 4. A county shall pay the costs incurred in connection with  
33 the administration of juvenile justice to the extent provided  
34 under [section 232.141](#).

35 Sec. 42. Section 815.11, Code 2020, is amended to read as

1 follows:

2 **815.11 Appropriations for indigent defense — fund created.**

3 Costs incurred for legal representation by a court-appointed  
4 attorney under **chapter 229A, 665, 822, or 908**, or section  
5 232.141, subsection 3, ~~paragraph "d"~~ **2**, or **section 598.23A,**  
6 **600A.6B, 814.9, 814.10, 814.11, 815.4, 815.7, or 815.10** on  
7 behalf of an indigent shall be paid from moneys appropriated  
8 by the general assembly to the office of the state public  
9 defender in the department of inspections and appeals and  
10 deposited in an account to be known as the indigent defense  
11 fund. Costs incurred representing an indigent defendant in  
12 a contempt action, or representing an indigent juvenile in a  
13 juvenile court proceeding, are also payable from the fund.  
14 However, costs incurred in any administrative proceeding or in  
15 any other proceeding under **this chapter** or **chapter 598, 600,**  
16 **600A, 633, 633A, 814, or 915** or other provisions of the Code or  
17 administrative rules are not payable from the fund.

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DIVISION X

19

MENTAL HEALTH REGION FUNDING

20 Sec. 43. Section 225C.4, subsection 1, paragraph i, Code  
21 2020, is amended by striking the paragraph.

22 Sec. 44. Section 225C.7A, Code 2020, is amended by striking  
23 the section and inserting in lieu thereof the following:

24 **225C.7A Mental health and disability services state**  
25 **supplement fund.**

26 1. A mental health and disability services state supplement  
27 fund is created in the office of the treasurer of state under  
28 the authority of the department. The fund shall be separate  
29 from the general fund of the state and the balance in the fund  
30 shall not be considered part of the balance of the general fund  
31 of the state. Moneys in the fund include appropriations made  
32 to the fund, and other moneys deposited into the fund. Moneys  
33 in the fund shall be used solely for purposes of making state  
34 supplement payments under this section. For each fiscal year  
35 beginning on or after July 1, 2020, the moneys available in a

1 fiscal year in the mental health and disability services state  
2 supplement fund are appropriated to the department and shall  
3 be distributed to each county on a per capita basis calculated  
4 using each county's population, as defined in section 331.424A,  
5 for that fiscal year.

6 2. For a county to be eligible to receive a state supplement  
7 payment under this section, the county, or the county's mental  
8 health and disability services region on behalf of the county,  
9 shall submit a core services domain report to the department  
10 on or before a date established by the department by rule.  
11 The contents of the report, to be determined by rule of the  
12 department in consultation with the commission, shall enable  
13 the department to evaluate, along with other information  
14 available to the department, including annual reports and  
15 annual service and budget plans submitted under section  
16 331.393, whether each county or the county's mental health  
17 and disability services region is in substantial compliance  
18 with the required core service domains under section 331.397,  
19 subsection 4, and section 331.397A, subsection 4. On or before  
20 a date established by the department by rule, the department  
21 shall review all core service domain reports and notify each  
22 county of the results of the review. If the county is not in  
23 substantial compliance with the required core service domains  
24 under section 331.397, subsection 4, and section 331.397A,  
25 subsection 4, and the county or the county's region has  
26 failed to comply with the corrective action plan under section  
27 331.389, subsection 5, paragraph "a", the department shall  
28 reduce the amount of the state supplement payment by an amount  
29 commensurate with the level of noncompliance, not to exceed  
30 fifteen percent of the state supplement payment amount pursuant  
31 to section 331.389, subsection 5, paragraph "b".

32 3. State supplement payments received by a county shall be  
33 deposited in the county services fund under section 331.424A  
34 and used solely for the purposes authorized in section  
35 331.424A, subsection 3.

1 Sec. 45. Section 249N.8, subsection 1, Code 2020, is amended  
2 to read as follows:

3 1. Biennially, a report of the results of a review, by  
4 county and region, of mental health services previously funded  
5 ~~through taxes levied by counties~~ pursuant to [section 331.424A](#),  
6 that are funded during the reporting period under the Iowa  
7 health and wellness plan.

8 Sec. 46. Section 331.389, subsection 5, paragraph b, Code  
9 2020, is amended to read as follows:

10 *b.* Reduce the amount of the annual state funding provided  
11 for the regional service system, including state supplement  
12 payment amounts under section 225C.7A, not to exceed fifteen  
13 percent of the amount.

14 Sec. 47. Section 331.391, subsection 3, Code 2020, is  
15 amended by striking the subsection.

16 Sec. 48. Section 331.398, subsection 1, Code 2020, is  
17 amended to read as follows:

18 1. The financing of a regional mental health and disability  
19 service system is limited to a fixed budget amount. The fixed  
20 budget amount shall be the amount identified in a regional  
21 service system management plan and budget for the fiscal year.  
22 ~~A region shall receive state funding for growth in non-Medicaid~~  
23 ~~expenditures through the mental health and disability regional~~  
24 ~~services fund created in [section 225C.7A](#) to address increased~~  
25 ~~service costs, additional service populations, additional core~~  
26 ~~service domains, and increased numbers of persons receiving~~  
27 ~~services.~~

28 Sec. 49. Section 331.424A, subsection 1, paragraphs a and g,  
29 Code 2020, are amended by striking the paragraphs.

30 Sec. 50. Section 331.424A, subsection 1, paragraph h, Code  
31 2020, is amended to read as follows:

32 *h.* *"Statewide per capita expenditure target amount"* means  
33 ~~forty-seven~~ twelve dollars and ~~twenty-eight~~ fifty cents.

34 Sec. 51. Section 331.424A, subsection 5, Code 2020, is  
35 amended to read as follows:

1 5. Receipts from the state or federal government for the  
2 mental health and disability services administered or paid for  
3 by a county shall be credited to the county services fund,  
4 including moneys distributed to the county from the department  
5 of human services under section 225C.7A and moneys allocated  
6 under [chapter 426B](#).

7 Sec. 52. Section 331.424A, subsection 8, Code 2020, is  
8 amended by striking the subsection.

9 Sec. 53. Section 331.424A, subsection 9, Code 2020, is  
10 amended to read as follows:

11 9. ~~a.~~ For the fiscal year beginning July 1, ~~2017~~ 2020,  
12 and each subsequent fiscal year, the county budgeted amount  
13 determined for each county shall be the amount necessary to  
14 meet the county's financial obligations for the payment of  
15 services provided under the regional service system management  
16 plan approved pursuant to [section 331.393](#), not to exceed an  
17 amount equal to the product of the ~~regional~~ statewide per  
18 capita expenditure target amount multiplied by the county's  
19 population, and, for fiscal years beginning on or after July 1,  
20 2023, reduced by the amount of the county's cash flow reduction  
21 amount for the fiscal year calculated under [subsection 4](#), if  
22 applicable.

23 ~~b.~~ ~~If a county officially joins a different region, the~~  
24 ~~county's budgeted amount shall be the amount necessary to meet~~  
25 ~~the county's financial obligations for payment of services~~  
26 ~~provided under the new region's regional service system~~  
27 ~~management plan approved pursuant to [section 331.393](#), not to~~  
28 ~~exceed an amount equal to the product of the new region's~~  
29 ~~regional per capita expenditure target amount multiplied by~~  
30 ~~the county's population, and, for fiscal years beginning on~~  
31 ~~or after July 1, 2023, reduced by the amount of the county's~~  
32 ~~cash flow reduction amount for the fiscal year calculated under~~  
33 ~~[subsection 4](#), if applicable.~~

34 Sec. 54. Section 347.7, subsection 1, paragraph c, Code  
35 2020, is amended to read as follows:



1 c. For the fiscal years beginning July 1, 2017, July 1,  
2 2018, and July 1, 2019, if a county public hospital is located  
3 in a county having a population of two hundred twenty-five  
4 thousand or over and having a county budgeted amount for the  
5 fiscal year under [section 331.424A, subsection 9, Code 2020,](#)  
6 equal to the product of the regional per capita expenditure  
7 target amount multiplied by the county's population, as those  
8 terms are defined in [section 331.424A, Code 2020,](#) the board  
9 of trustees shall appropriate for payment on July 1 of each  
10 such fiscal year from the county public hospital fund to the  
11 board of supervisors for deposit in the county services fund  
12 created pursuant to [section 331.424A,](#) two million eight hundred  
13 thousand dollars, and the county public hospital shall, in each  
14 such fiscal year, contract with the county in which the county  
15 public hospital is located to provide care and treatment to  
16 patients who are residents of the county and whose costs for  
17 such care and treatment would otherwise qualify for payment  
18 from the county services fund under [section 331.424A,](#) in an  
19 amount equal to three million five hundred thousand dollars.

20 Sec. 55. COUNTY BUDGET RECERTIFICATION — REGIONAL SERVICE  
21 SYSTEM MANAGEMENT PLAN AMENDMENT — TAXES CERTIFIED.

22 1. If this Act takes effect on or after March 31, 2020,  
23 notwithstanding section 24.17, for the fiscal year beginning  
24 July 1, 2020, a county may recertify the county's budget as  
25 necessary to implement the provisions of this division of this  
26 Act. A budget recertified pursuant to this section must be  
27 recertified in duplicate to the county auditor not later than  
28 thirty days after the effective date of this division of this  
29 Act, and protests to the budget shall be filed not later than  
30 ten days after the county's budget is recertified.

31 2. To the extent necessary to implement the provisions  
32 of this division of this Act, a mental health and disability  
33 services region may amend the region's regional service system  
34 management plan or annual service and budget plan approved  
35 under section 331.393 for the fiscal year beginning July 1,

1 2020.

2 3. To the extent necessary to implement the provisions of  
3 this division of this Act, the department of management may,  
4 notwithstanding section 24.17, for the fiscal year beginning  
5 July 1, 2020, certify the taxes back to the applicable county  
6 auditor after June 15.

7 Sec. 56. EMERGENCY RULES. The department of human services  
8 may adopt emergency rules under section 17A.4, subsection 3,  
9 and section 17A.5, subsection 2, paragraph "b", to implement  
10 the provisions of this division of this Act and the rules shall  
11 be effective immediately upon filing unless a later date is  
12 specified in the rules. Any rules adopted in accordance with  
13 this section shall also be published as a notice of intended  
14 action as provided in section 17A.4.

15 Sec. 57. APPLICABILITY. This division of this Act applies  
16 July 1, 2020, for fiscal years beginning on or after that date.

17 Sec. 58. EFFECTIVE DATE. This division of this Act, being  
18 deemed of immediate importance, takes effect upon enactment.

19

DIVISION XI

20

NATURAL RESOURCES AND OUTDOOR RECREATION TRUST FUND

21 Sec. 59. Section 2.45, Code 2020, is amended by adding the  
22 following new subsection:

23 NEW SUBSECTION. 5A. a. The legislative natural resources  
24 and outdoor recreation trust fund review committee which  
25 shall be composed of ten members of the general assembly,  
26 consisting of five members from each chamber, to be appointed  
27 by the legislative council. In appointing the five members  
28 of each chamber to the committee, the council shall appoint  
29 three members from the majority party and two members from the  
30 minority party.

31 b. The legislative natural resources and outdoor recreation  
32 trust fund review committee shall have the powers and duties  
33 described in section 2.49.

34 c. This subsection is repealed December 31, 2050.

35 Sec. 60. NEW SECTION. 2.49 Legislative natural resources

1 and outdoor recreation trust fund review committee.

2 1. The legislative natural resources and outdoor recreation  
3 trust fund review committee shall meet during the legislative  
4 interim in calendar years 2029, 2039, and 2049. The committee  
5 shall consider the most effective ways to manage trust fund  
6 moneys to further the purpose of Article VII, section 10, of  
7 the Constitution of the State of Iowa. As part of its duties,  
8 the committee may consider any of the following:

9 a. The administration of the trust fund, trust accounts, and  
10 designated funds as provided in chapter 461.

11 b. The effectiveness of initiatives supported by trust fund  
12 moneys as provided in chapter 461.

13 2. The committee shall report to the legislative council  
14 the results of its considerations, which may include  
15 recommendations and proposed legislation for consideration  
16 during the next session of the general assembly.

17 3. This section is repealed December 31, 2050.

18 Sec. 61. Section 8.57, subsection 5, paragraph f,  
19 subparagraph (l), subparagraph division (c), Code 2020, is  
20 amended by striking the subparagraph division.

21 Sec. 62. Section 8.57, subsection 5, paragraph f,  
22 subparagraph (l), subparagraph division (f), Code 2020, is  
23 amended to read as follows:

24 (f) For the fiscal year beginning July 1, 2018, and for  
25 each fiscal year thereafter, the total moneys in excess of the  
26 moneys deposited under this paragraph "f" in the revenue bonds  
27 debt service fund, the revenue bonds federal subsidy holdback  
28 fund, the vision Iowa fund, ~~the water quality infrastructure~~  
29 ~~fund~~, the Iowa skilled worker and job creation fund, and the  
30 general fund of the state shall be deposited in the rebuild  
31 Iowa infrastructure fund and shall be used as provided in this  
32 section, notwithstanding [section 8.60](#).

33 Sec. 63. Section 8.57B, subsection 1, Code 2020, is amended  
34 to read as follows:

35 1. a. A water quality infrastructure fund is created within

1 the division of soil conservation and water quality of the  
2 department of agriculture and land stewardship.

3 b. The fund shall consist of ~~moneys deposited in the~~  
4 ~~fund pursuant to section 8.57, subsection 5, paragraph "f",~~  
5 ~~subparagraph (1), subparagraph division (c), moneys all of the~~  
6 following:

7 (1) (a) Moneys transferred to the fund pursuant to section  
8 ~~423G.6, and 461.33.~~

9 (b) This subparagraph (1) is repealed December 31, 2050.

10 (2) Moneys transferred or appropriations made to the fund  
11 and transfers of interest, earnings, and moneys from other  
12 funds as provided by law.

13 Sec. 64. Section 16.134A, subsection 2, paragraph a, Code  
14 2020, is amended to read as follows:

15 a. (1) Moneys transferred to the fund pursuant to section  
16 ~~423G.6~~ sections 461.33 and 461.34.

17 (2) This paragraph "a" is repealed ~~on January 1, 2030~~  
18 December 31, 2050.

19 Sec. 65. Section 455A.17, Code 2020, is amended by striking  
20 the section and inserting in lieu thereof the following:

21 **455A.17 Regional meetings.**

22 1. Beginning in calendar year 2023, and every four  
23 calendar years thereafter, the department shall arrange  
24 and conduct regional meetings to identify opportunities for  
25 regional resource enhancement and protection, and to review  
26 and recommend changes in resource enhancement and protection  
27 policies, programs, and funding. The department shall provide  
28 outreach and educational services to those attending, which  
29 shall include the distribution of information regarding  
30 resource enhancement and protection expenditures. The  
31 department shall promote attendance of interested persons for  
32 each regional meeting.

33 2. The expenses of the department in making the arrangements  
34 for and conducting regional meetings and providing outreach and  
35 educational services shall be paid from moneys credited to the

1 administration fund created in section 456A.17.

2 Sec. 66. Section 455A.18, subsection 1, Code 2020, is  
3 amended to read as follows:

4 1. a. An Iowa resources enhancement and protection fund is  
5 created in the office of the treasurer of state.

6 b. The fund consists of all revenues of the following:

7 (1) (a) Moneys allocated from the natural resources and  
8 outdoor recreation trust fund as provided in section 461.35.

9 (b) This subparagraph (1) is repealed December 31, 2050.

10 (2) Revenue and ~~all~~ other moneys lawfully credited or  
11 transferred to the fund.

12 c. The director shall certify monthly the portions of the  
13 fund that are allocated to the various accounts as provided  
14 under [section 455A.19](#). The director shall certify before the  
15 twentieth of each month the portions of the fund resulting from  
16 the previous month's receipts to be allocated to the various  
17 accounts.

18 Sec. 67. Section 455A.18, subsection 3, Code 2020, is  
19 amended to read as follows:

20 3. ~~a.~~ ~~For each fiscal year of the fiscal period beginning~~  
21 ~~July 1, 1997, and ending June 30, 2021, there is appropriated~~  
22 ~~from the general fund, to the Iowa resources enhancement and~~  
23 ~~protection fund, the amount of twenty million dollars, to be~~  
24 ~~used as provided in [this chapter](#). However, in any fiscal~~  
25 ~~year of the fiscal period, if moneys from the lottery are~~  
26 ~~appropriated by the state to the fund, the amount appropriated~~  
27 ~~under [this subsection](#) shall be reduced by the amount~~  
28 ~~appropriated from the lottery.~~

29 ~~b.~~ [Section 8.33](#) does not apply to moneys appropriated under  
30 ~~[this subsection](#)~~ credited to the fund.

31 Sec. 68. Section 461.2, Code 2020, is amended to read as  
32 follows:

33 **461.2 Definitions.**

34 As used in [this chapter](#), unless the context otherwise  
35 requires:

1     1. "Authority" means the economic development authority  
2 created in section 15.105.

3     2. ~~"Department"~~ "Custodial department" means the department  
4 of agriculture and land stewardship, the department of  
5 management, the department of natural resources, or the  
6 department of transportation.

7     3. "Designated fund" means the water quality infrastructure  
8 fund created in section 8.57B, the water quality financial  
9 assistance fund created in section 16.134A, or the Iowa  
10 resources enhancement and protection fund created in section  
11 455A.18.

12     ~~2.~~ 4. "Fiscal year" means the state fiscal year effective  
13 as provided in section 3.12.

14     ~~3.~~ 5. "Initiative" includes a program, project, practice,  
15 strategy, or plan established or administered by an agency that  
16 further, or under the supervision or oversight of, a custodial  
17 department or the Iowa finance authority, if the initiative is  
18 supported in whole or in part by trust fund moneys to further a  
19 constitutional purpose as provided in section 461.3.

20     6. "Iowa nutrient reduction strategy" means the same as  
21 defined in section 455B.171.

22     7. "Nonpoint source" means a source of pollution other than  
23 a point source.

24     8. "Point source" means the same as defined in section  
25 455B.171.

26     9. "Public use area" means a park, preserve, recreation  
27 area, forest, water body, or a land or water trail owned or  
28 managed by the state or a political subdivision of the state.

29     ~~4.~~ 10. "Recreational purpose" includes means only hunting;  
30 trapping; angling; horseback riding; swimming; boating;  
31 camping; picnicking; hiking; biking; recreational shooting;  
32 archery; using land or water trails; bird watching; nature  
33 study; water skiing; snowmobiling; ~~other summer and winter~~  
34 sports, and; or viewing or enjoying historical, archaeological,  
35 scenic, or scientific sites.

1 11. "Trust account" means the natural resources trust  
2 account created in section 461.32, the soil conservation and  
3 nonpoint source water protection trust account created in  
4 section 461.33, the watershed protection trust account created  
5 in section 461.34, the local conservation partnership trust  
6 account created in section 461.36, the water and land trails  
7 trust account created in section 461.37, or the lake and stream  
8 restoration trust account created in section 461.38.

9 ~~5. 12. "Trust fund" means the natural resources and outdoor~~  
10 ~~recreation trust fund created in section 461.31.~~

11 ~~6. 13. "Trust fund moneys" means moneys originating from~~  
12 ~~credited to the natural resources and outdoor recreation trust~~  
13 ~~fund or moneys allocated from the trust fund, including but not~~  
14 ~~limited to moneys allocated to a trust account or allocated or~~  
15 ~~transferred to a designated fund.~~

16 14. "Water trail" means a point-to-point travel system on a  
17 navigable water body capable of supporting a floating vessel  
18 capable of carrying one or more persons on a recommended route  
19 connecting the points.

20 Sec. 69. Section 461.3, Code 2020, is amended to read as  
21 follows:

22 461.3 Constitutional purpose, and implementation, and  
23 revenue.

24 1. This chapter is created for the constitutional purposes  
25 of protecting and enhancing water quality and natural areas  
26 in this state, including parks, trails, and fish and wildlife  
27 habitat, and conserving agricultural soils in this state.

28 2. This chapter is intended to implement Article VII,  
29 section 10, of the Constitution of the State of Iowa by  
30 establishing the natural resources and outdoor recreation  
31 trust fund, ~~accounts in the~~ including trust fund accounts,  
32 and appropriating or allocating trust fund moneys to support  
33 initiatives specified in subchapter IV. This chapter shall not  
34 be construed to require the state to appropriate, allocate,  
35 or transfer other moneys to support those initiatives or

1 constitutional purposes.

2 Sec. 70. Section 461.11, subsection 2, Code 2020, is amended  
3 to read as follows:

4 2. The heads of ~~each department receiving trust fund moneys~~  
5 the custodial departments and the director of the authority  
6 shall regularly meet and whenever practicable collaborate  
7 in decision making including by ~~adopting rules,~~ providing  
8 for the administration of the trust fund and trust accounts,  
9 establishing funding priorities, and determining when it is  
10 beneficial to provide joint funding of initiatives.

11 Sec. 71. NEW SECTION. 461.20 Information regarding trust  
12 fund moneys.

13 1. Each year the department of revenue shall calculate  
14 an estimate of the total revenue to be transferred to the  
15 trust fund during the following fiscal year as required  
16 pursuant to section 423.2A. Not later than May 1 of each  
17 year, the department of revenue shall submit the estimate to  
18 each custodial department, the authority, and the legislative  
19 services agency.

20 2. A custodial department shall at least annually notify the  
21 legislative services agency of transfers of trust fund moneys  
22 from a trust account to another trust account or designated  
23 fund as authorized in this chapter.

24 Sec. 72. Section 461.21, Code 2020, is amended to read as  
25 follows:

26 **461.21 Audit.**

27 1. The auditor of state or a certified public accounting  
28 firm appointed by the auditor of state shall conduct an ~~annual~~  
29 audit of the trust fund and all trust accounts and transactions  
30 of the trust fund and trust accounts in the same manner as  
31 provided for departments pursuant to chapter 11, subchapter I.

32 2. The auditor of state or the certified public accounting  
33 firm appointed by the auditor as provided in [subsection 1](#)  
34 shall be paid from trust fund moneys without reducing the  
35 percentage of trust fund moneys ~~distributed~~ allocated to the



1 ~~Iowa resources enhancement and protection fund or any one a~~  
2 trust account established or designated fund pursuant to ~~this~~  
3 ~~chapter~~ subchapter IV.

4 Sec. 73. Section 461.22, Code 2020, is amended to read as  
5 follows:

6 **461.22 Report Trust fund report.**

7 ~~The three departments~~ department of management shall jointly  
8 ~~prepare and~~ submit to the governor and the general assembly not  
9 later than January 15 of each year a ~~complete~~ trust fund report  
10 for the preceding fiscal year in an electronic format detailing  
11 all of the following:

12 1. The receipts and expenditures of the trust fund and its  
13 trust accounts, a summary of initiatives supported by trust  
14 fund moneys, the results of those expenditures, any performance  
15 goals or measurements, and plans for future short-term or  
16 long-term expenditures.

17 2. ~~Recommendations~~ An evaluation of the use of trust fund  
18 moneys to further progress in achieving the goals of the Iowa  
19 nutrient reduction strategy as prepared by the department of  
20 agriculture and land stewardship, the department of natural  
21 resources, and the college of agriculture and life sciences  
22 of the Iowa state university of science and technology. The  
23 evaluation shall be based on the latest credible findings and  
24 recommendations recognized by those entities. The evaluation  
25 may include recommendations to the governor and general  
26 assembly, including legislation proposed by one or more of the  
27 ~~departments~~ entities.

28 Sec. 74. Section 461.23, Code 2020, is amended to read as  
29 follows:

30 **461.23 Rules.**

31 The department of revenue, the department of agriculture and  
32 land stewardship, the department of management, the department  
33 of natural resources, ~~and~~ the department of transportation, the  
34 Iowa finance authority, and the economic development authority  
35 shall adopt rules separately or jointly as necessary in order

1 to implement and administer [this chapter](#).

2 Sec. 75. Section 461.24, Code 2020, is amended by striking  
3 the section and inserting in lieu thereof the following:

4 **461.24 Public listing.**

5 The department of management shall publish and maintain a  
6 public listing of moneys credited to and allocated from the  
7 trust fund, trust fund moneys allocated or transferred from  
8 trust accounts, and trust fund moneys allocated or transferred  
9 to designated funds to support initiatives. This section does  
10 not require the disclosure of information that is confidential  
11 as provided by rules adopted pursuant to section 461.23.

12 Sec. 76. NEW SECTION. **461.25 Use of trust fund moneys.**

13 1. A custodial department shall not appropriate, allocate,  
14 or transfer trust fund moneys except as provided in this  
15 chapter. However, this subsection shall not be construed to  
16 limit a custodial department from using trust fund moneys with  
17 another person, including a custodial department, when engaging  
18 in a joint initiative as authorized by law.

19 2. During any fiscal year, a custodial department shall not  
20 use more than five percent of trust fund moneys allocated to  
21 a trust account to pay for expenses incurred in administering  
22 trust fund moneys allocated to that trust account.

23 3. In administering the use of trust fund moneys allocated  
24 to a trust account, a custodial department shall provide a  
25 higher priority to supporting initiatives that further goals of  
26 the Iowa nutrient reduction strategy.

27 4. A custodial department shall administer the use of  
28 trust fund moneys to support an initiative having primarily  
29 a recreational purpose only if such use is in cooperation  
30 with the authority. The authority shall review, score, and  
31 rank applications to support such initiatives as part of a  
32 competitive evaluation process. The scoring criteria must  
33 further the economic development policy of the state as  
34 provided in chapter 15.

35 5. When making a determination to support competing

1 proposed initiatives relating to a public use area that  
2 benefits a locality, a custodial department or the authority  
3 shall provide a higher priority to supporting an initiative to  
4 improve an existing public use area.

5 6. When making a determination to support a proposed  
6 initiative to establish, improve, or expand a land trail,  
7 the proposal shall not be approved unless the sponsor of the  
8 proposal demonstrates to the custodial department or other  
9 entity making the funding decision how the trail is to be  
10 maintained by other sources of revenue.

11 7. In administering the use of trust fund moneys allocated  
12 to a trust account to support an initiative relating to  
13 the management of land, this chapter does not do any of the  
14 following:

15 a. Prohibit the farming of the land in a manner that is  
16 consistent with the Iowa nutrient reduction strategy.

17 b. Require a separation distance between an animal feeding  
18 operation and a public use area that is more restrictive than  
19 if the land were not managed pursuant to the initiative.

20 8. Trust fund moneys shall not be used to support any of the  
21 following:

22 a. An initiative that establishes, improves, or expands a  
23 single or multipurpose athletic field, baseball or softball  
24 diamond, tennis court, golf course, swimming pool, or other  
25 group or organized sport facility.

26 b. The taking of property by exercising the power of eminent  
27 domain, including by acquiring property as provided in chapters  
28 6A and 6B.

29 Sec. 77. Section 461.31, Code 2020, is amended to read as  
30 follows:

31 **461.31 Natural resources and outdoor recreation trust fund**  
32 **— creation.**

33 1. A natural resources and outdoor recreation trust fund  
34 is created within the state treasury. The trust fund shall be  
35 administered by the department of management.

1 2. *a.* The trust fund shall be ~~composed~~ comprised of ~~moneys~~  
2 all of the following:

3 (1) Moneys transferred to the trust fund pursuant to section  
4 423.2A.

5 (2) Other moneys required to be credited to the trust  
6 fund by law and moneys accepted by a custodial department for  
7 placement in an ~~account established in this subchapter~~ and the  
8 trust fund from any source.

9 *b.* Trust fund moneys are exclusively appropriated by law  
10 to carry out the constitutional purposes ~~provided~~ described in  
11 section 461.3.

12 *c.* Trust fund moneys shall supplement and not replace  
13 moneys appropriated by the general assembly to support the  
14 constitutional purposes provided in section 461.3.

15 *d.* Trust fund moneys shall only be used to support voluntary  
16 initiatives and shall not be used for regulatory efforts,  
17 enforcement actions, or litigation.

18 3. In administering a trust ~~fund~~ account, a custodial  
19 department may contract, sue and be sued, and authorize payment  
20 for costs, fees, commissions, and other reasonable expenses  
21 from the trust account. However, a custodial department shall  
22 not in any manner directly or indirectly pledge the credit of  
23 this state.

24 4. *a.* Except as provided in paragraph "b", the treasurer  
25 of state shall, each month as directed by the department of  
26 management, allocate all trust fund moneys that have been  
27 credited to the trust fund, including moneys transferred to the  
28 trust fund as provided in section 423.2A, to each trust account  
29 and designated fund as provided in this subchapter.

30 *b.* Notwithstanding sections 461.32 through 461.38, for the  
31 fiscal year beginning July 1, 2021, and for each subsequent  
32 fiscal year, only that amount as authorized by an Act of  
33 the general assembly shall be allocated from the trust fund  
34 to a trust account or designated fund as provided in this  
35 subchapter. However, if for a fiscal year no Act of the

1 general assembly authorizes trust fund moneys to be allocated  
2 from the trust fund, the trust fund moneys shall be allocated  
3 from the trust fund to the trust accounts and designated funds  
4 as provided in this subchapter by operation of law.

5 5. a. Notwithstanding section 8.33, any unexpended balance  
6 in the trust fund or in an a trust account ~~created within the~~  
7 ~~trust fund~~ at the end of each fiscal year shall be retained in  
8 the trust fund or the ~~respective~~ trust account.

9 b. Notwithstanding section 12C.7, subsection 2, interest or  
10 earnings on investments or time deposits of the moneys in the  
11 trust fund and ~~its respective~~ trust accounts shall be credited  
12 to the trust fund and ~~its respective~~ trust accounts.

13 c. The recapture of awards originating from an a trust  
14 account and other repayments to an a trust account shall be  
15 retained in that trust account.

16 Sec. 78. Section 461.32, Code 2020, is amended to read as  
17 follows:

18 **461.32 Natural resources trust account — allocations.**

19 1. A natural resources trust account is created in the trust  
20 fund. ~~Twenty-three~~ The trust account shall be administered by  
21 the department of natural resources.

22 2. Eighteen percent of ~~the~~ moneys credited to the trust fund  
23 shall be allocated to the trust account.

24 ~~2.~~ 3. The trust account shall be used by the department of  
25 natural resources to support all of the following initiatives:

26 a. The establishment, restoration, or enhancement of state  
27 parks, state preserves, state forests, wildlife areas, wildlife  
28 habitats, native prairies, and wetlands.

29 (1) A higher priority shall be provided to supporting  
30 initiatives for the maintenance, preservation, or restoration  
31 of land and a lower priority shall be provided to supporting  
32 initiatives for the purchase or acquisition of land.

33 (2) The department shall utilize an index that includes a  
34 comprehensive assessment mechanism to produce a statistically  
35 verifiable basis for determining whether to approve or

1 disapprove the purchase or acquisition of the land. The  
2 department shall establish index criteria that justifies the  
3 land's removal from private ownership and use.

4 b. The construction or improvement of facilities located on  
5 land owned or managed by the department.

6 ~~b.~~ c. Wildlife diversity.

7 ~~c.~~ d. Recreational purposes.

8 ~~d.~~ e. Technical assistance and financial incentives  
9 provided to private landowners to promote the management of  
10 forests, fisheries, recreational areas, wetlands, and wildlife.

11 ~~e.~~ f. The improvement of ~~water trails,~~ rivers, and streams.

12 ~~f.~~ g. Education and outreach that provide instruction  
13 regarding natural history and the outdoors. The subjects  
14 of such instruction may relate to opportunities involving a  
15 recreational ~~purposes~~ purpose, outdoor safety, and or ethics.

16 ~~3. The department of natural resources shall to every extent~~  
17 ~~possible consider its comprehensive plan provided in section~~  
18 ~~456A.31 when making funding decisions.~~

19 Sec. 79. Section 461.33, Code 2020, is amended to read as  
20 follows:

21 **461.33 Soil conservation and nonpoint source water protection**  
22 **trust account — allocations.**

23 1. A soil conservation and nonpoint source water protection  
24 trust account is created in the trust fund. ~~Twenty~~ The trust  
25 account shall be administered by the department of agriculture  
26 and land stewardship.

27 2. Thirty-four percent of the moneys credited to the trust  
28 fund shall be allocated to the trust account.

29 3. Forty-seven percent of trust fund moneys allocated to  
30 the trust account shall first be transferred as directed by the  
31 department to any or all of the following:

32 a. The water quality infrastructure fund created in section  
33 8.57B to support water quality agriculture infrastructure  
34 programs created in section 466B.43 in order to reduce nutrient  
35 loads from nonpoint sources.

1 b. The water quality financial assistance fund created  
2 in section 16.134A to support the water quality urban  
3 infrastructure program created in section 466B.44.

4 ~~2. 4. a. The account shall be used by the department of~~  
5 ~~agriculture and land stewardship~~ remaining trust fund moneys  
6 allocated to the trust account shall be used by the department  
7 to support all of the following initiatives:

8 ~~a. (1) Soil conservation and watershed protection,~~  
9 ~~including by supporting the department's division of~~  
10 ~~soil conservation and water quality within the department~~  
11 ~~of agriculture and land stewardship and soil and water~~  
12 ~~conservation district commissioners. The department and~~  
13 ~~commissioners may provide for the installation~~ establishment of  
14 conservation practices and watershed protection improvements as  
15 provided in chapters 161A, 161C, 461A, and 466, and 466B.

16 ~~b. (2) The conservation of highly erodible land. The~~  
17 ~~department of agriculture and land stewardship may execute~~  
18 ~~contracts with private landowners who agree to reserve such~~  
19 ~~land only for uses that prevent erosion in excess of the~~  
20 ~~applicable soil loss limits as established in~~ section 161A.44.

21 ~~e. (3) Soil conservation or crop management practices~~  
22 ~~used on land producing biomass for biorefineries, including~~  
23 ~~cellulosic ethanol production.~~

24 ~~3. b. The department of agriculture and land stewardship~~  
25 ~~may use~~ unencumbered or unobligated trust fund moneys allocated  
26 to the trust account to provide financial incentives or  
27 technical assistance to landowners.

28 5. During a fiscal year, the department may transfer  
29 unencumbered or unobligated trust fund moneys allocated to  
30 the trust account for use by the department as is provided in  
31 subsection 4 to any of the following:

32 a. The water quality infrastructure fund created in section  
33 8.57B to support water quality agriculture infrastructure  
34 programs created in section 466B.43 in order to reduce nutrient  
35 loads from nonpoint sources.

1 b. The water quality financial assistance fund created  
2 in section 16.134A to support the water quality urban  
3 infrastructure program created in section 466B.44.

4 Sec. 80. Section 461.34, Code 2020, is amended to read as  
5 follows:

6 **461.34 Watershed protection trust account — allocations.**

7 1. A watershed protection trust account is created in the  
8 trust fund. ~~Fourteen~~ The trust account shall be administered  
9 by the department of natural resources.

10 2. Fifteen percent of the moneys credited to the trust fund  
11 shall be allocated to the trust account.

12 3. Forty-seven percent of trust fund moneys allocated  
13 to the trust account shall first be transferred to the water  
14 quality financial assistance fund created in section 16.134A  
15 for appropriation as provided in that section.

16 ~~2.~~ 4. Of the remaining trust fund moneys  
17 allocated to the trust account, fifty percent shall be used  
18 cooperatively distributed for use by the department of  
19 natural resources and the department of agriculture and land  
20 stewardship to support all of the following initiatives:

21 ~~a.~~ Water water quality resource projects administered by  
22 the department of ~~natural resources~~ to preserve watersheds,  
23 including but not limited to all of the following:

24 ~~(1)~~ a. Projects to protect, restore, or enhance water  
25 quality in the state through the provision of financial  
26 assistance to communities for impairment-based, locally  
27 directed watershed projects. The department may use the  
28 ~~account~~ trust fund moneys to support the water resource  
29 restoration sponsor program as provided in [section 455B.199](#).

30 ~~(2)~~ b. Regional and community watershed assessment,  
31 planning, and prioritization efforts, including as provided in  
32 chapter 466B.

33 c. Water quality protection programs provided in section  
34 466.7 that relate to any of the following:

35 (1) The administration of geographic information systems



1 for use in developing, monitoring, and displaying local  
2 watershed information.

3 (2) An activity to support the collection and analysis of  
4 water quality monitoring.

5 (3) Floodplain permitting.

6 (4) Flood protection education to provide information to  
7 local officials regarding floodplain management.

8 ~~b.~~ 5. Surface Of the remaining trust fund moneys allocated  
9 to the trust account, fifty percent shall be distributed for  
10 use by the department of agriculture and land stewardship  
11 to support surface water protection projects and practices  
12 ~~administered by the department of agriculture and land~~  
13 ~~stewardship or the department of natural resources, as~~  
14 described in the Iowa nutrient reduction strategy including but  
15 not limited to the installation of permanent vegetation cover,  
16 filter strips, grass waterways, edge of field practices, and  
17 riparian forest buffers; dredging; and bank stabilization. The  
18 ~~departments of agriculture and land stewardship and natural~~  
19 ~~resources~~ department may use the ~~account~~ trust fund moneys  
20 to support the conservation buffer strip program provided in  
21 section 466.4 and the conservation reserve enhancement program  
22 as provided in [section 466.5](#).

23 ~~3.~~ 6. ~~The departments'~~ A decision by a department to  
24 prioritize initiatives may be based on the priority list of  
25 watersheds provided in [section 456A.33A](#).

26 7. During a fiscal year, the department of natural  
27 resources or the department of agriculture and land stewardship  
28 may transfer unencumbered or unobligated trust fund moneys  
29 distributed to the custodial department pursuant to subsection  
30 4 or 5 to the water quality financial assistance fund created  
31 in section 16.134A.

32 Sec. 81. Section 461.35, Code 2020, is amended to read as  
33 follows:

34 **461.35 Iowa resources enhancement and protection fund —**  
35 **allocation.**

1 ~~Thirteen~~ Ten percent of the moneys credited to the trust  
2 fund shall be allocated to the Iowa resources enhancement  
3 and protection fund created in [section 455A.18](#) for further  
4 allocation as provided in [section 455A.19](#).

5 Sec. 82. Section 461.36, Code 2020, is amended by striking  
6 the section and inserting in lieu thereof the following:

7 **461.36 Local conservation partnership trust account —**  
8 **allocations.**

9 1. A local conservation partnership trust account is  
10 created in the trust fund. The trust account shall be  
11 administered by the department of natural resources.

12 2. Nine percent of the moneys credited to the trust fund  
13 shall be allocated to the trust account.

14 3. The department shall allocate the trust fund moneys  
15 credited to the account to local communities participating  
16 in the local conservation partnership program as provided in  
17 section 461.36A.

18 Sec. 83. NEW SECTION. **461.36A Local conservation**  
19 **partnership program.**

20 1. As used in this section, unless the context otherwise  
21 requires:

22 *a.* "Department" means the department of natural resources.

23 *b.* "Local community" includes a political subdivision or  
24 a watershed management authority created pursuant to section  
25 466B.22.

26 2. The department shall establish and administer a local  
27 conservation partnership program to provide financing to local  
28 communities to do any of the following:

29 *a.* Maintain and improve parks, preserves, wildlife areas,  
30 wildlife habitats, native prairies, forests, or wetlands.

31 *b.* Promote wildlife diversity.

32 *c.* Further a recreational purpose.

33 *d.* Improve rivers and streams.

34 *e.* Sponsor education and outreach programs and projects that  
35 provide instruction regarding natural history and the outdoors.

1 The subjects of such instruction may relate to opportunities  
2 involving a recreational purpose, outdoor safety, or ethics.  
3 The programs and projects may assist Iowa students studying in  
4 fields of science, technology, engineering, and mathematics.

5 *f.* Further any other purpose described in section 350.1.

6 3. As part of a local conservation partnership under the  
7 program, two or more local communities may enter into chapter  
8 28E agreements, and a local community may cooperate with  
9 the federal government or a nongovernmental organization.  
10 A nongovernmental organization shall not be eligible to  
11 participate in a local community partnership under the program  
12 unless the nongovernmental organization submits an application  
13 in association with a political subdivision or county  
14 conservation board and enters into a chapter 28E agreement with  
15 the political subdivision or county conservation board.

16 4. *a.* A local community is not eligible to receive moneys  
17 from the department under the program to support a local  
18 conservation partnership, unless the local community finances  
19 a minimum percentage of the estimated or total cost of the  
20 initiative, whichever is less.

21 *b.* The minimum amount of the cost-share contribution by a  
22 local community, as described in paragraph "a", shall be as  
23 follows:

24 (1) Ten percent for a local community located in a county  
25 having a population of fifteen thousand or less.

26 (2) Twenty-five percent for a local community located in a  
27 county having a population of more than fifteen thousand but  
28 less than one hundred thousand.

29 (3) Seventy-five percent for a local community located in a  
30 county having a population of one hundred thousand or more.

31 Sec. 84. Section 461.37, Code 2020, is amended to read as  
32 follows:

33 **461.37 Trails Water and land trails trust account —**  
34 **allocations.**

35 1. A water and land trails trust account is created in the

1 trust fund. ~~Then~~ The trust account shall be administered by the  
2 department of transportation.

3 2. Four percent of the moneys credited to the trust fund  
4 shall be allocated to the trust account.

5 ~~2.~~ 3. Of the amount of trust fund moneys allocated  
6 to the trust account, fifty percent shall be distributed for  
7 use by the department of transportation and the department of  
8 ~~natural resources shall use moneys in the account~~ to support  
9 initiatives related to the design, establishment, maintenance,  
10 improvement, and expansion of land trails.

11 ~~3.~~ 4. Of the amount of trust fund moneys allocated to  
12 the trust account, fifty percent shall be distributed for use  
13 by the department of natural resources may use the account to  
14 support the design, establishment, maintenance, improvement,  
15 and expansion of water trails. The department shall provide  
16 priority to stream restoration.

17 5. a. During a fiscal year, and pursuant to an agreement  
18 between the department of transportation and the department  
19 of natural resources, either custodial department that is  
20 distributed trust fund moneys for use under this section may  
21 transfer unencumbered or unobligated trust fund moneys to the  
22 other custodial department for use by the other custodial  
23 department as provided in this section.

24 b. During a fiscal year, and pursuant to an agreement  
25 between the department of transportation and the department  
26 of natural resources, the department of transportation  
27 may transfer unencumbered or unobligated trust fund moneys  
28 allocated to the trust account and distributed for use by  
29 the department of transportation to another trust account  
30 administered by the department of natural resources for use by  
31 the department of natural resources.

32 Sec. 85. Section 461.38, Code 2020, is amended to read as  
33 follows:

34 461.38 Lake and stream restoration trust account —  
35 allocations.

1 1. A lake and stream restoration trust account is created in  
2 the trust fund. ~~Seven~~ The trust account shall be administered  
3 by the department of natural resources.

4 2. Ten percent of the moneys credited to the trust fund  
5 shall be allocated to the trust account.

6 ~~2. 3.~~ 3. The department of natural resources shall use moneys  
7 in allocated to the trust account to support public all of the  
8 following:

9 a. Public lake restoration initiatives as follows:

10 ~~a. (1)~~ (1) An initiative shall account for a lake's  
11 recreational purpose, and provide for environmental, aesthetic,  
12 ecological, and social value. It must improve water quality  
13 further a goal of the Iowa nutrient reduction strategy.

14 ~~b. (2) The department's~~ A decision by the department to  
15 prioritize an initiative may be based on the department's lake  
16 restoration plan and report as provided in section 456A.33B and  
17 the Iowa nutrient reduction strategy.

18 b. The stabilization and restoration of stream banks.

19 Sec. 86. NEW SECTION. 461.51 Repeal.

20 This chapter is repealed December 31, 2050.

21 Sec. 87. CODE EDITOR DIRECTIVE.

22 1. The Code editor is directed to make the following  
23 transfers:

24 a. Section 461.36A, as enacted in this division of this Act,  
25 to section 455A.31.

26 b. Section 461.35, as amended in this division of this Act,  
27 to section 461.41.

28 2. The Code editor shall correct internal references in the  
29 Code and in any enacted legislation as necessary due to the  
30 enactment of this section.

31 Sec. 88. REPEAL. Section 455A.20, Code 2020, is repealed.

32 Sec. 89. EFFECTIVE DATE. This division of this Act takes  
33 effect January 1, 2021.

34 **EXPLANATION**

35 **The inclusion of this explanation does not constitute agreement with**

1 the explanation's substance by the members of the general assembly.

2 This bill relates to state and local revenue and finances  
 3 including modifying individual income taxes, sales and use  
 4 taxes, water service tax, certain tax credits, and provisions  
 5 relating to county juvenile court expenses and mental health  
 6 region funding. The bill is organized into divisions.

7 DIVISION I — INDIVIDUAL INCOME TAX BRACKETS AND RATES  
 8 BEGINNING 2021 TAX YEAR. Current law provides nine regular tax  
 9 brackets containing progressively higher amounts of taxable  
 10 income that are taxed at progressively higher tax rates, from  
 11 a low of 0.33 percent, to a high of 8.53 percent. The taxable  
 12 income amounts in each tax bracket are indexed to inflation  
 13 and increased each year. For tax years beginning on or after  
 14 January 1, 2021, the bill reduces the tax rate in each bracket,  
 15 and reduces the number of brackets to eight, as follows:

	<u>Income over:</u>	<u>But not over:</u>	<u>Tax</u>
16			
17	1) \$0	\$3,364	0.30%
18	2) \$3,364	\$6,728	2.00%
19	3) \$6,728	\$15,138	3.73%
20	4) \$15,138	\$25,230	5.07%
21	5) \$25,230	\$33,640	5.36%
22	6) \$33,640	\$50,460	5.63%
23	7) \$50,460	\$75,690	6.97%
24	8) \$75,690 or more		7.48%

25 The individual tax rates listed above apply for all tax years  
 26 beginning on or after January 1, 2021, until such time as a  
 27 different tax rate takes effect as described in division III.

28 DIVISION II — CONTINGENT EFFECTIVE DATE IN 2018 IOWA ACTS  
 29 — NET GENERAL FUND REVENUES CALCULATION. For purposes of  
 30 describing contingent individual income tax changes in 2018  
 31 Iowa Acts, chapter 1161, section 133, the term "trigger year"  
 32 means the first tax year after the following occurrence:  
 33 the net general fund revenues for FY 2022 equal or exceed  
 34 \$8,314,600,000, and also equal or exceed 104 percent of the

1 net general fund revenues for FY 2021; or if the previous  
 2 conditions are not satisfied, on or after the January 1  
 3 following the first fiscal year for which the net general  
 4 fund revenues equal or exceed \$8,314,600,000, and also equal  
 5 or exceed 104 percent of the net general fund revenues for  
 6 the fiscal year immediately preceding that fiscal year. The  
 7 bill strikes the above-mentioned condition relating to net  
 8 general fund revenues exceeding 104 percent of the net general  
 9 fund revenues for the preceding fiscal year. Therefore, the  
 10 "trigger year" occurs when net general fund revenues equal  
 11 or exceed \$8,314,600,000 during FY 2022 or any fiscal year  
 12 thereafter, and the contingent individual income tax changes  
 13 described in division III of the bill become effective as well  
 14 as other tax changes in 2018 Iowa Acts, chapter 1161, sections  
 15 99 through 134.

16 DIVISION III — FUTURE CONTINGENT INDIVIDUAL INCOME TAXES  
 17 BEGINNING IN 2023 TAX YEAR. Commencing with the tax year  
 18 beginning January 1, 2023, the bill reduces the number of  
 19 individual income tax brackets to four and reduces the tax  
 20 rates in the aggregate if certain net tax receipt revenue  
 21 targets are met or exceeded as described in division II of  
 22 the bill. For a married couple filing a joint return, the  
 23 taxable income amounts in each individual bracket are doubled.  
 24 The taxable income amounts in each tax bracket are indexed to  
 25 inflation and increased each year. The contingent individual  
 26 income tax brackets and rates are as follows for individuals  
 27 other than a married couple filing jointly if the certain net  
 28 tax receipt revenue targets are met or exceeded:

29	<u>Income over:</u>	<u>But not over:</u>	<u>Tax</u>
30	1) \$0	\$6,000	4.00%
31	2) \$6,000	\$30,000	4.45%
32	3) \$30,000	\$75,000	4.99%
33	4) \$75,000 or more		5.50%

34 The contingent income tax brackets and rates for a married  
 35 couple filing a joint return are as follows if the certain net

1 tax receipt revenue targets are met or exceeded:

2	<u>Income over:</u>	<u>But not over:</u>	<u>Tax</u>
3	1) \$0	\$12,000	4.00%
4	2) \$12,000	\$60,000	4.45%
5	3) \$60,000	\$150,000	4.99%
6	4) \$150,000 or more		5.50%

7 Current Iowa law allows married persons to file separately  
 8 on a combined return so there are no separate tax brackets for  
 9 a married couple filing a joint return. However, the ability  
 10 for married persons to file separately on a combined return  
 11 is repealed in the "trigger year" in 2018 Iowa Acts, chapter  
 12 1161, due to the starting point to calculate Iowa income taxes  
 13 moving from federal adjusted gross income to federal taxable  
 14 income, and federal law does not permit married persons to file  
 15 separately on a combined return.

16 DIVISION IV — CHILD AND DEPENDENT CARE AND EARLY CHILDHOOD  
 17 TAX CREDITS. Currently, an individual may claim 30 percent of  
 18 the federal child and dependent care credit provided in section  
 19 21 of the Internal Revenue Code against the individual income  
 20 tax if the individual's net income is less than \$45,000. Under  
 21 the bill, an individual may claim 30 percent of the federal  
 22 child and dependent care credit provided in section 21 of the  
 23 Internal Revenue Code against the individual income tax if the  
 24 individual's net income is less than \$90,000.

25 The bill also increases the income threshold determining the  
 26 eligibility of a taxpayer for the early childhood development  
 27 tax credit. The bill increases the eligibility threshold from  
 28 a taxpayer whose net income is less than \$45,000 per year to  
 29 less than \$90,000 per year. By increasing the eligibility  
 30 threshold, taxpayers whose net income is less than \$90,000 are  
 31 now eligible to take the early childhood development tax credit  
 32 equaling 25 percent of the first \$1,000 which the taxpayer has  
 33 paid to others for early childhood development expenses for  
 34 each dependent ages three through five.

35 The changes in the division apply to tax years beginning on



1 or after January 1, 2021.

2 DIVISION V — PRECEPTOR TAX CREDIT. The bill establishes a  
3 preceptor tax credit to be administered by the department of  
4 public health and the department of revenue.

5 The bill defines "preceptor" to mean a licensed practicing  
6 physician who provides on-site education to a medical student  
7 or resident at a hospital or medical clinic in a rural area.

8 The bill defines "rural area" to mean any county in the state  
9 other than the 10 largest counties according to the most recent  
10 federal decennial census.

11 The bill allows a tax credit against the taxes imposed in  
12 Code chapter 422, division II (personal income tax), equal  
13 to \$1,000 per medical student or resident supervised by the  
14 preceptor up to a maximum of \$10,000 per year.

15 Any tax credit in excess of the preceptor's tax liability for  
16 the tax year is not refundable and shall not be credited to the  
17 tax liability for any following year.

18 The credits shall be issued annually on a first-come,  
19 first-served basis and shall not exceed \$100,000 in cumulative  
20 value.

21 The bill specifies that the department of public health in  
22 collaboration with the department of revenue shall develop a  
23 system for the application, review, and authorization of the  
24 issuance of the preceptor tax credit.

25 The bill requires the department of public health and the  
26 department of revenue to adopt rules to administer the tax  
27 credit.

28 The tax credit applies to tax years beginning on or after  
29 January 1, 2021.

30 DIVISION VI — SALES AND USE TAX. An amendment to the Iowa  
31 Constitution was ratified on November 2, 2010, which created  
32 a natural resources and outdoor recreation trust fund (fund)  
33 and dedicated a portion of state revenues to the fund for  
34 the purposes of protecting and enhancing water quality and  
35 natural areas in the state including parks, trails, and fish

1 and wildlife habitat, and conserving agricultural soils in  
2 the state (article VII, section 10). The fund is codified in  
3 Code section 461.31. Pursuant to the amendment, the amount  
4 credited to the fund will be equal to the amount generated  
5 by an increase in the state sales tax rate occurring after  
6 the effective date of the constitutional amendment, but shall  
7 not exceed the amount that a state sales tax rate of 0.375  
8 percent would generate. The state sales tax rate has not  
9 been increased since the effective date of the constitutional  
10 amendment, so no amounts have been credited to the fund. The  
11 bill increases the sales tax rate and the use tax rate from 6  
12 percent to 7 percent on January 1, 2021. The bill allocates  
13 the moneys from the natural resources and outdoor recreation  
14 trust fund in another part of the bill. The bill also amends  
15 the transfer of sales and use tax revenues to the secure an  
16 advanced vision for education fund (SAVE) in Code sections  
17 423.2A(2) and 423.43 to ensure that SAVE receives the same  
18 amount of sales and use tax revenues as it did prior to the  
19 sales and use tax increases provided in the bill.

20 DIVISION VII — WATER SERVICE TAX REPEAL. Currently, an  
21 excise tax at the rate of 6 percent is imposed on the sales  
22 price from the sale or furnishing by a water utility of a water  
23 service in the state to consumers or users. The bill strikes  
24 and replaces the current future repeal provisions of the water  
25 service tax in Code section 423G.7 and provides that the water  
26 service tax is repealed January 1, 2021.

27 The amendment to Code section 421.71 specifies that the  
28 applicable law related to a private cause of action associated  
29 with the collection of the water service tax remains in the  
30 2020 Code, despite the repeal of the water service tax in the  
31 bill.

32 DIVISION VIII — SALES AND USE TAX EXEMPTIONS. Beginning  
33 January 1, 2021, the bill exempts the sale of feminine hygiene  
34 products as defined in the bill from the sales tax. The bill  
35 also exempts the sale of child and adult diapers on or after

1 January 1, 2021, whether cloth or disposable.

2 The bill makes a conforming amendment in Code section  
3 423.3(68)(c)(1)(a) by striking a reference to child and adult  
4 diapers that relate to the tax-free holiday.

5 By operation of Code section 423.6, an item exempt from the  
6 imposition of the sales tax is also exempt from the use tax  
7 imposed in Code section 423.5.

8 DIVISION IX — JUVENILE COURT EXPENSES. The bill provides  
9 that juvenile court expenses shall be paid from the indigent  
10 defense fund established in Code section 815.11. Currently,  
11 most juvenile court expenses incurred by a county are  
12 eventually paid by the state through the indigent defense  
13 fund; however, certain juvenile expenses are a charge upon the  
14 county in which the juvenile proceedings are held pursuant to  
15 a formula in Code section 232.141(3). The bill strikes the  
16 county expense formula in Code section 232.141(3), therefore  
17 allowing most juvenile court expenses to be paid from the  
18 indigent defense fund without the county paying some expenses  
19 based upon the formula.

20 DIVISION X — MENTAL HEALTH REGION FUNDING. The bill strikes  
21 current Code section 225C.7A containing the mental health  
22 and disability regional services fund and replaces that Code  
23 section by establishing a mental health and disability services  
24 state supplement fund under the authority of the department  
25 of human services. Moneys in the fund shall be used solely  
26 for purposes of making state supplement payments under the  
27 Code section. For each fiscal year beginning on or after  
28 July 1, 2020, the moneys available in a fiscal year in the  
29 mental health and disability services state supplement fund are  
30 appropriated to the department of human services and shall be  
31 distributed to each county on a per capita basis.

32 For a county to be eligible to receive a state supplement  
33 payment, the county, or the county's mental health and  
34 disability services region on behalf of the county, shall  
35 submit a core services domain report to the department of human

1 services on or before a date established by the department by  
2 rule. The contents of the report shall enable the department  
3 to evaluate, along with other available information, whether  
4 each county or the county's mental health and disability  
5 services region is in substantial compliance with the required  
6 core service domains under Code section 331.397(4) and Code  
7 section 331.397A(4). If the county is not in substantial  
8 compliance with the required core service domains and has  
9 failed to comply with a corrective action plan required by  
10 the department of human services, the department shall reduce  
11 the amount of the state supplement payment by an amount  
12 commensurate with the level of noncompliance, not to exceed 15  
13 percent of the state supplement payment amount.

14 State supplement payments received by a county under new  
15 Code section 225C.7A shall be deposited in the county services  
16 fund under Code section 331.424A and used solely for payment of  
17 services provided under the regional service system management  
18 plan.

19 Code section 331.424A(6) establishes the amount certified  
20 for levy by the county each fiscal year to raise funds for  
21 mental health and disability services under the regional  
22 service system. Revenues from taxes imposed by the county  
23 credited to the county mental health and disability services  
24 fund shall not exceed an amount equal to the county budgeted  
25 amount, which is the amount necessary to meet the county's  
26 financial obligations for the payment of services provided  
27 under the regional service system management plan, not to  
28 exceed an amount equal to the product of the regional per  
29 capita expenditure target amount multiplied by the county's  
30 population, and, for fiscal years beginning on or after July 1,  
31 2023, reduced by the amount of the county's cash flow reduction  
32 amount. The bill modifies the county budgeted amount that may  
33 be certified for levy by the county for such services. For the  
34 fiscal year beginning July 1, 2020, and each subsequent fiscal  
35 year, the county budgeted amount determined for each county

1 shall be the amount necessary to meet the county's financial  
2 obligations for the payment of services provided under the  
3 regional service system management plan approved pursuant to  
4 Code section 331.393, not to exceed an amount equal to the  
5 product of the statewide per capita expenditure target amount  
6 multiplied by the county's population, and, for fiscal years  
7 beginning on or after July 1, 2023, reduced by the amount of  
8 the county's cash flow reduction amount, if applicable. The  
9 statewide per capita expenditure target amount is reduced in  
10 the bill from \$47.28 to \$12.50.

11 If division X of the bill takes effect on or after March  
12 31, 2020, a county may recertify the county's budget for the  
13 fiscal year beginning July 1, 2020, as necessary to implement  
14 the provisions of division X of the bill. Similarly, to the  
15 extent necessary to implement the provisions of division X of  
16 the bill, a mental health and disability services region may  
17 amend the region's regional service system management plan or  
18 annual service and budget plan for the fiscal year beginning  
19 July 1, 2020, and the department of management may, for the  
20 fiscal year beginning July 1, 2020, certify the taxes back to  
21 the applicable county auditor after June 15.

22 Division X of the bill authorizes the department of human  
23 services to adopt emergency rules to implement the provisions  
24 of division X of the bill and the rules shall be effective  
25 immediately upon filing unless a later date is specified in  
26 the rules. However, any emergency rules adopted shall also be  
27 published as a notice of intended action as provided in Code  
28 section 17A.4.

29 The division takes effect upon enactment and applies July 1,  
30 2020, for fiscal years beginning on or after that date.

31 DIVISION XI — CONSTITUTIONAL IMPLEMENTATION. The bill  
32 amends provisions in Code chapter 461 (the natural resources  
33 and outdoor recreation Act) that is to implement Article VII,  
34 section 10, of the Constitution of the State of Iowa when  
35 the sales tax is increased. The Code chapter establishes

1 the natural resources and outdoor recreation trust fund  
2 (trust fund) and associated accounts (renamed trust accounts)  
3 supported by a portion of state revenue generated by an  
4 increase in the state's sales tax. The purpose of the  
5 constitutional provision is to protect and enhance water  
6 quality and natural areas, including parks, trails, and fish  
7 and wildlife habitat, and conserve agricultural soils in this  
8 state.

9 ALLOCATIONS OF TRUST FUND MONEYS. The bill alters the  
10 percentage of moneys to be allocated from the trust fund  
11 (trust fund moneys) to its trust accounts, including the  
12 natural resources trust account administered by the department  
13 of natural resources (DNR), the soil conservation and water  
14 protection trust account (renamed the soil conservation and  
15 nonpoint source water protection trust account) administered  
16 by the department of agriculture and land stewardship (DALS),  
17 the watershed protection trust account administered by DNR  
18 in cooperation with DALS, the local conservation partnership  
19 trust account administered by DNR, the trails trust account  
20 (renamed the water and land trails trust account) administered  
21 by DOT in cooperation with DNR, and the lake restoration  
22 trust account (renamed the lake and stream restoration trust  
23 account) administered by DNR. It also reduces the allocations  
24 of trust fund moneys to the Iowa resources enhancement and  
25 protection (REAP) fund administered by DNR. It transfers  
26 trust fund moneys allocated to the renamed soil conservation  
27 and nonpoint source water protection trust account and the  
28 watershed protection trust account to the water quality  
29 infrastructure fund used to support nonpoint water quality  
30 programs administered by DALS; and to the water quality  
31 financial assistance fund administered by the Iowa finance  
32 authority (IFA) to support the wastewater and drinking water  
33 treatment financial assistance program (administered by IFA),  
34 the water quality financing program (administered by IFA), and  
35 the water quality urban infrastructure program (administered by

1 DALs). The bill revises provisions in the local conservation  
2 partnership trust account as a program to be administered  
3 by DNR. The bill provides that trust fund moneys may be  
4 transferred from the renamed soil conservation and nonpoint  
5 source water protection trust account to the water quality  
6 infrastructure fund and from the watershed protection trust  
7 account to the water quality financial assistance fund upon  
8 direction by the custodial department. The bill eliminates  
9 current funding sources, including the annual appropriation  
10 to the REAP fund from the general fund which is due to expire  
11 on June 30, 2021, and both a tax on the sales price on water  
12 service, which another division of this bill repeals, and the  
13 use of wagering tax receipts, which would otherwise expire on  
14 July 1, 2029.

15 ADMINISTRATION. The bill provides that the legislative  
16 council is to appoint a committee to review the trust fund and  
17 its allocations. The bill requires the economic development  
18 authority to be involved in decisions that use trust fund  
19 moneys to support initiatives with a recreational purpose. In  
20 making decisions to expend trust fund moneys, a higher priority  
21 is given to supporting an initiative that furthers a goal of  
22 the Iowa nutrient reduction strategy. A higher priority is  
23 provided to maintaining or preserving existing public use lands  
24 rather than acquiring new land. Several provisions place  
25 restrictions upon the use of trust fund moneys for support  
26 relating to certain initiatives, including athletic fields or  
27 facilities. Trust fund moneys cannot be used to support an  
28 exercise of eminent domain powers.

29 REPEAL. Code chapter 461 is repealed December 31, 2050.

30 EFFECTIVE DATE. The division of the bill takes effect  
31 January 1, 2021.