SENATE FILE 619
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1276)

A BILL FOR

1 An Act relating to state and local revenue and finance by
2 modifying future tax contingencies, the state inheritance
3 tax, mental health and disability services funding, school
4 district funding, commercial and industrial property tax
5 replacement payments, providing for housing incentives,
6 providing for other properly related matters, making
7 appropriations, and including effective date, applicability,
8 and retroactive applicability provisions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
DIVISION I
FUTURE TAX CONTINGENCIES

Section 1. 2018 Iowa Acts, chapter 1161, section 133, is amended by striking the section and inserting in lieu thereof the following:

SEC. 133. EFFECTIVE DATE. This division of this Act takes effect January 1, 2023.

DIVISION II
CHILD DEPENDENT AND DEVELOPMENT TAX CREDITS

Sec. 2. Section 422.12C, subsection 1, paragraphs f and g, Code 2021, are amended to read as follows:

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

Sec. 3. Section 422.12C, subsection 2, paragraph a, Code 2021, is amended to read as follows:

a. The taxes imposed under this subchapter, less the amounts of nonrefundable credits allowed under this subchapter, may be reduced by an early childhood development tax credit equal to twenty-five percent of the first one thousand dollars which the taxpayer has paid to others for each dependent, as defined in the Internal Revenue Code, ages three through five for early childhood development expenses. In determining the amount of early childhood development expenses for the tax year beginning in the 2006 calendar year only, such expenses paid during November and December of the previous tax year shall be considered paid in the tax year for which the tax credit is claimed. This credit is available to a taxpayer whose net income is less than forty-five ninety thousand dollars. If the early childhood development tax credit is claimed for a tax year, the taxpayer and the taxpayer’s spouse shall not claim the child and dependent care credit under subsection 1.

Sec. 4. RETROACTIVE APPLICABILITY. This division of this
S.F. 619

1 Act applies retroactively to tax years beginning on or after
2 January 1, 2021.
3
4 DIVISION III
5 COVID-19 RELATED GRANTS — TAXATION
6 Sec. 5. Section 422.7, subsection 62, Code 2021, is amended
7 to read as follows:
8 62. a. Subtract, to the extent included, the amount of
9 any financial assistance qualifying COVID-19 grant provided to
10 an eligible small issued to an individual or business by the
11 economic development authority under the Iowa small business
12 relief grant program created during calendar year 2020 to
13 provide financial assistance to eligible small businesses
14 economically impacted by the COVID-19 pandemic, the Iowa
15 finance authority, or the department of agriculture and land
16 stewardship.
17 b. For purposes of this subsection, "qualifying COVID-19
18 grant" includes any grant that was issued between March 17,
19 2020, and December 31, 2021, identified by the department
20 by rule under a grant program created to primarily provide
21 COVID-19 related financial assistance to economically
22 impacted individuals and businesses located in this state,
23 and administered by the economic development authority, Iowa
24 finance authority, or the department of agriculture and land
25 stewardship.
26 c. The economic development authority, Iowa finance
27 authority, or the department of agriculture and land
28 stewardship shall notify the department of any COVID-19 grant
29 program that may qualify under this subsection in the manner
30 and form prescribed by the department.
31 d. This subsection is repealed January 1, 2024, and does not
32 apply to tax years beginning on or after that date.
33 Sec. 6. Section 422.35, subsection 30, Code 2021, is amended
34 to read as follows:
35 30. a. Subtract, to the extent included, the amount of
36 any financial assistance qualifying COVID-19 grant provided
to an eligible small business by the economic development authority under the Iowa small business relief grant program created during calendar year 2020 to provide financial assistance to eligible small businesses economically impacted by the COVID-19 pandemic, the Iowa finance authority, or the department of agriculture and land stewardship.

b. For purposes of this subsection, "qualifying COVID-19 grant" means the same as defined in section 422.7, subsection 62, paragraph "b".

c. The economic development authority, Iowa finance authority, or the department of agriculture and land stewardship shall notify the department of any COVID-19 grant program that may qualify under this subsection in the manner and form prescribed by the department.

d. This subsection is repealed January 1, 2024, and does not apply to tax years beginning on or after that date.

Sec. 7. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 8. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to March 17, 2020, for tax years ending on or after that date.

DIVISION IV

FEDERAL PAYCHECK PROTECTION PROGRAM

Sec. 9. FEDERAL PAYCHECK PROTECTION PROGRAM.

Notwithstanding any other provision of the law to the contrary, for any tax year ending after March 27, 2020, Division N, Tit. II, subtit. B, §276 and §278(a), of the federal Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, applies in computing net income for state tax purposes under section 422.7 or 422.35.

Sec. 10. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION V

INSTALLMENT SALES — CAPITAL GAINS

Sec. 11. 2018 Iowa Acts, chapter 1161, section 134, is
amended to read as follows:

SEC. 134. APPLICABILITY.

1. This division of this Act applies to tax years beginning on or after the effective date of this division of this Act.

2. The section of this division of this Act amending section 422.7, subsection 21, as amended by 2019 Iowa Acts, chapter 162, applies to sales consummated on or after the effective date of this division of this Act, and sales consummated prior to the effective date of this division of this Act shall be governed by law as it existed prior to the effective date of this division of this Act.

DIVISION VI
STATE INHERITANCE TAX
PART I
EXEMPTIONS AND RATES

Sec. 12. Section 450.4, subsection 1, Code 2021, is amended to read as follows:

1. When the entire estate of the decedent does not exceed the sum of twenty-five thousand dollars following amounts after deducting the liabilities, as defined in this chapter:

    a. For decedents dying on or after January 1, 2021, but before January 1, 2022, three hundred thousand dollars.

    b. For decedents dying on or after January 1, 2022, but before January 1, 2023, six hundred thousand dollars.

    c. For decedents dying on or after January 1, 2023, but before January 1, 2024, one million dollars.

Sec. 13. Section 450.10, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 7. a. In lieu of each rate of tax imposed in subsections 1 through 4, for property passing from the estate of a decedent dying on or after January 1, 2021, but before January 1, 2022, there shall be imposed a rate of tax equal to the applicable tax rate in subsections 1 through 4, reduced by twenty-five percent, and rounded to the nearest one-hundredth of one percent.
b. In lieu of each rate of tax imposed in subsections 1 through 4, for property passing from the estate of a decedent dying on or after January 1, 2022, but before January 1, 2023, there shall be imposed a rate of tax equal to the applicable tax rate in subsections 1 through 4, reduced by fifty percent, and rounded to the nearest one-hundredth of one percent.

c. In lieu of each rate of tax imposed in subsections 1 through 4, for property passing from the estate of a decedent dying on or after January 1, 2023, but before January 1, 2024, there shall be imposed a rate of tax equal to the applicable tax rate in subsections 1 through 4, reduced by seventy-five percent, and rounded to the nearest one-hundredth of one percent.

PART II

REPEAL OF STATE INHERITANCE TAX

Sec. 14. NEW SECTION. 450.98 Tax repealed.

This chapter shall not apply, effective January 1, 2024, to property of estates of decedents dying on or after January 1, 2024. The inheritance tax shall not be imposed under this chapter if a decedent dies on or after January 1, 2024, and to this extent this chapter is repealed.

Sec. 15. NEW SECTION. 450.99 Future repeal.

This chapter is repealed effective January 1, 2034.

Sec. 16. NEW SECTION. 450B.8 Tax repealed.

This chapter shall not apply, effective January 1, 2024, to property of estates of decedents dying on or after January 1, 2024. The inheritance tax shall not be imposed under this chapter if a decedent dies on or after January 1, 2024, and to this extent this chapter is repealed.

Sec. 17. NEW SECTION. 450B.9 Future repeal.

This chapter is repealed effective January 1, 2034.

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

Sec. 19. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2021, for tax years
beginning on or after that date, and for decedents dying on or
after that date.

Sec. 20. CODE EDITOR DIRECTIVE. The Code editor is directed
to correct internal references and other appropriate references
in the Code, and in any enacted Iowa Acts as necessary, to
chapters 450 and 450B, and to the inheritance tax and qualified
use inheritance tax, effective January 1, 2034.

DIVISION VII
HOUSING TRUST FUND

Sec. 21. Section 428A.8, subsection 3, Code 2021, is amended
to read as follows:

3. Notwithstanding subsection 2, the amount of money that
shall be transferred pursuant to this section to the housing
trust fund in any one fiscal year shall not exceed three seven
million dollars. Any money that otherwise would be transferred
pursuant to this section to the housing trust fund in excess
of that amount shall be deposited in the general fund of the
state.

DIVISION VIII
HIGH QUALITY JOBS PROGRAM — DAY CARE CENTERS

Sec. 22. Section 15.327, Code 2021, is amended by adding the
following new subsection:

NEW SUBSECTION. 016. "Licensed center" means the same as
defined in section 237A.1.

Sec. 23. Section 15.329, Code 2021, is amended by adding the
following new subsection:

NEW SUBSECTION. 3A. In addition to the factors in
subsection 3, in determining the eligibility of a business to
participate in the program the authority may consider whether a
proposed project will provide a licensed center for use by the
business’s employees.

DIVISION IX
INVESTMENT TAX CREDITS AND INNOVATION FUND TAX CREDITS

Sec. 24. Section 15.119, subsection 2, paragraph d, Code
2021, is amended to read as follows:
d. (1) The tax credits for investments in qualifying businesses issued pursuant to section 15E.43 and for equity investments in an innovation fund pursuant to section 15E.52. In allocating tax credits pursuant to this subsection, the authority shall allocate two an aggregate of ten million dollars for purposes of this paragraph subparagraph, unless the authority determines that the tax credits awarded will be less than that amount.

(2) On or before June 30 of each fiscal year the authority shall determine the amount of tax credits to be allocated for the next fiscal year beginning July 1 to investments in qualifying businesses and to equity investments in an innovation fund under subparagraph (1). Any tax credits allocated for purposes of subparagraph (1) and not awarded in that fiscal year shall be reallocated to a purpose under subparagraph (1) for the next fiscal year and shall not be counted against the aggregate maximum of ten million dollars.

Sec. 25. Section 15.119, subsection 2, paragraph e, Code 2021, is amended by striking the paragraph.

Sec. 26. Section 15E.43, subsection 2, paragraphs b and c, Code 2021, are amended to read as follows:

b. The maximum amount of a tax credit that may be issued per calendar fiscal year to a natural person and the person’s spouse or dependent shall not exceed one hundred thousand dollars combined. For purposes of this paragraph, a tax credit issued to a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual shall be deemed to be issued to the individual owners based upon the pro rata share of the individual’s earnings from the entity. For purposes of this paragraph, “dependent” has the same meaning as provided by the Internal Revenue Code.

c. The maximum amount of tax credits that may be issued per calendar fiscal year for equity investments in any one qualifying business shall not exceed five hundred thousand
dollars.

Sec. 27. EFFECTIVE DATE. This division of this Act, being
deemed of immediate importance, takes effect upon enactmet.

Sec. 28. APPLICABILITY. The following applies to tax
credits allocated on or after the fiscal year beginning July 1,
and for each fiscal year thereafter:

The section of this division of this Act amending section
15.119, subsection 2, paragraph "d".

DIVISION X

TELEHEALTH — MENTAL HEALTH PARITY

Sec. 29. Section 514C.34, subsection 1, Code 2021, is
amended by adding the following new paragraphs:

NEW PARAGRAPH. 0a. "Covered person" means the same as
defined in section 514J.102.

NEW PARAGRAPH. 00a. "Facility" means the same as defined in
section 514J.102.

NEW PARAGRAPH. 0c. "Health carrier" means the same as
defined in section 514J.102.

Sec. 30. Section 514C.34, subsection 1, paragraph c, Code
2021, is amended to read as follows:

c. "Telehealth" means the delivery of health care services
through the use of real-time interactive audio and video, or
other real-time interactive electronic media, regardless of
where the health care professional and the covered person are
each located. "Telehealth" does not include the delivery of
health care services delivered solely through an audio-only
telephone, electronic mail message, or facsimile transmission.

Sec. 31. Section 514C.34, Code 2021, is amended by adding
the following new subsection:

NEW SUBSECTION. 3A. a. A health carrier shall reimburse
a health care professional and a facility for health care
services provided by telehealth to a covered person for a
mental health condition, illness, injury, or disease on the
same basis and at the same rate as the health carrier would
apply to the same health care services for a mental health
condition, illness, injury, or disease provided in person to a covered person by the health care professional or the facility. 

b. As a condition of reimbursement pursuant to paragraph “a”, a health carrier shall not require that an additional health care professional be located in the same room as a covered person while health care services for a mental health condition, illness, injury, or disease are provided via telehealth by another health care professional to the covered person.

Sec. 32. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 33. RETROACTIVE APPLICABILITY. This division of this Act applies to health care services for a mental health condition, illness, injury, or disease provided by a health care professional or a facility to a covered person by telehealth on or after January 1, 2021.

DIVISION XI

HIGH QUALITY JOBS AND RENEWABLE CHEMICAL PRODUCTION TAX CREDITS

Sec. 34. Section 15.119, subsection 2, paragraph a, subparagraphs (2) and (3), Code 2021, are amended to read as follows:

(2) In allocating tax credits pursuant to this subsection for each fiscal year of the fiscal period beginning July 1, 2016, and ending June 30, 2021 the fiscal year beginning July 1, 2021, and for each fiscal year thereafter, the authority shall not allocate more than one hundred five seventy million dollars for purposes of this paragraph. This subparagraph (2) is repealed July 1, 2021.

(3)(a) In allocating tax credits pursuant to this subsection for the fiscal year beginning July 1, 2021, and ending June 30, 2022, the authority shall not allocate more than one hundred five million dollars for purposes of this paragraph if the aggregate amount of renewable chemical production tax credits under section 15.319 that were awarded on or after July 1, 2018, but before July 1, 2021, equals or
exceeds twenty-seven million dollars.

(b) As soon as practicable after June 30, 2021, the authority shall notify the general assembly of the aggregate amount of renewable chemical production tax credits awarded under section 15.319 on or after July 1, 2018, but before July 1, 2021, and whether or not the tax credit allocation limitation described in subparagraph division (a) is applicable.

c) This subparagraph (3) is repealed July 1, 2022.

Sec. 35. Section 15.119, subsection 2, paragraph h, Code 2021, is amended to read as follows:

h. The renewable chemical production tax credit program administered pursuant to sections 15.315 through 15.322. In allocating tax credits pursuant to this subsection for the fiscal year beginning July 1, 2021, and for each fiscal year thereafter, the authority shall not allocate more than ten five million dollars for purposes of this paragraph. This paragraph is repealed July 1, 2030.

Sec. 36. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION XII

HIGH QUALITY JOBS — ELIGIBILITY REQUIREMENTS

Sec. 37. HIGH QUALITY JOBS — REDUCTIONS IN OPERATIONS.

1. Notwithstanding section 15.329, subsection 1, paragraph “b”, subparagraph (2), the economic development authority shall not presume that a reduction in operations is a reduction in operations while simultaneously applying for assistance with regard to a business that submits an application on or before June 30, 2022, if the business demonstrates to the satisfaction of the authority all of the following:

a. That the reduction in operations occurred after March 1, 2020.

b. That the reduction in operations was caused by the COVID-19 pandemic.

2. The economic development authority shall consider
whether the benefit of the project proposed by a business under subsection 1 outweighs any negative impact related to the business’s reduction in operations. The business shall remain subject to all other eligibility requirements pursuant to section 15.329.

3. This section is repealed July 1, 2022.

DIVISION XIII
MANUFACTURING 4.0

Sec. 38. NEW SECTION. 15.371 Manufacturing 4.0 technology investment program.

1. This section shall be known as and may be cited as the “Manufacturing 4.0 Technology Investment Program”.

2. For purposes of this section unless the context otherwise requires:

a. “Financial assistance” means the same as defined in section 15.102.

b. “Manufacturing 4.0 technology investments” means projects that are intended to lead to the adoption of, and integration of, smart technologies into existing manufacturing operations located in the state by mitigating the risk to the manufacturer of significant technology investments. Projects may include investments in specialized hardware, software, or other equipment intended to assist a manufacturer in increasing the manufacturer’s productivity, efficiency, and competitiveness.

3. a. A manufacturing 4.0 technology investment fund is created within the state treasury under the control of the authority for the purpose of financing manufacturing 4.0 technology investments as described in this section.

b. The fund may be administered as a revolving fund and may consist of any moneys appropriated by the general assembly for purposes of this section and any other moneys that are lawfully available to the authority. Any moneys appropriated to the fund shall be used for purposes of the manufacturing 4.0 technology investment program. The authority may use all other moneys in the fund, including interest, earnings, and
1 recaptures, for purposes of this section.
2  c. Notwithstanding section 8.33, moneys appropriated in this
3 section that remain unencumbered or unobligated at the close of
4 the fiscal year shall not revert but shall remain available for
5 expenditure for the purposes designated until the close of the
6 succeeding fiscal year.
7  d. Notwithstanding any law to the contrary, the authority
8 may transfer any unobligated and unencumbered moneys in the
9 fund, except for moneys appropriated for purposes of this
10 section, to any fund created pursuant to section 15.106A,
11 subsection 1, paragraph "c".
12 4. The authority shall establish and administer a
13 manufacturing 4.0 technology investment program and shall use
14 moneys in the fund to award financial assistance to eligible
15 manufacturers for manufacturing 4.0 technology investments.
16 5. To be eligible for a financial assistance award under the
17 manufacturing 4.0 technology investment program, a manufacturer
18 must do all of the following:
19  a. Manufacture goods at a facility located in this state.
20  b. Have a North American industry classification system
21 number within the manufacturing sector range of 31-33.
22  c. Have been an established business for a minimum of three
23 years prior to the date of application to the program.
24  d. Derive a minimum of fifty-one percent of the
25 manufacturer's gross revenue from the sale of manufactured
26 goods.
27  e. Employ a minimum of three full-time employees and no
28 more than seventy-five full-time employees across all of the
29 manufacturer's locations.
30  f. Have an assessment of the manufacturer's proposed
31 manufacturing 4.0 technology investment completed by the center
32 for industrial research and service at Iowa state university of
33 science and technology.
34  g. Demonstrate the ability to provide matching financial
35 support for the manufacturer's manufacturing 4.0 technology
investment on a one-to-one basis. The matching financial
support must be obtained from private sources.

6. Eligible manufacturers shall submit applications to the
manufacturing 4.0 technology investment program in the manner
prescribed by the authority by rule.

7. a. The authority may accept applications during one
or more application periods each fiscal year as determined by
the authority. All completed applications shall be reviewed
and scored on a competitive basis pursuant to rules adopted by
the authority. The authority may engage an outside technical
review panel to complete technical reviews of applications.
The board shall review the recommendations of the authority
and of the technical review panel, if applicable, and shall
approve, defer, or deny each application.

b. In making recommendations to the board, the authority and
the technical review panel, if applicable, shall consider all
of the following:

(1) The completeness of the manufacturer's application.
(2) Whether the board should approve or deny an application.
(3) If the board approves an application, the type and
amount of financial assistance that should to be awarded to the
applicant.
(4) The percentage of the manufacturer's gross revenue
that is derived from the sale of manufactured goods pursuant
to subsection 5, paragraph "a".
(5) Whether the manufacturer's proposed manufacturing
4.0 technology investment is consistent with the assessment
completed by the center for industrial research and service at
Iowa state university of science and technology pursuant to
subsection 5, paragraph "f".

c. The board shall not approve an application for financial
assistance for a manufacturing 4.0 technology investment that
was made prior to the date of the application.

8. From moneys appropriated to the manufacturing 4.0
technology investment fund from the general fund of the state
1 and any other state moneys lawfully available to the authority
2 for the manufacturing 4.0 technology investment program, the
3 maximum amount of financial assistance awarded from such moneys
4 to an eligible manufacturer shall not exceed seventy-five
5 thousand dollars.
6 9. The authority shall adopt rules pursuant to chapter 17A
7 necessary to implement and administer this section.

DIVISION XIV
ENERGY INFRASTRUCTURE REVOLVING LOAN PROGRAM

Sec. 39. Section 476.10A, subsection 2, Code 2021, is
amended to read as follows:

2. Notwithstanding section 8.33, any unexpended moneys
remitted to the treasurer of state under this section shall be
retained for the purposes designated. Notwithstanding section
12C.7, subsection 2, interest or earnings on investments or
time deposits of the moneys remitted under this section shall
be retained and used for the purposes designated, pursuant to
section 476.46.

Sec. 40. Section 476.46, subsection 2, paragraph e,
subparagraph (3), Code 2021, is amended to read as follows:

(3) Interest on the fund shall be deposited in the fund.
A portion of the interest on the fund, not to exceed fifty
percent of the total interest accrued, shall be used for
promotion and administration of the fund.

Sec. 41. Section 476.46, Code 2021, is amended by adding the
following new subsections:

NEW SUBSECTION. 3. The Iowa energy center shall not
initiate any new loans under this section after June 30, 2021.

NEW SUBSECTION. 4. Loan payments received under this
section on or after July 1, 2021, and any other moneys in the
fund on or after July 1, 2021, shall be deposited in the energy
infrastructure revolving loan fund created in section 476.46A.

Sec. 42. NEW SECTION. 476.46A Energy infrastructure
revolving loan program.

1. a. An energy infrastructure revolving loan fund is
created in the office of the treasurer of state and shall be
administered by the Iowa energy center established in section
15.120.

b. The fund may be administered as a revolving fund and may
consist of any moneys appropriated by the general assembly for
purposes of this section and any other moneys that are lawfully
directed to the fund.
c. Moneys in the fund shall be used to provide financial
assistance for the development and construction of energy
infrastructure, including projects that support electric or gas
generation transmission, storage, or distribution; electric
grid modernization; energy-sector workforce development;
emergency preparedness for rural and underserved areas; the
expansion of biomass, biogas, and renewable natural gas;
innovative technologies; and the development of infrastructure
for alternative fuel vehicles.
d. Notwithstanding section 8.33, moneys appropriated in this
section that remain unencumbered or unobligated at the close of
the fiscal year shall not revert but shall remain available for
expenditure for the purposes designated until the close of the
succeeding fiscal year.
e. Notwithstanding section 12C.7, subsection 2, interest or
earnings on moneys in the fund shall be credited to the fund.

2. a. The Iowa energy center shall establish and administer
an energy infrastructure revolving loan program to encourage
the development of energy infrastructure within the state.
b. An individual, business, rural electric cooperative, or
municipal utility located and operating in this state shall be
eligible for financial assistance under the program. With the
approval of the Iowa energy center governing board established
under section 15.120, subsection 2, the economic development
authority shall determine the amount and the terms of all
financial assistance awarded to an individual, business, rural
electric cooperative, or municipal utility under the program.
All agreements and administrative authority shall be vested in
the Iowa energy center governing board.

c. The economic development authority may use not more than
five percent of the moneys in the fund at the beginning of each
fiscal year for purposes of administrative costs, marketing,
technical assistance, and other program support.

3. For the purposes of this section:

a. “Energy infrastructure” means land, buildings, physical
plant and equipment, and services directly related to the
development of projects used for, or useful for, electricity or
gas generation, transmission, storage, or distribution.

b. “Financial assistance” means the same as defined in
section 15.102.

Sec. 43. ALTERNATE ENERGY REVOLVING LOAN FUND — MONEYS
TRANSFERRED AND APPROPRIATED. Any unencumbered or unobligated
moneys remaining after June 30, 2021, in the alternate energy
revolving loan fund created pursuant to section 476.46, are
transferred and appropriated to the energy infrastructure
revolving loan fund created pursuant to section 476.46A, to be
used for purposes of the energy infrastructure revolving loan
program.

DIVISION XV

WORKFORCE HOUSING TAX INCENTIVES

Sec. 44. Section 15.119, subsection 2, paragraph g, Code
2021, is amended to read as follows:

g. (1) The workforce housing tax incentives program
administered pursuant to sections 15.351 through 15.356.

In allocating tax credits pursuant to this subsection, the
authority shall not allocate more than twenty-five thirty
million dollars for purposes of this paragraph. Of the moneys
allocated under this paragraph, ten fifteen million dollars
shall be reserved for allocation to qualified housing projects
in small cities, as defined in section 15.352, that are
registered on or after July 1, 2017.

(2) (a) Notwithstanding subparagraph (1), in allocating
tax credits pursuant to this subsection for the fiscal year
beginning July 1, 2021, and ending June 30, 2022, the authority shall not allocate more than forty million dollars for the purposes of this paragraph. Of the moneys allocated under this paragraph for the fiscal year beginning July 1, 2021, and ending June 30, 2022, twelve million dollars shall be reserved for allocation to qualified housing projects in small cities, as defined in section 15.352, that are registered on or after July 1, 2017.

(b) Notwithstanding subparagraph (1), in allocating tax credits pursuant to this subsection for the fiscal year beginning July 1, 2022, and ending June 30, 2023, the authority shall not allocate more than thirty-five million dollars for the purposes of this paragraph. Of the moneys allocated under this paragraph for the fiscal year beginning July 1, 2022, and ending June 30, 2023, fifteen million dollars shall be reserved for allocation to qualified housing projects in small cities, as defined in section 15.352, that are registered on or after July 1, 2017, and five million dollars shall be reserved for qualified housing projects in areas of the state with the largest wait list or greatest need as determined by the authority.

(c) This subparagraph is repealed July 1, 2023.

Sec. 45. Section 15.354, subsection 3, paragraph d, Code 2021, is amended to read as follows:

d. Upon completion of a housing project, a housing business shall submit all of the following to the authority:

(1) An examination of the project in accordance with the American institute of certified public accountants' statements on standards for attestation engagements, completed by a certified public accountant authorized to practice in this state, shall be submitted to the authority.

(2) A statement of the final amount of qualifying new investment for the housing project.

(3) Any information the authority deems necessary to ensure compliance with the agreement signed by the housing business
pursuant to paragraph "a", the requirements of this part, and rules the authority and the department of revenue adopt pursuant to section 15.356.

Sec. 46. Section 15.354, subsection 3, paragraph e, subparagraph (1), Code 2021, is amended to read as follows:

(1) Upon review of the examination, and verification of the amount of the qualifying new investment, and review of any other information submitted pursuant to paragraph "d", subparagraph (3), the authority may notify the housing business of the amount that the housing business may claim as a refund of the sales and use tax under section 15.355, subsection 2, and may issue a tax credit certificate to the housing business stating the amount of workforce housing investment tax credits under section 15.355, subsection 3, the eligible housing business may claim. The sum of the amount that the housing business may claim as a refund of the sales and use tax and the amount of the tax credit certificate shall not exceed the amount of the tax incentive award.

Sec. 47. Section 15.354, subsection 6, paragraphs b and c, Code 2021, are amended to read as follows:

b. Notwithstanding subsection 1, the authority may accept applications for disaster recovery housing projects on a continuous basis establish a disaster recovery application period following the declaration of a major disaster by the president of the United States for a county in Iowa.

c. Notwithstanding subsection 2, paragraphs "a", "b", and "d", upon Upon review of a housing business’s application, and scoring of all applications received during a disaster recovery application period, the authority may make a tax incentive award to a disaster recovery housing project. The tax incentive award shall represent the maximum amount of tax incentives that the disaster recovery housing project may qualify for under the program. In determining a tax incentive award, the authority shall not use an amount of project costs that exceeds the amount included in the application of the
1 housing business. Tax incentive awards shall be approved by
2 the director of the authority.
3 Sec. 48. Section 15.355, subsection 2, Code 2021, is amended
4 to read as follows:
5 2. A housing business may claim a refund of the sales and
6 use taxes paid under chapter 423 that are directly related to
7 a housing project and specified in the agreement. The refund
8 available pursuant to this subsection shall be as provided in
9 section 15.331A, excluding subsection 2, paragraph “c”, of
10 that section. For purposes of the program, the term “project
11 completion”, as used in section 15.331A, shall mean the date
12 on which the authority notifies the department of revenue that
13 all applicable requirements of an agreement entered into
14 pursuant to section 15.354, subsection 3, paragraph “a”, and
15 all applicable requirements of this part, including the rules
16 the authority and the department of revenue adopted pursuant to
17 section 15.356, are satisfied.

DIVISION XVI
BROWNFIELDS AND GRAYFIELDS

Sec. 49. Section 15.119, subsection 3, Code 2021, is amended
21 to read as follows:
22 3. In allocating the amount of tax credits authorized
23 pursuant to subsection 1 among the programs specified in
24 subsection 2, the authority shall not allocate more than ten
25 fifteen million dollars for purposes of subsection 2, paragraph
26 “f”.

Sec. 50. Section 15.293A, subsection 8, Code 2021, is
28 amended to read as follows:
29 8. This section is repealed on June 30, 2021 2031.

Sec. 51. Section 15.293B, Code 2021, is amended by adding
31 the following new subsection:
32 NEW SUBSECTION. 5A. a. Tax credits revoked under
33 subsection 3 including tax credits revoked up to five years
34 prior to the effective date of this division of this Act, and
35 tax credits not awarded under subsection 4 or 5, may be awarded
1 in the next annual application period established in subsection 2 1, paragraph ‘‘c’’.
3  b. Tax credits awarded pursuant to paragraph ‘‘a’’ shall not be counted against the limit under section 15.119, subsection 4 3.
5  Sec. 52. Section 15.293B, subsection 7, Code 2021, is amended to read as follows:
7  7. This section is repealed on June 30, 2021 2031.
9  Sec. 53. EFFECTIVE DATE. The following, being deemed of 10 immediate importance, take effect upon enactment:
11  1. The section of this division of this Act amending section 12 15.293A, subsection 8.
13  2. The section of this division of this Act amending section 14 15.293B, subsection 7.

DIVISION XVII
DOWNTOWN LOAN GUARANTEE PROGRAM
Sec. 54. NEW SECTION. 15.431 Downtown loan guarantee program.

1. The economic development authority, in partnership with 2 the Iowa finance authority, shall establish and administer a 3 downtown loan guarantee program to encourage Iowa downtown 4 businesses and banks to reinvest and reopen following the 5 COVID-19 pandemic.
2. In order for a loan to be guaranteed, all of the 7 following conditions must be true:
8  a. The loan finances an eligible downtown resource center 9 community catalyst building remediation grant project or main 10 street Iowa challenge grant within a designated district.
11  b. The loan finances a rehabilitation project, or finances 12 acquisition or refinancing costs associated with the project.
13  c. At least twenty-five percent of the project costs are 14 used for construction on the project or renovation.
15  d. The project includes a housing component.
16  e. The loan is used for construction of the project, 17 permanent financing of the project, or both.
f. A federally insured financial lending institution issued
the loan.

g. The loan does not reimburse the borrower for working
capital, operations, or similar expenses.

h. The project meets downtown resource center and main
street Iowa design review.

3. a. For a loan amount less than or equal to five hundred
thousand dollars, the economic development authority may
guarantee up to fifty percent of the loan amount.

b. For a loan amount greater than five hundred thousand
dollars, the economic development authority may provide a
maximum loan guarantee of up to two hundred fifty thousand
dollars.

4. A project loan must be secured by a mortgage against the
project property.

5. The economic development authority may guarantee loans
for up to five years. The economic development authority
may extend the loan guarantee for an additional five years
if an underwriting review finds that an extension would be
beneficial.

6. The lender shall pay an annual loan guarantee fee as set
forth by rule.

7. The economic development authority reserves the right
to deny a loan guarantee for unreasonable bank loan fees or
interest rate.

8. The loan must not be insured or guaranteed by another
local, state, or federal guarantee program.

9. The loan guarantee is not transferable if the loan or the
project is sold or transferred.

10. In the event of a loss due to default, the loan
guarantee proportionally pays the guarantee percentage of the
loss to the lender.

11. Moneys for the program may consist of any moneys
appropriated by the general assembly for purposes of this
section, and any other moneys that are lawfully available
1 to the economic development authority, including moneys
2 transferred or deposited from other funds created pursuant to
3 section 15.106A, subsection 1, paragraph "o".

DIVISION XVIII

DISASTER RECOVERY HOUSING ASSISTANCE

Sec. 55. NEW SECTION. 16.57A Transfer of unobligated or
7 unencumbered funds — report.

1. Notwithstanding any other provision of law to the
9 contrary, the authority may transfer any unobligated and
10 unencumbered moneys in any revolving loan program fund created
11 pursuant to section 16.46, 16.47, 16.48, or 16.49, for deposit
12 in the disaster recovery housing assistance fund created in
13 section 16.57B.

2. Notwithstanding section 8.39, and any other law to
15 the contrary, with the prior written consent and approval of
16 the governor, the executive director of the authority may
17 transfer any unobligated and unencumbered moneys in any fund
18 created pursuant to section 16.5, subsection 1, paragraph
19 "s", for deposit in the disaster recovery housing assistance
20 fund created in section 16.57B. The prior written consent and
21 approval of the director of the department of management shall
22 not be required to transfer the unobligated and unencumbered
23 moneys.

3. Notwithstanding section 8.39, and any other law to the
25 contrary, with the prior written approval of the governor, the
26 director of the economic development authority may transfer
27 any unobligated and unencumbered moneys in any fund created
28 pursuant to section 15.106A, subsection 1, paragraph "o",
29 for deposit in the disaster recovery housing assistance fund
30 created in section 16.57B.

4. Any transfer made under this section shall be reported in
32 the same manner as provided in section 8.39, subsection 5.

Sec. 56. NEW SECTION. 16.57B Disaster recovery housing
33 assistance program — fund.

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

a. "Disaster-affected home" means a primary residence that is destroyed or damaged due to a natural disaster that occurs on or after the effective date of this division of this Act, and the primary residence is located in a county that is the subject of a state of disaster emergency proclamation by the governor that authorizes disaster recovery housing assistance.

b. "Fund" means the disaster recovery housing assistance fund.

c. "Local program administrator" means any of the following:
   1. The cities of Ames, Cedar Falls, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo, and West Des Moines.
   2. A council of governments whose territory includes at least one county that is the subject of a state of disaster emergency proclamation by the governor that authorizes disaster recovery housing assistance or the eviction prevention program under section 16.57C on or after the effective date of this division of this Act.
   3. A community action agency as defined in section 216A.91 and whose territory includes at least one county that is the subject of a state of disaster emergency proclamation by the governor that authorizes disaster recovery housing assistance or the eviction prevention program under section 16.57C on or after the effective date of this division of this Act.
   4. A qualified local organization or governmental entity as determined by rules adopted by the authority.

d. "Program" means the disaster recovery housing assistance program.

e. "Replacement housing" means housing purchased by a homeowner or leased by a renter needed to replace a disaster-affected home that is destroyed or damaged beyond reasonable repair as determined by a local program administrator.

f. "State of disaster emergency" means the same as described
in section 29C.6, subsection 1.

2. Fund.

a. (1) A disaster recovery housing assistance fund is created within the authority. The moneys in the fund shall be used by the authority for the development and operation of a forgivable loan and grant program for homeowners and renters with disaster-affected homes, and for the eviction prevention program pursuant to section 16.57C.

(2) Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the fund shall be credited to the fund. Notwithstanding section 8.33, moneys credited to the fund shall not revert at the close of a fiscal year.

b. Moneys transferred by the authority for deposit in the fund, moneys appropriated to the fund, and any other moneys available to and obtained or accepted by the authority for placement in the fund shall be deposited in the fund.

c. The authority shall not use more than five percent of the moneys in the fund on July 1 of a fiscal year for purposes of administrative costs and other program support during the fiscal year.

3. Program.

a. The authority shall establish and administer a disaster recovery housing assistance program and shall use moneys in the fund to award forgivable loans to eligible homeowners and grants to eligible renters of disaster-affected homes. Moneys in the fund may be expended following a state of disaster emergency proclamation by the governor pursuant to section 29C.6 that authorizes disaster recovery housing assistance.

b. The authority may enter into an agreement with one or more local program administrators to administer the program.

4. Registration required. To be considered for a forgivable loan or grant under the program, a homeowner or renter must register for the disaster case management program established pursuant to section 29C.20B. The disaster case manager may refer the homeowner or renter to the appropriate local program.
5. Homeowners.

a. To be eligible for a forgivable loan under the program, all of the following requirements shall apply:

1. The homeowner’s disaster-affected home must have sustained damage greater than the damage that is covered by the homeowner’s property and casualty insurance policy insuring the home plus any other state or federal disaster-related financial assistance that the homeowner is eligible to receive.

2. A local official must either deem the disaster-affected home suitable for rehabilitation or damaged beyond reasonable repair.

3. The disaster-affected home is not eligible for buyout by the county or city where the disaster-affected home is located, or the disaster-affected home is eligible for a buyout by the county or city where the disaster-affected home is located, but the homeowner is requesting a forgivable loan for the repair or rehabilitation of the homeowner’s disaster-affected home in lieu of a buyout.

4. Assistance under the program must not duplicate benefits provided by any local, state, or federal disaster recovery assistance program.

b. If a homeowner is referred to the authority or to a local program administrator by the disaster case manager of the homeowner, the authority may award a forgivable loan to the eligible homeowner for any of the following purposes:

1. Repair or rehabilitation of the disaster-affected home.

2. (a) Down payment assistance on the purchase of replacement housing, and the cost of reasonable repairs to be performed on the replacement housing to render the replacement housing decent, safe, sanitary, and in good repair.

(b) Replacement housing shall not be located in a one-hundred-year floodplain.

(c) For purposes of this subparagraph, “decent, safe, sanitary, and in good repair” means the same as described in 24
The authority shall determine the interest rate for the forgivable loan.

If a homeowner who has been awarded a forgivable loan sells a disaster-affected home or replacement housing for which the homeowner received the forgivable loan prior to the end of the loan term, the remaining principal on the forgivable loan shall be due and payable pursuant to rules adopted by the authority.

Renters.

To be eligible for a grant under the program, all of the following requirements shall apply:

(1) A local program administrator either deems the disaster-affected home of the renter suitable for rehabilitation but unsuitable for current short-term habitation, or the disaster-affected home is damaged beyond reasonable repair.

(2) Assistance under the program must not duplicate benefits provided by any local, state, or federal disaster recovery assistance program.

If a renter is referred to the authority or to a local program administrator by the disaster case manager of the renter, the authority may award a grant to the eligible renter to provide short-term financial assistance for the payment of rent for replacement housing.

Report. On or before January 31 of each year, the authority shall submit a report to the general assembly that identifies all of the following for the calendar year immediately preceding the year of the report:

(1) The date of each state of disaster emergency proclamation by the governor that authorized disaster recovery housing assistance under this section.

(2) The total number of forgivable loans and grants awarded.

(3) The total number of forgivable loans, and the amount of each loan awarded for repair or rehabilitation.
d. The total number of forgivable loans, and the amount of each loan, awarded for down payment assistance on the purchase of replacement housing and the cost of reasonable repairs to be performed on the replacement housing to render the replacement housing decent, safe, sanitary, and in good repair.

e. The total number of grants, and the amount of each grant, awarded for rental assistance.

f. The total number of forgivable loans and grants awarded in each county in which at least one homeowner or renter has been awarded a forgivable loan or grant.

g. Each local program administrator involved in the administration of the program.

h. The total amount of forgivable loan principal repaid.

Sec. 57. NEW SECTION. 16.57C Eviction prevention program.

1. a. "Eligible renter" means a renter whose income meets the qualifications of the program, who is at risk of eviction, and who resides in a county that is the subject of a state of disaster emergency proclamation by the governor that authorizes the eviction prevention program.

b. "Eviction prevention partner" means a qualified local organization or governmental entity as determined by rule by the authority.

2. The authority shall establish and administer an eviction prevention program. Under the eviction prevention program, the authority shall award grants to eligible renters and to eviction prevention partners for purposes of this section. Grants may be awarded upon a state of disaster emergency proclamation by the governor that authorizes the eviction prevention program. Eviction prevention assistance shall be paid out of the fund established in section 16.57B.

3. a. Grants awarded to eligible renters pursuant to this section shall be used for short-term financial rent assistance to keep eligible renters in the current residences of such renters.

b. Grants awarded to eviction prevention partners pursuant
to this section shall be used to pay for rent or services
provided to eligible renters for the purpose of preventing the
eviction of eligible renters.
4. The authority may enter into an agreement with one or
more local program administrators to administer the program.
Sec. 58. NEW SECTION. 16.57D Rules.
The authority shall adopt rules pursuant to chapter 17A to
implement and administer this part, including rules to do all
of the following:
1. Establish the maximum forgivable loan and grant amounts
awarded under the program.
2. Establish the terms of any forgivable loan provided under
the program.
3. Income qualifications of eligible renters in the
eviction prevention program.
Sec. 59. CODE EDITOR DIRECTIVE. The Code editor shall
designate sections 16.57A through 16.57D, as enacted by
this division of this Act, as a new part within chapter 16,
subchapter VIII, and may redesignate the new and preexisting
parts, replace references to sections 16.57A through 16.57D
with references to the new part, and correct internal
references as necessary, including references in subchapter or
part headnotes.
Sec. 60. EFFECTIVE DATE. This division of this Act, being
deemed of immediate importance, takes effect upon enactment.
DIVISION XIX
BONUS DEPRECIATION
Sec. 61. Section 422.7, subsection 39A, Code 2021, is
amended by striking the subsection.
Sec. 62. Section 422.35, subsection 19A, Code 2021, is
amended by striking the subsection.
Sec. 63. RETROACTIVE APPLICABILITY. This division of this
Act applies retroactively to January 1, 2021, for tax years
beginning on or after that date, and for qualified property
placed in service on or after that date.
DIVISION XX
BEGINNING FARMER TAX CREDIT

Sec. 64. Section 16.58, subsections 1, 2, and 3, Code 2021, are amended to read as follows:

1. “Agricultural assets” means agricultural land, agricultural improvements, depreciable agricultural property, crops, or livestock.

2. “Agricultural improvements” means any improvements, including buildings, structures, or fixtures suitable for use in farming which are, if located on any size parcel of agricultural land.

3. “Agricultural land” means land suitable for use in farming, any portion of which may include an agricultural improvement.

Sec. 65. Section 16.77, subsection 2, Code 2021, is amended to read as follows:

2. “Agricultural lease agreement” or “agreement” means an agreement for the transfer of agricultural assets, that must at least include a lease of agricultural land, from an eligible taxpayer to a qualified beginning farmer as provided in section 16.79A.

Sec. 66. Section 16.79A, subsection 1, Code 2021, is amended to read as follows:

1. a. A beginning farmer tax credit is allowed only for agricultural assets that are subject to an agricultural lease agreement entered into by an eligible taxpayer and a qualifying beginning farmer participating in the beginning farmer tax credit program established pursuant to section 16.78.

b. The tax credit is allowed regardless of whether the principle agricultural asset is soil, pasture, or a building or other structure used in farming.

Sec. 67. Section 16.79A, subsection 2, Code 2021, is amended to read as follows:

2. The agreement must include the lease of agricultural land located in this state, including any or agricultural
improvements located in this state, and may provide for the
rental of agricultural equipment as defined in section 322F.1.

Sec. 68. Section 16.79A, subsection 3, paragraph c, Code 2021, is amended to read as follows:
c. The agreement must be for at least two years, but not
more than five years. The agreement may be renewed any number
of times by the eligible taxpayer and qualified beginning
farmer for a term of at least two years, but not more than five
years. However, an eligible taxpayer shall not participate in
the program for more than fifteen years.

Sec. 69. Section 16.81, subsection 4, Code 2021, is amended
by striking the subsection.

Sec. 70. Section 16.81, subsection 6, Code 2021, is amended
to read as follows:

6. The authority shall approve all beginning farmer tax
credit applications that meet the requirements of this subpart
and make tax credit awards on a first-come, first-served basis,
subject to the limitations in section 16.82A. An eligible
taxpayer may apply and be approved to enter into agreements
with different qualified beginning farmers.

Sec. 71. Section 16.82, subsection 5, Code 2021, is amended
to read as follows:

5. The amount of tax credits that may be awarded to an
eligible taxpayer for any one year under all agreements an
agreement shall not exceed fifty thousand dollars.

Sec. 72. BEGINNING FARMER TAX CREDIT PROGRAM — FORMER
PERIOD OF PARTICIPATION EXTENDED. An eligible taxpayer first
participating in the beginning farmer tax credit program on or
after January 1, 2019, as provided in 2019 Iowa Acts, chapter
161, for a tax year beginning on or after that date, may
participate in the program for not more than fifteen years in
the same manner as provided in section 16.79A, as amended by
this division of this Act.

Sec. 73. EFFECTIVE DATE. This division of this Act takes
effect January 1, 2022.
DIVISION XXI
MENTAL HEALTH FUNDING

Sec. 74. Section 123.38, subsection 2, paragraph b, Code 2021, is amended to read as follows:

b. For purposes of this subsection, any portion of license or permit fees used for the purposes authorized in section 331.424, subsection 1, paragraph "a", subparagraphs (1) and (2), and in section 331.424A, shall not be deemed received either by the division or by a local authority.

Sec. 75. Section 218.99, Code 2021, is amended to read as follows:

218.99 Counties to be notified of patients’ personal accounts.

The administrator in control of a state institution shall direct the business manager of each institution under the administrator’s jurisdiction which is mentioned in section 331.424, subsection 1, paragraph "a", subparagraphs (1) and (2), and for which services are paid under section 331.424A by the county of residence or a mental health and disability services region, to quarterly inform the county of residence of any patient or resident who has an amount in excess of two hundred dollars on account in the patients’ personal deposit fund and the amount on deposit. The administrators shall direct the business manager to further notify the county of residence at least fifteen days before the release of funds in excess of two hundred dollars or upon the death of the patient or resident. If the patient or resident has no residency in this state or the person’s residency is unknown, notice shall be made to the director of human services and the administrator in control of the institution involved.

Sec. 76. Section 225.24, Code 2021, is amended to read as follows:

225.24 Collection of preliminary expense.

Unless a committed private patient or those legally responsible for the patient’s support offer to settle the
amount of the claims, the regional administrator for the person's county of residence shall collect, by action if necessary, the amount of all claims for per diem and expenses that have been approved by the regional administrator for the county and paid by the regional administrator as provided under section 225.21. Any amount collected shall be credited to the region combined account created in accordance with section 331.424A 331.391.

Sec. 77. Section 225C.4, subsection 1, paragraph i, Code 2021, is amended to read as follows:

i. Administer and distribute state appropriations in connection with the mental health and disability services region combined account established by section 225C.7A.

Sec. 78. Section 225C.7A, Code 2021, is amended by striking the section and inserting in lieu thereof the following:

225C.7A Mental health and disability services regional service fund — region incentive fund.

1. A mental health and disability services regional service fund is created in the office of the treasurer of state under the authority of the department. The fund shall be separate from the general fund of the state and the balance in the fund shall not be considered part of the balance of the general fund of the state. Moneys in the fund include appropriations made to the fund and other moneys deposited into the fund. Moneys in the fund shall be used solely for purposes of making regional service payments and incentive payments under this section.

2. a. For each fiscal year beginning on or after July 1, 2021, there is appropriated from the general fund of the state to the mental health and disability services regional service fund an amount necessary to make all regional service payments under this section for that fiscal year.

b. The department shall distribute the moneys appropriated from the mental health and disability services regional
1 service fund to mental health and disability services regions for funding of services in accordance with performance-based contracts with the regions and in the manner provided in this section. If the allocation methodology includes a population factor, the definition of “population” in section 331.388 shall be applied.

3. For each fiscal year beginning on or after July 1, 2021, the moneys available in a fiscal year in the mental health and disability services regional service fund, except for moneys in the region incentive fund under subsection 8, are appropriated to the department and shall be distributed to each region on a per capita basis calculated under subsection 4 using each region’s population, as defined in section 331.388, for that fiscal year.

4. The amount of each region’s regional service payment shall be determined as follows:

a. For the fiscal year beginning July 1, 2021, an amount equal to the product of fifteen dollars and eighty-six cents multiplied by the sum of the region’s population for the fiscal year.

b. For the fiscal year beginning July 1, 2022, an amount equal to the product of thirty-eight dollars multiplied by the sum of the region’s population for the fiscal year.

c. For the fiscal year beginning July 1, 2023, an amount equal to the product of forty dollars multiplied by the sum of the region’s population for the fiscal year.

d. For the fiscal year beginning July 1, 2024, an amount equal to the product of forty-two dollars multiplied by the sum of the region’s population for the fiscal year.

e. (1) For the fiscal year beginning July 1, 2025, and each succeeding fiscal year, an amount equal to the product of the sum of the region’s population for the fiscal year multiplied by the sum of the dollar amount used to calculate the regional service payments under this subsection for the immediately preceding fiscal year plus the regional service growth factor.
1 for the fiscal year.
2 (2) For purposes of this paragraph, "regional service growth factor" for a fiscal year is an amount equal to the product of the dollar amount used to calculate the regional service payments under this subsection for the immediately preceding fiscal year multiplied by the percent increase, if any, in the amount of sales tax revenue deposited into the general fund of the state under section 423.2A, subsection 1, paragraph "a", less the transfers required under section 423.2A, subsection 2, between the fiscal year beginning three years prior to the applicable fiscal year and the fiscal year beginning two years prior to the applicable year, but not to exceed one and one-half percent.

5. Regional service payments received by a region shall be deposited in the region's combined account under section 331.391 and used solely for providing mental health and disability services under the regional service system management plan.

6. Regional service payments from the mental health and disability services regional service fund shall be paid in quarterly installments to the appropriate regional administrator in July, October, January, and April of each fiscal year.

7. a. For the fiscal year beginning July 1, 2021, each mental health and disability services region for which the amount certified during the fiscal year under section 331.391, subsection 4, paragraph "b", exceeds forty percent of the actual expenditures of the region for the fiscal year preceding the fiscal year in progress, the remaining quarterly payments of the region's regional service payment shall be reduced by an amount equal to the amount by which the region's amount certified under section 331.391, subsection 4, paragraph "b", exceeds forty percent of the actual expenditures of the region for the fiscal year preceding the fiscal year in progress, but the amount of the reduction shall not exceed the total amount
1 of the region's regional service payment for the fiscal year.  
2 If the region's remaining quarterly payments are insufficient  
3 to effectuate the required reductions under this paragraph, the  
4 region is required to pay to the department of human services  
5 any amount for which the reduction in quarterly payments could  
6 not be made. The amount of reductions to quarterly payments  
7 and amounts paid to the department under this paragraph shall  
8 be transferred and credited to the region incentive fund under  
9 subsection 8.  
10   b. For the fiscal year beginning July 1, 2022, each mental  
11 health and disability services region for which the amount  
12 certified during the fiscal year under section 331.391,  
13 subsection 4, paragraph "b", exceeds twenty percent of the  
14 actual expenditures of the region for the fiscal year preceding  
15 the fiscal year in progress, the remaining quarterly payments  
16 of the region’s regional service payment shall be reduced by  
17 an amount equal to the amount by which the region’s amount  
18 certified under section 331.391, subsection 4, paragraph "b",  
19 exceeds twenty percent of the actual expenditures of the region  
20 for the fiscal year preceding the fiscal year in progress, but  
21 the amount of the reduction shall not exceed the total amount  
22 of the region’s regional service payment for the fiscal year.  
23 If the region’s remaining quarterly payments are insufficient  
24 to effectuate the required reductions under this paragraph, the  
25 region is required to pay to the department of human services  
26 any amount for which the reduction in quarterly payments could  
27 not be made. The amount of reductions to quarterly payments  
28 and amounts paid to the department under this paragraph shall  
29 be transferred and credited to the region incentive fund under  
30 subsection 8.  
31   c. For the fiscal year beginning July 1, 2023, and each  
32 succeeding fiscal year, each mental health and disability  
33 services region for which the amount certified during the  
34 fiscal year under section 331.391, subsection 4, paragraph "b",  
35 exceeds five percent of the actual expenditures of the region
for the fiscal year preceding the fiscal year in progress, the remaining quarterly payments of the region's regional service payment shall be reduced by an amount equal to the amount by which the region's amount certified under section 331.391, subsection 4, paragraph "b", exceeds five percent of the actual expenditures of the region for the fiscal year preceding the fiscal year in progress, but the amount of the reduction shall not exceed the total amount of the region's regional service payment for the fiscal year. If the region's remaining quarterly payments are insufficient to effectuate the required reductions under this paragraph, the region is required to pay to the department of human services any amount for which the reduction in quarterly payments could not be made. The amount of reductions to quarterly payments and amounts paid to the department under this paragraph shall be transferred and credited to the region incentive fund under subsection 8.

8. a. A region incentive fund is created in the mental health and disability services regional service fund under subsection 1. The incentive fund shall consist of the moneys appropriated or credited to the incentive fund by law, including amounts credited to the incentive fund under subsection 7. For fiscal years beginning on or after July 1, 2021, there is appropriated from the general fund of the state to the incentive fund the following amounts to be used for the purposes of this subsection:

(1) For the fiscal year beginning July 1, 2021, nine million nine hundred sixty thousand five hundred ninety dollars.

(2) For the fiscal year beginning July 1, 2022, five million one hundred seven thousand three hundred forty dollars.

(3) (a) For each fiscal year beginning on or after July 1, 2025, an amount equal to the incentive fund growth factor multiplied by the ending balance of the incentive fund at the conclusion of the fiscal year ending June 30 immediately preceding the application deadline under paragraph "b" for the fiscal year for which the appropriation is made.
(b) For purposes of this subparagraph, the "incentive fund growth factor" for each fiscal year is the percent increase, if any, in the amount of sales tax revenue deposited into the general fund of the state under section 423.2A, subsection 1, paragraph "a", less the transfers required under section 423.2A, subsection 2, between the fiscal year beginning three years prior to the applicable fiscal year and the fiscal year beginning two years prior to the applicable year, minus one and one-half percent, and the incentive fund growth factor for any fiscal year shall not exceed three and one-half percent.

b. To receive funding from the incentive fund, a regional administrator must submit to the department sufficient data to demonstrate that the region has met the standards outlined in the region's performance-based contract. The purpose of the incentive fund shall be to provide appropriate financial incentives for outcomes met from services provided by the regional administrator's mental health and disability services region. The department shall make its final decisions on or before December 15 regarding acceptance or rejection of the submissions for incentive funds applications for assistance and the total amount accepted shall be considered obligated.

c. In addition to incentive submission requirements under paragraphs "d", "f", and "g", basic eligibility for incentive funds requires that a mental health and disability services region meet all of the following conditions:

(1) The mental health and disability services region is in compliance with the regional service system management plan requirements of section 331.393.

(2) (a) In the fiscal year that commenced two years prior to the fiscal year of application for incentive funds, the ending balance, under generally accepted accounting principles, of the mental health and disability services region's combined services funds was equal to or less than the ending balance threshold under subparagraph division (b) for the fiscal year for which assistance is requested.
(b) For purposes of this subparagraph (2), "ending balance threshold" means the following:

(i) For applications for the fiscal year beginning July 1, 2021, forty percent of the actual expenditures of the mental health and disability services region for the fiscal year that commenced two years prior to the fiscal year of application for assistance.

(ii) For applications for the fiscal year beginning July 1, 2022, twenty percent of the actual expenditures of the mental health and disability services region for the fiscal year that commenced two years prior to the fiscal year of application for assistance.

(iii) For applications for fiscal years beginning on or after July 1, 2023, five percent of the actual expenditures of the mental health and disability services region for the fiscal year that commenced two years prior to the fiscal year of application for assistance.

d. The department shall review the fiscal year-end financial records for all mental health and disability services regions that are granted incentive funds. If the department determines a mental health and disability services region's actual need for incentive funds was less than the amount of incentive funds granted to the mental health and disability services region, the mental health and disability services region shall refund the difference between the amount of assistance granted and the actual need. The mental health and disability services region shall submit the refund within thirty days of receiving notice from the department. Refunds shall be credited to the incentive fund.

e. The department shall determine application requirements to ensure prudent use of the incentive fund. The department may accept or reject an application for incentive funds in whole or in part. The decision of the department is final.

f. The total amount of incentive funds approved shall be limited to the amount available in the incentive fund for a
fiscal year. Any unobligated balance in the incentive fund at the close of a fiscal year shall remain in the incentive fund for distribution in the succeeding fiscal year.

g. Incentive funds shall only be made available to address one or more of the following circumstances:

(1) To reimburse regions for reductions in available funding for core services as the result of the reduction and elimination of the levy under section 331.424A, Code 2021, if the region has an operating deficit. The department shall prioritize approval of incentive funds for the circumstances specified in this subparagraph.

(2) To incentivize quality core services that meet or exceed the defined outcomes in the performance-based contract.

(3) To support regional efforts to fund non-core services that support the defined outcomes of core services in the performance-based contract.

(4) To support non-core services to maintain an individual in a community setting or that would create a risk that the individuals needing services and supports would be placed in more restrictive, higher-cost settings.

h. Subject to the amount available and obligated from the incentive fund for a fiscal year, the department shall annually calculate the amount of moneys due to eligible mental health and disability services regions in accordance with the department’s decisions and that amount is appropriated from the incentive fund to the department for payment of the moneys due. The department shall distribute incentive funds payable to the mental health and disability services regions for the amounts due on or before January 1.

i. On or before March 1 and September 1 of each fiscal year, the department shall provide the governor’s office and the general assembly with a report of the financial condition of the incentive fund. The report shall include but is not limited to an itemization of the funding source’s balances, types and amount of revenues credited, and payees and payment...
amounts for the expenditures made from the funding source during the reporting period.

j. If the department has made its decisions but has determined that there are otherwise qualifying requests for incentive funds that are beyond the amount available in the incentive fund for a fiscal year, the department shall compile a list of such requests and the supporting information for the requests. The list and information shall be submitted to the commission, the children’s behavioral health system state board, and the general assembly.

9. The commission shall consult with regional administrators and the director in prescribing forms and adopting rules to administer this section.

Sec. 79. Section 249N.8, subsection 1, Code 2021, is amended to read as follows:

1. Biennially, a report of the results of a review, by county and region, of mental health services previously funded through taxes levied by counties pursuant to section 331.424A, Code 2021, or funds administered by a mental health and disability services region that are funded during the reporting period under the Iowa health and wellness plan.

Sec. 80. Section 331.389, subsection 1, paragraph b, Code 2021, is amended to read as follows:

b. If a county has been exempted prior to July 1, 2014, from the requirement to enter into a regional service system, the county and the county’s board of supervisors shall fulfill all requirements and be eligible as a region under this chapter and chapter 222, 225, 225C, 226, 227, 229, and 230 for a regional service system, regional service system management plan, regional governing board, and regional administrator, and any other provisions applicable to a region of counties providing local mental health and disability services. Additionally, a county exempted under this subsection shall be considered a region for purposes of chapter 426B.

Sec. 81. Section 331.389, subsection 5, paragraph a,
subparagraph (2), Code 2021, is amended to read as follows:

(2) Reduce the amount of the annual state funding provided for the regional service system or exempted county, including amounts received under section 225C.7A, not to exceed fifteen percent of the amount.

Sec. 82. Section 331.391, subsections 1 and 3, Code 2021, are amended to read as follows:

1. The funding under the control of the governing board shall be maintained in a combined account, in separate county accounts that are under the control of the governing board, or pursuant to other arrangements authorized by law that limit the administrative burden of such control while facilitating public scrutiny of financial processes. A county exempted under section 331.389, subsection 1, shall maintain a county mental health and disability services fund for the deposit of funding received under section 225C.7A and appropriations specifically authorized to be made from the county mental health and disability services fund shall not be made from any other fund of the county. A county mental health and disability services fund established by an exempt county, to the extent feasible, shall be considered to be the same as a region combined account and shall be subject to the same requirements as a region’s combined account.

3. The funding provided pursuant to appropriations from the mental health and disability services regional services service fund created in section 225C.7A and from performance-based contracts with the department shall be credited to the account or accounts under the control of the governing board.

Sec. 83. Section 331.391, subsection 4, paragraphs a, b, and c, Code 2021, are amended to read as follows:

a. If a region is meeting the financial obligations for implementation of its regional service system management plan for a fiscal year and residual funding is anticipated, the regional administrator shall may reserve an adequate amount of unobligated and unencumbered funds for cash flow of expenditure
obligations in the next fiscal year.

b. Each region shall certify to the department of management human services on or before December 1, 2022, and each December 1 thereafter, the amount of the region’s cash flow amount in the combined account that is attributable to each county within the region based upon each county’s proportionate amount of funding and contributions to the region or other methodology specified in the regional governance agreement or certify the cash flow amount for each separate county account that is under the control of the governing board at the conclusion of the most recently completed fiscal year.

c. For fiscal years beginning on or after July 1, 2023, the region’s cash flow amount, either reserved in the region’s combined account or reserved among all separate county accounts under the control of the governing board, shall not exceed forty-five percent of the gross actual expenditures from the combined account or from all separate county accounts under control of the governing board for the fiscal year preceding the fiscal year in progress.

Sec. 84. Section 331.392, subsection 4, paragraph a, Code 2021, is amended to read as follows:

a. Methods for pooling, management, and expenditure of the funding under the control of the regional administrator. If the agreement does not provide for pooling of the participating county moneys in a single fund, the agreement shall specify how the participating county moneys will be subject to the control of the regional administrator.

Sec. 85. Section 331.393, subsection 10, Code 2021, is amended to read as follows:

10. The director’s approval of a regional plan shall not be construed to constitute certification of the respective county budgets or of the region’s budget.

Sec. 86. Section 331.394, subsection 4, Code 2021, is amended to read as follows:

4. If a county of residence is part of a mental health-
disability services region that has agreed to pool funding and liability for services, the The responsibilities of the county under law regarding such mental health and disability services shall be performed on behalf of the county by the regional administrator. The county of residence or the county’s mental health and disability services region, as applicable, is responsible for paying the public costs of the mental health and disability services that are not covered by the medical assistance program under chapter 249A and are provided in accordance with the region’s approved service management plan to persons who are residents of the county or region.

Sec. 87. Section 331.398, subsection 1, Code 2021, is amended to read as follows:

1. The financing of a regional mental health and disability service system is limited to a fixed budget amount. The fixed budget amount shall be the amount identified in a regional service system management plan and budget for the fiscal year. A region shall receive state funding for growth in non-Medicaid expenditures through the mental health and disability regional services fund created in section 225C.7A to address increased service costs, additional service populations, additional core service domains, and increased numbers of persons receiving services.

Sec. 88. Section 331.424A, subsection 1, paragraph b, Code 2021, is amended by striking the paragraph.

Sec. 89. Section 331.424A, subsection 3, Code 2021, is amended to read as follows:

3. a. County revenues from taxes and other sources designated by a county for mental health and disabilities services shall be credited to the county mental health and disabilities services fund which shall be created by the county. The Until the required transfer of funds under paragraph "b", the board shall make appropriations from the fund for payment of services provided under the regional service system management plan approved pursuant to section 331.393.
The fiscal years beginning before July 1, 2022, the county may pay for the services in cooperation with other counties by pooling appropriations from the county services fund with appropriations from the county services fund of other counties through the county’s regional administrator, or through another arrangement specified in the regional governance agreement entered into by the county under section 331.392.

b. Notwithstanding section 331.432, subsection 3, upon conclusion of the fiscal year beginning July 1, 2021, except for an exempt county under section 331.391, subsection 1, the county treasurer shall transfer the remaining balance of the county’s county services fund created under paragraph “a”, including all unobligated and unencumbered funds, to the county’s region to which the county belongs in the fiscal year beginning July 1, 2022, for deposit in the region’s combined account under section 331.391.

Sec. 90. Section 331.424A, subsection 4, paragraph a, Code 2021, is amended to read as follows:

a. An amount of unobligated and unencumbered funds, as specified in the regional governance agreement entered into beginning before section 331.392, shall, for fiscal years beginning before July 1, 2022, be reserved in the county services fund to address cash flow obligations in the next fiscal year, subject to the limitations of this subsection.

Sec. 91. Section 331.424A, subsection 4, paragraphs c and d, Code 2021, are amended by striking the paragraphs.

Sec. 92. Section 331.424A, subsections 5, 6, and 9, Code 2021, are amended to read as follows:

5. Receipts from the state or federal government for fiscal years beginning before July 1, 2022, for the mental health and disability services administered or paid for by a county shall be credited to the county services fund, including moneys distributed to the county from the department of human services and moneys allocated under chapter 426B.

6. For each fiscal year beginning before July 1, 2022, the
county shall certify a levy for payment of services. For each such fiscal year, county revenues from taxes imposed by the county credited to the county services fund shall not exceed an amount equal to the county budgeted amount for the fiscal year. A levy certified under this section is not subject to the appeal provisions of section 331.426 or to any other provision in law authorizing a county to exceed, increase, or appeal a property tax levy limit.

9. a. For the fiscal year beginning July 1, 2017, and each subsequent fiscal year beginning before July 1, 2022, the county budgeted amount determined for each county shall be the amount necessary to meet the county’s financial obligations for the payment of services provided under the regional service system management plan approved pursuant to section 331.393, not to exceed an amount equal to the product of the regional per-capita expenditure target amount twenty-one dollars and fourteen cents multiplied by the county’s population, and, for fiscal years beginning on or after July 1, 2023, reduced by the amount of the county’s cash flow reduction amount for the fiscal year calculated under subsection 4, if applicable.

b. If a county officially joins a different region, the county’s budgeted amount for a fiscal year beginning before July 1, 2022, shall be the amount necessary to meet the county’s financial obligations for payment of services provided under the new region’s regional service system management plan approved pursuant to section 331.393, not to exceed an amount equal to the product of the new region’s regional per-capita expenditure target amount twenty-one dollars and fourteen cents multiplied by the county’s population, and, for fiscal years beginning on or after July 1, 2023, reduced by the amount of the county’s cash flow reduction amount for the fiscal year calculated under subsection 4, if applicable.

Sec. 93. Section 331.424A, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 10. This section is repealed July 1, 2022.
Sec. 94. Section 331.432, subsection 3, Code 2021, is amended to read as follows:

3. a. Except as authorized in section 331.477, transfers of moneys between the county services fund created pursuant to section 331.424A and any other fund are prohibited. This subsection paragraph does not apply to appropriations made or the value of in-kind care and treatment provided pursuant to section 347.7, subsection 1, paragraph “c”, Code 2021, or to transfers from a county public hospital fund under section 347.7. This paragraph is repealed July 1, 2022.

b. Payments or transfers of moneys from any fund of the county to a mental health and disability services region’s combined account under section 331.391 are prohibited. This paragraph applies to fiscal years beginning on or after July 1, 2022, but does not apply to transfers from a county public hospital fund under section 347.7 for the fiscal year beginning July 1, 2022, or the fiscal year beginning July 1, 2023.

Sec. 95. Section 347.7, subsection 1, paragraph c, Code 2021, is amended by striking the paragraph.

Sec. 96. Section 426B.1, subsection 2, Code 2021, is amended to read as follows:

2. Moneys shall be distributed from the property tax relief fund to counties for the mental health and disability regional service system for mental health and disabilities services, in accordance with the appropriations made to the fund and other statutory requirements.

Sec. 97. Section 426B.2, Code 2021, is amended to read as follows:

426B.2 Property tax relief fund payments.

The director of human services shall draw warrants on the property tax relief fund, payable to the county treasurer regional administrator in the amount due to a county mental health and disability services region in accordance with statutory requirements, and mail the warrants to the county auditors regional administrator in July and January of each
1 year.
2 Sec. 98. Section 426B.4, Code 2021, is amended to read as
3 follows:
4 426B.4 Rules.
5 The mental health and disability services commission shall
6 consult with county representatives regional administrators
7 and the director of human services in prescribing forms and
8 adopting rules pursuant to chapter 17A to administer this
9 chapter.
10 Sec. 99. ADJUSTMENT TO PROPERTY TAXES CERTIFIED UNDER
11 SECTION 331.424A — FY 2021-2022. For each county for which
12 the amount of taxes certified for levy for the purposes
13 of section 331.424A for the fiscal year beginning July 1,
14 2021, exceeds the product of the population of the county as
15 determined under section 331.424A, subsection 1, paragraph
16 “e”, multiplied by twenty-one dollars and fourteen cents,
17 the department of management shall reduce the amount of such
18 taxes certified for levy to an amount not to exceed the
19 product of the population of the county as determined under
20 section 331.424A, subsection 1, paragraph “e”, multiplied by
21 twenty-one dollars and fourteen cents and shall revise the rate
22 of taxation as necessary to raise the reduced amount. The
23 department of management shall report the reduction in the
24 certified taxes and the revised rate of taxation to the county
26 Sec. 100. IMPLEMENTATION OF REGION INCENTIVE FUND UNDER
27 SECTION 225C.7A — EMERGENCY RULEMAKING.
28 1. In order to timely implement the provisions of this
29 division of this Act establishing the region incentive fund
30 under section 225C.7A, subsection 8, for mental health and
31 disability services regions for funding the fiscal year
32 beginning July 1, 2021, and the fiscal year beginning July
33 1, 2022, the director of human services shall establish
34 alternative application deadlines and expedited application
35 review and approval timelines.
2. The department of human services may adopt administrative rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph “b”, to implement provisions of this division of this Act and the rules shall become effective immediately upon filing or on a later effective date specified in the rules, unless the effective date of the rules is delayed or the applicability of the rules is suspended by the administrative rules review committee. Any rules adopted in accordance with this section shall not take effect before the rules are reviewed by the administrative rules review committee. The delay authority provided to the administrative rules review committee under section 17A.8, subsections 9 and 10, shall be applicable to a delay imposed under this section, notwithstanding a provision in those subsections making them inapplicable to section 17A.5, subsection 2, paragraph “b”. Any rules adopted in accordance with the provisions of this section shall also be published as a notice of intended action as provided in section 17A.4.

Sec. 101. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION XXII

COMMERCIAL AND INDUSTRIAL PROPERTY TAX REPLACEMENT PAYMENTS

Sec. 102. Section 2.48, subsection 3, paragraph f, subparagraph (6), Code 2021, is amended by striking the
paragraph.

Sec. 103. Section 331.512, subsection 15, Code 2021, is amended by striking the subsection.

Sec. 104. Section 331.559, subsection 27, Code 2021, is amended by striking the subsection.

Sec. 105. Section 441.21A, subsection 1, paragraph a, Code 2021, is amended to read as follows:

a. For each fiscal year beginning on or after July 1, 2014, but before July 1, 2029, there is appropriated from the general fund of the state to the department of revenue an amount necessary for the payment of all commercial and industrial
property tax replacement claims under this section for the fiscal year. However, for a fiscal year beginning on or after July 1, 2017, July 1, 2018, July 1, 2019, July 1, 2020, and July 1, 2021, the total amount of moneys appropriated from the general fund of the state to the department of revenue for the payment of commercial and industrial property tax replacement claims in that fiscal year shall not exceed the total amount of money necessary to pay all commercial and industrial property tax replacement claims for the fiscal year beginning July 1, 2016.

Section 106. Section 441.21A, subsections 2 and 3, Code 2021, are amended to read as follows:

2. a. Beginning with the fiscal year beginning on or after July 1, 2014, but before July 1, 2022, each county treasurer shall be paid by the department of revenue an amount equal to the amount of the commercial and industrial property tax replacement claims in the county, as calculated in subsection 4. If an amount appropriated for the fiscal year beginning on July 1, 2017, July 1, 2018, July 1, 2019, July 1, 2020, or July 1, 2021, is insufficient to pay all replacement claims for the fiscal year, the director of revenue shall prorate the payment of replacement claims to the county treasurers and shall notify the county auditors of the pro rata percentage on or before September 30.

b. For each fiscal year beginning on or after July 1, 2022, but before July 1, 2029, each county treasurer shall be paid by the department of revenue an amount equal to the sum of the commercial and industrial property tax replacement claims for all taxing authorities, or portion thereof, located in the county, as calculated in subsection 4A. The county treasurer shall pay to each taxing authority the taxing authority’s commercial and industrial property tax replacement claim, or portion thereof, as calculated in subsection 4A.

3. a. On or before July 1 of each fiscal year beginning on or after July 1, 2014, but before July 1, 2022, the assessor
shall report to the county auditor the total actual value of all commercial property and industrial property in the county that is subject to assessment and taxation for the assessment year used to calculate the taxes due and payable in that fiscal year.

b. On or before July 1, 2022, the department of management shall calculate and report to the department of revenue for each taxing authority in this state that is a city or a county all of the following:

(1) The total assessed value as of January 1, 2012, of all taxable property located in the taxing authority that is subject to assessment and taxation used to calculate taxes which are due and payable in the fiscal year beginning July 1, 2013, excluding property subject to the statewide property tax imposed under section 437A.18 or 437B.14.

(2) The total assessed value as of January 1, 2019, of all taxable property located in the taxing authority that is subject to assessment and taxation used to calculate taxes which are due and payable in the fiscal year beginning July 1, 2020, excluding property subject to the statewide property tax imposed under section 437A.18 or 437B.14.

Sec. 107. Section 441.21A, subsection 4, unnumbered paragraph 1, Code 2021, is amended to read as follows:

On or before a date established by rule of the department of revenue of each fiscal year beginning on or after July 1, 2014, but before July 1, 2022, the county auditor shall prepare a statement, based upon the report received pursuant to subsection 3, paragraph "a", listing for each taxing district in the county:

Sec. 108. Section 441.21A, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. a. As used in this subsection, unless the context clearly requires otherwise:

(1) "Qualified taxing authority" means any of the following:

(a) A taxing authority that is not a city or a county.
(b) A taxing authority that is a city or county for which the amount determined under subsection 3, paragraph "b", subparagraph (2), is less than one hundred thirty-one and twenty-four hundredths percent of the amount determined under subsection 3, paragraph "b", subparagraph (1).

(2) "Taxing authority" means a city, county, community college, or other governmental entity or political subdivision in this state authorized to certify a levy on property located within such authority, but does not include a school district.

b. For fiscal years beginning on or after July 1, 2022, but before July 1, 2029, the amount of each taxing authority’s replacement claim is as follows:

(1) If the taxing authority is a qualified taxing authority:

(a) For the fiscal year beginning July 1, 2022, seven-eighths of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.

(b) For the fiscal year beginning July 1, 2023, six-eighths of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.

(c) For the fiscal year beginning July 1, 2024, five-eighths of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.

(d) For the fiscal year beginning July 1, 2025, four-eighths of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.

(e) For the fiscal year beginning July 1, 2026, three-eighths of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.

(f) For the fiscal year beginning July 1, 2027, two-eighths of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.

(g) For the fiscal year beginning July 1, 2028, one-eighth of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.

(2) If the taxing authority is not a qualified taxing
authority:
(a) For the fiscal year beginning July 1, 2022, four-fifths of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.
(b) For the fiscal year beginning July 1, 2023, three-fifths of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.
(c) For the fiscal year beginning July 1, 2024, two-fifths of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.
(d) For the fiscal year beginning July 1, 2025, one-fifth of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.
(e) For the fiscal year beginning July 1, 2026, and each succeeding fiscal year beginning before July 1, 2029, zero.

(3) The department of management shall calculate and report to the department of revenue the amount received by each taxing authority in this state as the result of commercial and industrial property tax replacement claims paid for the fiscal year beginning July 1, 2021, and the portion of the amount attributable to each county where the taxing authority is located, if applicable.

Sec. 109. Section 441.21A, subsection 5, Code 2021, is amended to read as follows:

5. For purposes of computing replacement amounts under this section for fiscal years beginning on or after July 1, 2014, but before July 1, 2022, that portion of an urban renewal area defined as the sum of the assessed valuations defined in section 403.19, subsections 1 and 2, shall be considered a taxing district.

Sec. 110. Section 441.21A, subsection 6, paragraph a, Code 2021, is amended to read as follows:

a. The For fiscal years beginning on or after July 1, 2014, but before July 1, 2022, the county auditor shall certify and forward one copy of the statement to the department of
1 revenue not later than a date of each year established by the
2 department of revenue by rule.
3 Sec. 111. Section 441.21A, subsection 6, Code 2021, is
4 amended by adding the following new paragraph:
5 **NEW PARAGRAPH.** f. This subsection shall apply to the
6 apportionment of replacement claim amounts for fiscal years
7 beginning on or after July 1, 2014, but before July 1, 2022.
8 Sec. 112. Section 441.21A, Code 2021, is amended by adding
9 the following new subsections:
10 **NEW SUBSECTION.** 7. a. For fiscal years beginning on
11 or after July 1, 2022, but before July 1, 2029, each taxing
12 authority’s replacement claim calculated under subsection 4A,
13 or portion thereof, shall be paid to the appropriate county
14 treasurer, as provided in subsection 2, paragraph “b”, in equal
15 installments in September and March of each year.
16 b. After payment by the county treasurer to the taxing
17 authority, the taxing authority’s replacement claim shall be
18 apportioned and credited by the governing body of the taxing
19 authority among the taxing authority’s tax levies in the same
20 proportion that each property tax levy bears to the total of
21 all property tax levies imposed by the taxing authority for the
22 fiscal year for which the payment is received.
23 c. Of the amounts allocated and credited to each property
24 tax levy that is subject to division under section 403.19,
25 the total amount paid into the fund for the taxing authority
26 as taxes by or for the taxing authority into which all other
27 property taxes are paid and the special fund of the applicable
28 municipality under section 403.19, subsection 2, shall be an
29 amount of the replacement claim that is proportionate to the
30 amount of the total sum of the assessed value of the taxable
31 commercial and industrial property in the urban renewal area as
32 a share of total assessed value of all taxable property in the
33 taxing authority and shall be apportioned as follows:
34 (1) To the fund for the taxing authority as taxes by or for
35 the taxing authority into which all other property taxes are
1 paid, an amount proportionate to the amount of actual value of
2 the commercial and industrial property in the urban renewal
3 area as determined in section 403.19, subsection 1, that was
4 subtracted pursuant to section 403.20, as it bears to the
5 total amount of actual value of the commercial and industrial
6 property in the urban renewal area that was subtracted pursuant
7 to section 403.20 for the assessment year for property taxes
8 due and payable in the fiscal year for which the replacement
9 claim is computed.
10 (2) (a) To the special fund of the applicable municipality
11 under section 403.19, subsection 2, the remaining amount, if
12 any.
13 (b) The amount allocated under subparagraph division (a)
14 shall not exceed the amount equal to the amount certified to
15 the county auditor under section 403.19 for the fiscal year in
16 which the claim is paid, after deduction of the amount of other
17 revenues committed for payment on that amount for the fiscal
18 year. The amount not allocated as a result of the operation of
19 this subparagraph division (b) shall be allocated to and paid
20 into the fund for the taxing authority as taxes by or for the
21 taxing authority in the manner provided in subparagraph (1).
22 NEW SUBSECTION. 8. This section is repealed July 1, 2029.
23 Sec. 113. EFFECTIVE DATE. The following take effect July
24 1, 2029:
25 1. The section of this division of this Act amending section
26 331.512.
27 2. The section of this division of this Act amending section
28 331.559.
29 DIVISION XXIII
30 SCHOOL FOUNDATION PERCENTAGE
31 Sec. 114. Section 257.1, subsection 2, paragraph b, Code
32 2021, is amended to read as follows:
33 b. For the budget year commencing July 1, 1999, and for
34 each succeeding budget year beginning before July 1, 2022,
35 the regular program foundation base per pupil is eighty-seven
and five-tenths percent of the regular program state cost per pupil. For the budget year commencing July 1, 2022, and for each succeeding budget year, the regular program foundation base per pupil is eighty-eight and four-tenths percent of the regular program state cost per pupil. For the budget year commencing July 1, 1991, and for each succeeding budget year the special education support services foundation base is seventy-nine percent of the special education support services state cost per pupil. The combined foundation base is the sum of the regular program foundation base, the special education support services foundation base, the total teacher salary supplement district cost, the total professional development supplement district cost, the total early intervention supplement district cost, the total teacher leadership supplement district cost, the total area education agency teacher salary supplement district cost, and the total area education agency professional development supplement district cost.

Sec. 115. Section 257.3, subsection 1, paragraph d, Code 2021, is amended by striking the paragraph.

Sec. 116. EFFECTIVE DATE. The section of this division of this Act amending section 257.3, subsection 1, paragraph “d”, takes effect July 1, 2022.

DIVISION XXIV

PUBLIC EDUCATION AND RECREATION TAX LEVY

Sec. 117. Section 276.10, subsection 1, Code 2021, is amended to read as follows:

1. The board of directors of a local school district may establish a community education program for schools in the district and provide for the general supervision of the program. Financial support for the program shall may be provided from funds raised pursuant to chapter 300 received by the school district under chapter 423F and from any private funds and any federal funds made available for the purpose of implementing this chapter. The program which recognizes that
the schools belong to the people and which shall be centered
in the schools may include but shall not be limited to the use
of the school facilities day and night, year round including
weekends and regular school vacation periods for educational,
recreational, cultural, and other community services and
programs for all age, ethnic, and socioeconomic groups residing
in the community.

Sec. 118. Section 278.1, subsection 1, paragraph e, Code
2021, is amended to read as follows:

e. Direct the transfer of any surplus in the debt service
fund, physical plant and equipment levy fund, or other capital
project funds, or public education and recreation levy fund to
the general fund.

Sec. 119. Section 298A.6, Code 2021, is amended to read as
follows:

298A.6 Public education and recreation levy fund.
The public education and recreation levy fund is a special
revenue fund. A public education and recreation levy fund
must be established in any school corporation which levies
levied the tax authorized under section 300.2, Code 2021, or
which receives revenue from a chapter 28E agreement
authorized under section 300.1, Code 2021. Moneys available in
the fund at the conclusion of the fiscal year beginning July 1,
2023, and ending June 30, 2024, shall be expended by the school
corporation for the purposes authorized under chapter 300, Code
2021.

Sec. 120. Section 300.2, Code 2021, is amended by adding the
following new subsection:

NEW SUBSECTION. 4. a. A levy under this chapter shall not
be approved by the voters on or after the effective date of
this division of this Act.
b. If the levy has not been discontinued under section
300.3, the authorization to impose the levy under this chapter
shall terminate July 1, 2024.
c. Notwithstanding subsection 2, including a proposition
approved at an election held before the effective date of this division of this Act, the rate of a levy imposed by a board of directors under this chapter for the fiscal year beginning July 1, 2023, shall not exceed one-half of the levy rate imposed by the board of directors for the fiscal year beginning July 1, 2022.

Sec. 121. Section 423F.3, subsection 1, paragraph c, Code 2021, is amended by striking the paragraph.

Sec. 122. Section 423F.5, subsection 1, Code 2021, is amended to read as follows:

1. A school district shall include as part of its financial audit for the budget year beginning July 1, 2007, and for each subsequent budget year the amount received during the year pursuant to chapter 423E or this chapter, as applicable. In addition, the financial audit shall include the amount of bond levies, and physical plant and equipment levy, and public educational and recreational levy reduced as a result of the moneys received under chapter 423E or this chapter, as applicable. The amount of the reductions shall be stated in terms of dollars and cents per one thousand dollars of valuation and in total amount of property tax dollars. Also included shall be an accounting of the amount of moneys received which were spent for infrastructure purposes pursuant to chapter 423E or this chapter, as applicable.

Sec. 123. REPEAL. Sections 276.11 and 276.12, Code 2021, are repealed.

Sec. 124. REPEAL. Chapter 300, Code 2021, is repealed.

Sec. 125. EFFECTIVE DATE. Except as otherwise provided in this division of this Act, this division of this Act takes effect July 1, 2024.

Sec. 126. EFFECTIVE DATE. The following, being deemed of immediate importance, takes effect upon enactment:

The section of this division of this Act enacting section 300.2, subsection 4.

Sec. 127. APPLICABILITY. Except for the section of this
division of this Act enacting section 300.2, subsection 4, this division of this Act applies to fiscal years beginning on or after July 1, 2024.

DIVISION XXV
ELDERLY PROPERTY TAX CREDIT
Sec. 128. Section 25B.7, subsection 2, paragraph b, Code 2021, is amended to read as follows:
b. Low-income property tax credit and elderly and disabled property tax credit pursuant to sections 425.16 through 425.40, subject to the limitation of 41, paragraph "b".
Sec. 129. Section 425.17, subsection 2, Code 2021, is amended to read as follows:
2. a. "Claimant" means either any of the following:
(1) A person filing a claim for credit or reimbursement under this subchapter who has attained the age of sixty-five years but who has not attained the age of seventy years on or before December 31 of the base year or, a person filing a claim for credit or reimbursement under this subchapter who is totally disabled and was totally disabled on or before December 31 of the base year, or a person filing a claim for reimbursement under this subchapter who has attained the age of sixty-five years on or before December 31 of the base year and who is domiciled in this state at the time the claim is filed or at the time of the person’s death in the case of a claim filed by the executor or administrator of the claimant’s estate.
(2) A person filing a claim for credit or reimbursement under this subchapter who has attained the age of twenty-three years on or before December 31 of the base year or was a head of household on December 31 of the base year, as defined in the Internal Revenue Code, but has not attained the age or disability status described in this paragraph “a”, subparagraph (1) or the age status and eligibility criteria of subparagraph (3), and is domiciled in this state at the time the claim is filed or at the time of the person’s death in the case of a claim filed by the executor or administrator of the claimant’s
1 estate, and was not claimed as a dependent on any other
2 person's tax return for the base year.
3 (3) A person filing a claim for credit under this subchapter
4 who has attained the age of seventy years on or before December
5 31 of the base year, who has a household income of less than
6 two hundred fifty percent of the federal poverty level, as
7 defined by the most recently revised poverty income guidelines
8 published by the United States department of health and human
9 services, and is domiciled in this state at the time the claim
10 is filed or at the time of the person's death in the case of a
11 claim filed by the executor or administrator of the claimant's
12 estate.
13 b. "Claimant" under paragraph "a", subparagraph (1) or (2),
14 includes a vendee in possession under a contract for deed and
15 may include one or more joint tenants or tenants in common.
16 In the case of a claim for rent constituting property taxes
17 paid, the claimant shall have rented the property during any
18 part of the base year. In the case of a claim for property
19 taxes due, the claimant shall have occupied the property during
20 any part of the fiscal year beginning July 1 of the base year.
21 If a homestead is occupied by two or more persons, and more
22 than one person is able to qualify as a claimant, the persons
23 may each file a claim based upon each person's income and rent
24 constituting property taxes paid or property taxes due.
25 Sec. 130. Section 425.23, subsection 1, paragraph a,
26 unnumbered paragraph 1, Code 2021, is amended to read as
27 follows:
28 The tentative credit or reimbursement for a claimant
29 described in section 425.17, subsection 2, paragraph "a",
30 subparagraphs subparagraph (1) and (2), if no appropriation is
31 made to the fund created in section 425.40 shall be determined
32 in accordance with the following schedule:
33 Sec. 131. Section 425.23, subsection 1, Code 2021, is
34 amended by adding the following new paragraph:
35 NEW PARAGRAPH. c. The tentative credit for a claimant
described in section 425.17, subsection 2, paragraph "a",  
subsection 2, paragraph "a", subparagraph (1), filing for a credit under paragraph "a"  
of this subsection.

(2) The difference between the actual amount of property  
taxes due on the homestead during the fiscal year next  
following the base year minus the actual amount of property  
taxes due on the homestead during the first fiscal year for  
which the claimant filed a claim for a credit calculated under  
this paragraph "c" and for which the property taxes due on the  
homestead were calculated on an assessed valuation that was  
not a partial assessment and if the claimant has filed for the  
credit calculated under this paragraph "c" for each of the  
subsequent fiscal years after the first credit claimed.

Sec. 132. Section 425.23, subsection 4, paragraph a, Code  
2021, is amended to read as follows:

a. For the base year beginning in the 1999 calendar year  
and for each subsequent base year, the dollar amounts set  
forth in subsections subsection 1, paragraphs "a" and "b", and  
subsection 3 shall be multiplied by the cumulative adjustment  
factor for that base year. "Cumulative adjustment factor" means  
the product of the annual adjustment factor for the 1998 base  
year and all annual adjustment factors for subsequent base  
years. The cumulative adjustment factor applies to the base  
year beginning in the calendar year for which the latest annual  
adjustment factor has been determined.

Sec. 133. Section 425.24, Code 2021, is amended to read as  
follows:

425.24 Maximum property tax for purpose of credit or  
reimbursement.

In For claimants under section 425.17, subsection 2,  
paragraph "a", subparagraphs (1) and (2), and for the
calculation under section 425.23, subsection 1, paragraph "c", subparagraph (1), in any case in which property taxes due or rent constituting property taxes paid for any household exceeds one thousand dollars, the amount of property taxes due or rent constituting property taxes paid shall be deemed to have been one thousand dollars for purposes of this subchapter.

Sec. 134. Section 425.39, subsection 1, as amended by 2021 Iowa Acts, House File 368, section 33, is amended to read as follows:

1. a. The elderly and disabled property tax credit fund is created. There is appropriated annually from the general fund of the state to the department of revenue to be credited to the elderly and disabled property tax credit fund, from funds not otherwise appropriated, an amount sufficient to implement this subchapter for credits for property taxes due for claimants described in section 425.17, subsection 2, paragraph "a", subparagraph subparagraphs (1) and (3), subject to paragraph "b".

b. Regardless of the amount of the credit determined under section 425.23, subsection 1, paragraph "c", the amount paid by the director of revenue to each county treasurer for credits for claimants described under section 425.17, subsection 2, paragraph "a", subparagraph (3), shall not exceed the amount calculated for the claimant under section 425.23, subsection 1, paragraph "c", subparagraph (1), and section 25B.7, subsection 1, shall not apply to the amount of the credit in excess of the amount paid by the director of revenue.

Sec. 135. APPLICABILITY. This division of this Act applies to claims under chapter 425, subchapter II, filed on or after January 1, 2022.

DIVISION XXVI

TRANSIT FUNDING

Sec. 136. Section 28M.3, subsection 1, Code 2021, is amended to read as follows:

1. A regional transit district shall have all the rights,
powers, and duties of a county enterprise pursuant to sections
331.462 through 331.469 as they relate to the purpose for
which the regional transit district is created, including
the authority to issue revenue bonds for the establishment,
construction, reconstruction, repair, equipping, remodeling,
extension, maintenance, and operation of works, vehicles, and
facilities of a regional transit district. In addition, a
regional transit district, with the approval of the board of
supervisors, may issue general obligation bonds as an essential
county purpose pursuant to chapter 331, subchapter IV, part 3,
for the establishment, construction, reconstruction, repair,
equipping, remodeling, extension, maintenance, and operation of
works, vehicles, and facilities of a regional transit district.
Such general obligation bonds are payable from the property tax
levy authorized in section 28M.5 and from the transit hotel and
motel tax imposed under section 423A.4, subsection 1, paragraph
"b", if applicable.

Sec. 137. Section 28M.4, subsection 3, Code 2021, is amended
to read as follows:
3. A commission shall adopt and certify an annual budget
for the regional transit district. A commission in its budget
shall allocate the revenue responsibilities of each county and
city participating in the regional transit district, subject
to reductions in the maximum authorized property tax levy
rate under section 28M.5, if applicable. A commission shall
be considered a municipality for purposes of adopting and
certifying a budget pursuant to chapter 24.

Sec. 138. Section 28M.4, Code 2021, is amended by adding the
following new subsection:
NEW SUBSECTION. 4A. A commission may, following approval at
election, impose a transit hotel and motel tax under section
423A.4, subsection 1, paragraph "b".

Sec. 139. Section 28M.4, subsections 5 and 6, Code 2021, are
amended to read as follows:
5. A commission shall levy for the tax under section 28M.5
and shall control any tax revenues paid to the regional transit district the commission administers and, including all moneys derived from the operation of the regional transit district, a transit hotel and motel tax imposed under section 423A.4, subsection 1, paragraph "b", the sale of its the district's property, interest on investments, or from any other source related to the regional transit district.

6. Tax revenues collected from a regional transit district levy or a transit hotel and motel tax under section 423A.4, subsection 1, paragraph "b", shall be held by the county treasurer. Before the fifteenth day of each month, the county treasurer shall send the amount collected for each fund through the last day of the preceding month for direct deposit into the depository and account designated by the commission. The county treasurer shall send a notice to the secretary of the commission or the secretary's designee stating the amount deposited, the date, the amount to be credited to each fund according to the budget, and the source of the revenue.

Sec. 140. Section 28M.5, subsections 1 and 4, Code 2021, are amended to read as follows:

1. a. The commission, with the approval of the board of supervisors of participating counties and the city council of participating cities in the chapter 28E agreement, may, subject to the reductions required under paragraph "b", levy annually a tax not to exceed ninety-five cents per thousand dollars of the assessed value of all taxable property in a regional transit district to the extent provided in this section. The chapter 28E agreement may authorize the commission to levy the tax at different rates within the participating cities and counties in amounts sufficient to meet the revenue responsibilities of such cities and counties as allocated in the budget adopted by the commission. However, for a city participating in a regional transit district, the total of all the tax levies imposed in the city pursuant to section 384.12, subsection 10, and this section shall not exceed the aggregate of ninety-five cents per
thousand dollars of the assessed value of all taxable property in the participating city or the levy rate determined under paragraph “b”, whichever is less.

b. (1) If a regional transit district imposes a transit hotel and motel tax under section 423A.4, subsection 1, paragraph “b”, the maximum levy rate authorized under this section shall be reduced as provided in this paragraph. For each fiscal year beginning on or after July 1 following the first calendar year for which the transit hotel and motel tax is imposed in the regional transit district, and until subparagraph (4) applies, the levy rate imposed under this section shall not exceed a rate equal to the rate that would be required for the fiscal year beginning July 1 following the election approving the transit hotel and motel tax to collect an amount equal to the property taxes collected by the regional transit district for the fiscal year beginning July 1 following the election approving the transit hotel and motel tax to collect the amount of transit hotel and motel tax revenue received by the regional transit district for the first calendar year for which the transit hotel and motel tax is imposed.

(2) If the regional transit district authorizes the commission to levy the tax at different rates within the participating cities and counties, as authorized under paragraph “a”, the levy rate reduction required under this paragraph shall be applied by the department of management to each participating city and county based upon the revenue responsibilities of such cities and counties as provided in the chapter 28E agreement on the date the transit hotel and motel tax is approved at election.

(3) If a regional transit district increases the rate of the transit hotel and motel tax, further reductions in the maximum authorized levy rate under this section shall be implemented in the same manner as provided under subparagraphs (1) and (2) for the reductions following initial imposition of the transit hotel and motel tax.
If the regional transit district repeals the transit hotel and motel tax, the maximum authorized levy rate shall be ninety-five cents per thousand dollars of the assessed value for fiscal years beginning after the date of termination under section 423A.4, unless the transit hotel and motel tax is reinstated.

The proceeds of the tax levy and other authorized revenues of the regional transit district shall be used for the operation and maintenance of a regional transit district, for payment of debt obligations of the district, and for the creation of a reserve fund. The commission may divide the territory of a regional transit district outside the boundaries of a city into separate service areas and impose a regional transit district levy not to exceed the maximum rate authorized by this section in each service area.

Sec. 141. Section 303.52, subsection 4, paragraph a, Code 2021, is amended to read as follows:

a. The board of trustees may by ordinance impose a local hotel and motel tax in accordance with chapter 423A.

Sec. 142. Section 331.402, subsection 2, paragraph f, Code 2021, is amended to read as follows:

f. Impose a local hotel and motel tax in accordance with chapter 423A.

Sec. 143. Section 384.12, subsection 10, Code 2021, is amended to read as follows:

10. a. A tax for the operation and maintenance of a municipal transit system or for operation and maintenance of a regional transit district, and for the creation of a reserve fund for the system or district, in an amount not to exceed ninety-five cents per thousand dollars of assessed value each year or the levy rate determined under paragraph “b”, if applicable, when the revenues from the transit system or district are insufficient for such purposes.

b. (1) If the city participates in a regional transit district under chapter 28M that imposes a transit hotel and
motel tax under section 423A.4, the maximum levy rate shall be
the levy rate determined under section 28M.5, subsection 1,
paragraph "b".

(2) (a) If the city imposes a transit hotel and motel tax
under section 423A.4, the maximum levy rate shall be reduced as
provided in this subparagraph. For each fiscal year beginning
on or after July 1 following the first calendar year for which
the transit hotel and motel tax is imposed in the city, and
until subparagraph division (c) applies, the levy rate imposed
under this subsection shall not exceed a rate equal to the rate
that would be required for the fiscal year beginning July 1
following the election approving the transit hotel and motel
tax to collect an amount equal to the property taxes collected
by the city under this subsection for the fiscal year beginning
July 1 following the election approving the transit hotel and
motel tax minus the amount of transit hotel and motel tax
revenue received by the city for the first calendar year for
which the transit hotel and motel tax is imposed.

(b) If a city increases the rate of the transit hotel and
motel tax, further reductions in the maximum authorized levy
rate under this subsection shall be implemented in the same
manner as provided under subparagraph division (a) for the
reduction following initial imposition of the transit hotel and
motel tax.

(c) If the city repeals the transit hotel and motel tax,
the maximum authorized levy rate shall be ninety-five cents
per thousand dollars of the assessed value for fiscal years
beginning after the date of termination under section 423A.4,
unless the transit hotel and motel tax is reinstated.

Sec. 144. Section 423A.4, Code 2021, is amended to read as
follows:

423A.4 Locally imposed Local hotel and motel tax — transit
hotel and motel tax.

1. a. A city, a county, or a land use district created
under chapter 303, subchapter IV, may impose, by ordinance of
the city council or by resolution of the board of supervisors or by ordinance of the board of trustees, a local hotel and motel tax, at a rate not to exceed seven percent, which shall be imposed in increments of one or more full percentage points upon the sales price from the renting of lodging. The tax when imposed by a city shall apply only within the corporate boundaries of that city, when imposed by a county shall apply only outside incorporated areas within that county, and when imposed by a land use district shall apply only within the corporate boundaries of that district. A local hotel and motel tax imposed by a city or county shall not be imposed within the corporate boundaries of a land use district during any period of time that the land use district is imposing a local hotel and motel tax.

b. A regional transit district or a city that is not participating in a regional transit district may impose, by resolution of the regional transit district commission or by ordinance of the city council, a transit hotel and motel tax, at a rate not to exceed five percent, which shall be imposed in increments of one or more full percentage points upon the sales price from the renting of lodging. The tax when imposed by a regional transit district shall apply only within the boundaries of the regional transit district and may be imposed in addition to any tax imposed under paragraph "a". The tax when imposed by a city shall apply only within the corporate boundaries of that city and may be imposed in addition to any tax imposed under paragraph "a".

2. Within ten days of the election at which a majority of those voting on the question favors the imposition, repeal, or change in the rate of the local hotel and motel tax or the transit hotel and motel tax, the county auditor shall give written notice by sending a copy of the abstract of votes from the favorable election to the director of revenue.

3. A local hotel and motel tax imposed by a city, county, or land use district shall be imposed on January 1 or July
1 following the notification of the director of revenue. A transit hotel and motel tax imposed by a regional transit district or a city shall be imposed on January 1, following the notification of the director of revenue. Once imposed, the tax shall remain in effect at the rate imposed for a minimum of one year. A local hotel and motel tax or a transit hotel and motel tax shall terminate only on June 30 or December 31. At least forty-five days prior to the tax being effective or prior to a revision in the tax rate or prior to the repeal of the tax, a city, county, or land use district, or regional transit district shall provide notice by mail of such action to the director of revenue. The director shall have the authority to waive the notice requirement.

4. a. A city, county, or land use district shall impose or repeal a hotel and motel tax or increase or reduce the tax rate only after an election at which a majority of those voting on the question favors imposition, repeal, or change in rate. A regional transit district or city shall impose or repeal a transit hotel and motel tax or increase or reduce the tax rate only after an election at which a majority of those voting on the question favors imposition, repeal, or change in rate. However, a local hotel and motel tax of a city or county shall not be repealed or reduced in rate if obligations are outstanding which are payable as provided in section 423A.7, unless funds sufficient to pay the principal, interest, and premium, if any, on the outstanding obligations at and prior to maturity have been properly set aside and pledged for that purpose.

b. (1) If the local hotel and motel tax applies only within the corporate boundaries of a city, only the registered voters of the city shall be permitted to vote. The election shall be held at the time of the regular city election or at a special election called for that purpose.

(2) If the local hotel and motel tax applies only in the unincorporated areas of a county or only within the corporate
boundaries of a land use district, only the registered voters of the unincorporated areas of the county or the registered voters of the land use district, as applicable, shall be permitted to vote. The election shall be held at the time of the general election or at a special election called for that purpose.

(3) For a transit hotel and motel tax imposed by a regional transit district, only the registered voters of the regional transit district shall be permitted to vote. The election shall be held at the time of the general election or the regular city election.

(4) For a transit hotel and motel tax imposed by a city, only the registered voters of the city shall be permitted to vote. The election shall be held at the time of the general election or the regular city election.

5. The locally imposed local hotel and motel tax and the transit hotel and motel tax shall be collected and remitted as provided in section 423A.5A.

Sec. 145. Section 423A.5A, subsection 3, Code 2021, is amended to read as follows:

3. Unless otherwise provided in this section, the state-imposed tax under section 423A.3 and any locally, the local hotel and motel tax imposed tax under section 423A.4, and the transit hotel and motel tax imposed under section 423A.4, shall be collected by the lodging provider from the user of that lodging and shall be remitted to the department. The lodging provider shall add the state-imposed tax to the sales price of the lodging and the tax, when collected, shall be stated as a distinct item, separate and apart from the sales price of the lodging and from the locally imposed tax taxes imposed under section 423A.4, if any. The lodging provider shall add the locally imposed each tax imposed under section 423A.4, if any, to the sales price of the lodging and the tax, when collected, shall be stated as a distinct item, separate and apart from the sales price of the lodging, and from the
1 state-imposed tax, and from the other taxes imposed under
2 section 423A.4.
3 Sec. 146. Section 423A.6, subsections 1, 3, and 4, Code
4 2021, are amended to read as follows:
5 1. The director of revenue shall administer the state, and
6 local, and transit hotel and motel tax as nearly as
7 possible in conjunction with the administration of the state
8 sales tax law, except that portion of the law which implements
9 the streamlined sales and use tax agreement. The director
10 shall provide appropriate forms, or provide on the regular
11 state tax forms, for reporting state, and local, and transit
12 hotel and motel tax liability. All moneys received or refunded
13 one hundred eighty days after the date on which a city, county,
14 or land use district, or regional transit district, terminates
15 its local hotel and motel tax or transit hotel and motel tax
16 and all moneys received from the state hotel and motel tax
17 shall be deposited in or withdrawn from the general fund of the
18 state.
19 3. The director, in consultation with local officials,
20 shall collect and account for a local hotel and motel tax and a
21 transit hotel and motel tax and shall credit all revenues to
22 the local transient guest tax fund created in section 423A.7.
23 Local authorities shall not require any tax permit not required
24 by the director of revenue.
25 4. Section 422.25, subsection 4, sections 422.30, 422.67,
26 and 422.68, section 422.69, subsection 1, sections 422.70,
27 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
28 1, and sections 423.23, 423.24, 423.25, 423.31, 423.33,
29 423.35, 423.37 through 423.42, and 423.47, consistent with the
30 provisions of this chapter, apply with respect to the taxes
31 authorized under this chapter, in the same manner and with
32 the same effect as if the state, and local, and transit hotel
33 and motel taxes were retail sales taxes within the meaning of
34 those statutes. Notwithstanding this subsection, the director
35 shall provide for quarterly filing of returns and for other
than quarterly filing of returns both as prescribed in section 423.31. The director may require all persons who are engaged in the business of deriving any sales price subject to tax under this chapter to register with the department. All taxes collected under this chapter by a retailer, lodging provider, lodging facilitator, lodging platform, or any other person are deemed to be held in trust for the state of Iowa and the local jurisdictions imposing the taxes.

Sec. 147. Section 423A.7, subsections 2 and 3, Code 2021, are amended to read as follows:

2. All moneys in the local transient guest tax fund shall be remitted at least quarterly by the department, pursuant to rules of the director of revenue, to each city in the amount collected under section 423A.4, subsection 1, paragraph “a”, from businesses in that city, to each county in the amount collected under section 423A.4, subsection 1, paragraph “a”, from businesses in the unincorporated areas of the county, and to each land use district in the amount collected under section 423A.4, subsection 1, paragraph “a”, from businesses in that land use district, to each regional transit district in the amount collected under section 423A.4, subsection 1, paragraph “b”, from businesses within the boundaries of the regional transit district and to each city in the amount collected under section 423A.4, subsection 1, paragraph “b”, from businesses in that city.

3. Moneys received by the city from this fund collected under section 423A.4, subsection 1, paragraph “a”, shall be credited to the general fund of the city, subject to the provisions of subsection 4.

Sec. 148. Section 423A.7, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 6. a. The revenue derived by a regional transit district from the transit hotel and motel tax authorized by section 423A.4 shall be expended exclusively for the purposes of the regional transit district under chapter 28M...
and shall result in a reduction in the maximum levy rate for
the regional transit district, as provided in section 28M.5,
subsection 1, paragraph "b". However, the amount of revenue
derived by the regional transit district in the second calendar
year that transit hotel and motel tax is imposed that exceeds
the amount of revenue derived by the regional transit district
in the first calendar year that transit hotel and motel tax
is imposed shall be used for property tax relief for the levy
under section 28M.5 in addition to the reduction to the levy
rate as the result of the revenue derived in the first calendar
year that the transit hotel and motel tax is imposed.

b. The revenue derived by a city from the transit hotel
and motel tax authorized by section 423A.4 shall be expended
exclusively for the operation and maintenance of a municipal
transit system and shall result in a reduction in the maximum
levy rate for the city under section 384.12, subsection 10.
However, the amount of revenue derived by the city in the
second calendar year that transit hotel and motel tax is
imposed that exceeds the amount of revenue derived by the
city in the first calendar year that transit hotel and motel
tax is imposed shall be used for property tax relief for the
levy under section 384.12, subsection 10, in addition to the
reduction to the levy rate as the result of the revenue derived
in the first calendar year that the transit hotel and motel tax
is imposed.

EXPLANATION

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

This bill relates to state and local revenue and finance by
modifying future tax contingencies, the state individual and
corporate income taxes, the state inheritance tax, provides for
housing incentives, makes transfers, and provides for other
properly related matters.

DIVISION I — FUTURE TAX CONTINGENCIES. The bill amends 2018
Iowa Acts, chapter 1161, section 133 (trigger), by striking
the two conditions necessary for the trigger to occur, and
specifies the provisions in 2018 Iowa Acts, chapter 1161,
sections 99-132, take effect January 1, 2023.
Currently, the two conditions are necessary for the trigger
to occur include net general fund revenues for the fiscal year
ending June 30, 2022, equaling or exceeding $8.3146 billion,
and also equaling or exceeding 104 percent of the net general
fund revenues for the fiscal year ending June 30, 2021. If
these two conditions are not satisfied, current law institutes
the changes for tax years beginning on or after the January 1
following the first fiscal year for which the two conditions
do occur. By striking the “trigger”, the bill sets in motion
numerous tax changes for tax years beginning on or after
January 1, 2023, described below.

INDIVIDUAL INCOME TAX. The tax changes include reducing the
number of individual income tax brackets from nine to four, and
modifying the taxable income amounts and tax rates as follows:

<table>
<thead>
<tr>
<th>Income over:</th>
<th>But not over:</th>
<th>Tax Rate:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) $0</td>
<td>$6,000</td>
<td>4.40%</td>
</tr>
<tr>
<td>2) $6,000</td>
<td>$30,000</td>
<td>4.82%</td>
</tr>
<tr>
<td>3) $30,000</td>
<td>$75,000</td>
<td>5.70%</td>
</tr>
<tr>
<td>4) $75,000</td>
<td></td>
<td>6.50%</td>
</tr>
</tbody>
</table>

For a married couple filing a joint return, the taxable
income amounts in each bracket above are doubled. Also, the
taxable income amounts in each bracket above will be indexed to
inflation and increased in future tax years, beginning in the
tax year following the 2023 tax year.

INDIVIDUAL INCOME TAX CALCULATION. Under current law, the
starting point for computing the Iowa individual income tax is
federal adjusted gross income before the net operating loss
deduction, which is generally a taxpayer’s gross income minus
several deductions. From that point, Iowa requires several
adjustments and then provides taxpayers with a deduction
for federal income taxes paid, and the option to deduct a
standard deduction or itemized deductions. The bill changes
the starting point for computing the individual income tax to federal taxable income, which includes all deductions and adjustments taken at the federal level in computing tax, including a standard deduction or itemized deductions, and the qualified business income deduction allowed for certain income earned from a pass-through entity. Because the starting point changes to federal taxable income, and federal law does not provide for the filing status of married filing separately on a combined return, the bill repeals that filing status option for Iowa tax purposes. Because net operating loss is no longer calculated at the state level, the bill requires a taxpayer to add back any federal net operating loss deduction carried over from a taxable year beginning prior to the 2023 tax year, but allows taxpayers to deduct any remaining Iowa net operating loss from a prior taxable year. The bill repeals the individual alternative minimum tax (AMT), allows an individual to claim any remaining AMT credit against the individual's regular tax liability for the 2023 tax year, and then repeals the AMT credit in the tax year following the 2023 tax year. The bill repeals most Iowa-specific deductions, exemptions, and adjustments currently available when computing net income and taxable income under Iowa law, including the Iowa optional standard deduction and all itemized deductions, and the ability to deduct federal income taxes, except for a one-year phase out in the 2023 tax year for taxes paid, or refunds received, that relate to a prior year. The bill maintains the add-back for income from securities that are federally exempt but not state-exempt, and for bonus depreciation amounts. The bill maintains the general pension exclusion and the deduction for income from federal securities. The bill maintains the deduction for contributions to the Iowa 529 plan, the Iowa ABLE plan, a first-time homebuyer savings account, and an individual development account. The bill also maintains the deductions for military pension income, military active duty pay, social security retirement benefits, certain payments received for...
providing unskilled in-home health care, certain amounts received from the veterans trust fund, victim compensation awards, biodiesel production refunds, certain wages paid to individuals with disabilities or individuals previously convicted of a felony, certain organ donations, and Segal AmeriCorps education award payments. The bill modifies the existing deduction for health insurance payments in Code section 422.7(29) to make the deduction only applicable to taxpayers who are at least 65 years old and who have net income below $100,000. The bill also modifies the existing capital gain deduction in Code section 422.7(21) to restrict the deduction to the sale of real property used in farming businesses by permitting the taxpayer to take the deduction if either of the following apply: the taxpayer materially participated in the farming business for at least 10 years and held the real property for at least 10 years; or the taxpayer sold the real property to a relative. The bill expands the definition of “relative” to include an entity in which a relative of the taxpayer has a legal or equitable interest in the entity as an owner, member, partner, or beneficiary. The bill provides a new deduction for any income of an employee resulting from the payment by an employer, whether paid to the employee or a lender, of principal or interest on the employee's qualified education loan. The bill also modifies the calculation of net income for purposes of the alternate tax calculation in Code section 422.5(3) and (3B), and the tax return filing thresholds in Code section 422.13, to require that any amount of itemized deduction, standard deduction, personal exemption deduction, or qualified business income deduction that was allowed in computing federal taxable income shall be added back.

CORPORATE INCOME TAX AND FRANCHISE TAX CALCULATION. Under current law, the starting point for calculating the corporate income tax and franchise tax is federal taxable income before the net operating loss deduction, because net operating loss is
1 calculated at the state level. The bill repeals the separate
calculation of net operating loss at the state level. As a
result, the bill requires taxpayers to add back any federal
net operating loss deduction carried over from a taxable year
beginning prior to the trigger year, but allows taxpayers to
deduct any remaining Iowa net operating loss from a prior
taxable year. The bill also repeals most Iowa-specific
deductions, exemptions, and adjustments currently available
when computing net income and taxable income under Iowa law.
The bill maintains the add-back for income from securities
that are federally exempt but not state exempt, and for bonus
depreciation amounts. The bill maintains the deductions for
income from federal securities, for foreign dividend and
subpart F income, for certain wages paid to individuals with
disabilities or individuals previously convicted of a felony,
and for biodiesel production refunds.

DIVISION II — CHILD DEPENDENT AND DEVELOPMENT TAX CREDITS.
Currently, an individual may claim 30 percent of the federal
child and dependent care credit provided in section 21 of
the Internal Revenue Code against the individual income tax
if the individual’s net income is less than $45,000. Under
the bill, an individual may claim 30 percent of the federal
child and dependent care credit provided in section 21 of the
Internal Revenue Code against the individual income tax if the
individual’s net income is less than $90,000.

The bill increases the income threshold determining the
eligibility of a taxpayer for the early childhood development
tax credit. The bill increases the eligibility threshold from
a taxpayer whose net income is less than $45,000 per year to
less than $90,000 per year. By increasing the eligibility
threshold, taxpayers whose net income is less than $90,000 are
now eligible to take the early childhood development tax credit
equaling 25 percent of the first $1,000 which the taxpayer has
paid to others for early childhood development expenses for
each dependent ages three through five.
The division applies retroactively to tax years beginning on or after January 1, 2021.

DIVISION III — COVID-19 RELATED GRANTS — TAXATION. The bill excludes from the calculation of Iowa individual and corporate income tax any qualifying COVID-19 grant issued to an individual or business by the economic development authority, the Iowa finance authority, or the department of agriculture and land stewardship.

Under the bill, “qualifying COVID-19 grant” includes any grant that was issued between March 17, 2020, and December 31, 2021, identified by the department by rule under a grant program created to primarily provide COVID-19 related financial assistance to economically impacted individuals and businesses located in this state, and administered by the economic development authority, Iowa finance authority, or the department of agriculture and land stewardship.

Under current law, financial assistance grants provided to small businesses by the economic development authority under the Iowa small business COVID-19 relief grant program are excluded from the calculation of Iowa individual and corporate income tax.

The COVID-19 grant income tax exclusion provided in the bill is repealed on January 1, 2024, and does not apply to tax years beginning on or after that date.

The division takes effect upon enactment and applies retroactively to March 17, 2020, for tax years ending on or after that date.

DIVISION IV — FEDERAL PAYCHECK PROTECTION PROGRAM. Under current law, for the tax year 2020 and later, Iowa law fully conforms with the federal treatment of forgiven paycheck protection program loans and excludes such amounts from net income and allows certain deductions for business expenses paid using those loans. For fiscal-year filers who received paycheck protection program loans during the 2019 tax year, current law excludes such amounts from net income, but does
not allow certain deductions for business expenses paid using those loans. The bill fully conforms with federal law for those fiscal-year filers who previously were excluded from such conformity and allows such filers to take business expense deductions using federal paycheck protection program loan proceeds that were forgiven.

The division takes effect upon enactment.

DIVISION V — INSTALLMENT SALES — CAPITAL GAINS.

Currently, the capital gain individual income tax deduction is governed by Code section 422.7(21). The capital gain deduction in Code section 422.7(21) is amended when the trigger occurs in 2018 Iowa Acts, chapter 1161, section 113. The capital gain deduction in 2018 Iowa Acts, chapter 1161, section 113, was further amended by 2019 Iowa Acts, chapter 162. Division I of the bill removes the triggers and specifies that 2018 Iowa Acts, chapter 1161, sections 99 through 132, take effect January 1, 2023, including the changes to the capital gain deduction mentioned above. The bill specifies that for sales occurring on or after January 1, 2023, the capital gain deduction is governed by 2019 Iowa Acts, chapter 162, and for sales occurring prior to January 1, 2023, the capital gain deduction is governed by existing law in Code section 422.7(21).

DIVISION VI — STATE INHERITANCE TAX. The bill simultaneously increases the size of an estate exempted from the state inheritance tax and reduces the inheritance tax rates retroactively to January 1, 2021. The bill then repeals the state inheritance tax effective January 1, 2024, for property of estates of decedents dying on or after January 1, 2024.

The bill increases the size of an estate exempt from the state inheritance tax from $25,000 to $300,000 for decedents dying on or after January 1, 2021, but before January 1, 2022, from $300,000 to $600,000, for decedents dying on or after January 1, 2022, but before January 1, 2023, and from $600,000 to $1 million, for decedents dying on or after January 1, 2023,
but before January 1, 2024.
For decedents dying on or after January 1, 2021, but before January 1, 2022, the rates of tax applicable to the state inheritance tax are reduced 25 percent. For decedents dying on or after January 1, 2022, but before January 1, 2023, the rates of tax applicable to the state inheritance tax are reduced 50 percent. For decedents dying on or after January 1, 2023, but before January 1, 2024, the rates of tax applicable to the state inheritance tax are reduced 75 percent.

For decedents dying on or after January 1, 2024, the bill repeals the state inheritance tax and the qualified use inheritance tax. The bill repeals Code chapters 450 (inheritance tax) and 450B (qualified use inheritance tax), effective January 1, 2034, and directs the Code editor to correct references in the Code and the Iowa Acts, to those Code chapters.

The division takes effect upon enactment and applies retroactively to decedents dying on or after January 1, 2021.

DIVISION VII — HOUSING TRUST FUND. Under current law, 30 percent of the real estate transfer tax receipts paid by county recorders to the treasurer of state are transferred to the housing trust fund in any one fiscal year, subject to a $3 million cap; moneys in excess of the cap are deposited in the general fund of the state. The bill increases the cap to $7 million.

DIVISION VIII — HIGH QUALITY JOBS PROGRAM — DAY CARE CENTERS. The bill permits the economic development authority to consider whether a proposed project under the high quality jobs program will include a licensed child care center for use by a business’s employees when determining the eligibility of the business to participate in the program.

DIVISION IX — INVESTMENT TAX CREDITS AND INNOVATION FUND TAX CREDITS. Under current law, the authority must allocate $2 million to investments in qualifying businesses and $8 million to equity investments in innovation funds (equity investments).
The bill limits the authority's tax credit allocations for investments in qualifying businesses and equity investments to a maximum aggregate of $10 million. The bill requires the authority to determine on or before June 30 of each fiscal year the amount of tax credits to be allocated to each. In addition, any amount of tax credits allocated and not awarded in that fiscal year must be reallocated to either investments in qualifying businesses or to equity investments for the next fiscal year, and those tax credits do not count toward the maximum aggregate of $10 million. This applies to tax credits allocated on or after the fiscal year beginning July 1, 2021, and for each fiscal year thereafter.

The bill modifies the maximum amount of an investment tax credit that may be issued to a natural person and the person's spouse or dependent from a calendar year basis to a fiscal year basis. The maximum amount of tax credits that may be issued for equity investments in any one qualifying business is also modified from a calendar year to a fiscal year.

This division of the bill is effective upon enactment.

DIVISION X — TELEHEALTH — MENTAL HEALTH PARITY. The bill requires a health carrier to reimburse a health care professional or a facility for health care services for a mental health condition, illness, injury, or disease provided to a covered person via telehealth on the same basis and at the same rate as the health carrier would apply to the same health care services provided to the covered person by the health care professional or facility in person. "Health carrier" is defined in the bill.

The bill amends the definition of "telehealth" to specify that the delivery of health care services via telehealth must include real-time interactive audio, video, or electronic media, regardless of the location of the health care professional or the covered person.

The bill prohibits a health carrier from requiring an additional health care professional to be located in the same
room as a covered person while health care service for a mental
health condition, illness, injury, or disease are provided via
telehealth by another health care professional to the covered
person.

This division of the bill is effective upon enactment and
applies retroactively to health care services for a mental
health condition, illness, injury, or disease provided to a
covered person via telehealth on or after January 1, 2021.

DIVISION XI — HIGH QUALITY JOBS AND RENEWABLE CHEMICAL
PRODUCTION TAX CREDITS. Division I reduces the maximum
amount of tax credits that the economic development authority
may allocate to the high quality jobs program for the fiscal year beginning July 1, 2021, and for each fiscal year thereafter, from $105 million to $70 million. The maximum amount of tax credits that the authority may allocate to the renewable chemical production tax credit program for the fiscal year beginning July 1, 2021, and ending June 30, 2022, and for each fiscal year thereafter is reduced from $10 million to $5 million.

DIVISION XII — HIGH QUALITY JOBS — ELIGIBILITY
REQUIREMENTS. To be eligible to receive incentives or assistance under the high quality jobs program, a business cannot be in the process of reducing operations in one community while simultaneously apply for assistance under the program. Under current law, a reduction in operations within 12 months before or after a business submits an application to the high quality jobs program is presumed to be a reduction in operations while simultaneously applying for assistance under the program. Under the bill, the economic development authority cannot presume that a reduction in operations is a reduction while simultaneously applying for assistance under the program with regard to a business that submits an application on or before June 30, 2022, if the business demonstrates to the satisfaction of the authority that the reduction in operations occurred after March 1, 2020, and
that it was a result of the COVID-19 pandemic. The authority
must consider whether the benefit of the project proposed by
the business outweighs any negative impact related to the
reduction in operations. The business remains subject to all
other eligibility requirements. This division of the bill is
repealed July 1, 2022.

DIVISION XIII — MANUFACTURING 4.0. The division
establishes the manufacturing 4.0 technology investment
program (program) and creates the manufacturing 4.0 technology
investment fund (fund). "Manufacturing 4.0 technology
investments" (investments) is defined as projects that are
intended to lead to the adoption of, and integration of, smart
technologies into existing manufacturing operations located
in the state by mitigating the risk to the manufacturer of
significant technology investments. Projects may include
investments in specialized hardware, software, or other
equipment intended to assist a manufacturer in increasing the
manufacturer’s productivity, efficiency, and competitiveness.
The fund may be administered as a revolving fund and may
consist of any moneys appropriated for purposes of the program
and any other moneys that are lawfully available to the
authority. The authority must use moneys in the fund to award
financial assistance to eligible manufacturers for investments.
Financial assistance may include but is not limited to
grants, loans, and forgivable loans. The requirements for a
manufacturer to be eligible for financial assistance under the
program are outlined in the bill.

Eligible manufacturers must submit an application to the
program in the manner prescribed by the economic development
authority (authority) by rule. The authority may accept
applications during one or more application periods during a
fiscal year as determined by the authority. All completed
applications must be reviewed and scored on a competitive basis
pursuant to rules adopted by the authority. The authority may
engage an outside technical review panel (panel) to complete a
technical review of applications. The authority board members appointed by the governor must review the recommendations of the authority and of the panel, if applicable, and shall approve, defer, or deny each application. In making recommendations to the board, the authority and the panel must consider the factors detailed in the bill. The board cannot approve an application for financial assistance for an investment that was made prior to the date of the application. The maximum amount of financial assistance awarded to an eligible manufacturer under the program cannot exceed $75,000. The authority must adopt rules as necessary to implement and administer the program.

DIVISION XIV — ENERGY INFRASTRUCTURE REVOLVING LOAN PROGRAM. The division modifies Code section 476.46, alternate energy revolving loan program, to prohibit the Iowa energy center from initiating any new loans after June 30, 2021. The division also requires that all loan payments received after June 30, 2021, be deposited, and any moneys remaining in the alternate energy revolving loan fund after June 30, 2021, be transferred, to the newly created energy infrastructure revolving loan fund.

The division creates an energy infrastructure revolving fund (fund) in the office of the treasurer of state to be administered by the Iowa energy center (center). Moneys in the fund are to be used to provide financial assistance for the development and construction of energy infrastructure, including projects that support electric or gas generation transmission, storage, or distribution; electric grid modernization; energy-sector workforce development; emergency preparedness for rural and underserved areas; the expansion of biomass, biogas, and renewable natural gas; innovative technologies; and the development of infrastructure for alternative fuel vehicles. “Energy infrastructure” is defined as land, buildings, physical plant and equipment, and services...
1 directly related to the development of projects used for, 2 or useful for, electricity or gas generation, transmission, 3 storage, or distribution. "Financial assistance" is also 4 defined in the bill.

5 The center is required to establish and administer an energy 6 infrastructure revolving loan program (program) to encourage 7 the development of energy infrastructure within the state. An 8 individual, business, rural electric cooperative, or municipal 9 utility located and operating in this state is eligible for 10 financial assistance under the program. With the approval 11 of the center’s governing board, the economic development 12 authority (authority) must determine the amount and the terms 13 of all financial assistance awarded to an individual, business, 14 rural electric cooperative, or municipal utility under the 15 program. All agreements and administrative authority are 16 vested in the center’s governing board. The authority may 17 use not more than 5 percent of the moneys in the fund at the 18 beginning of each fiscal year for purposes of administrative 19 costs, marketing, technical assistance, and other program 20 support.

21 DIVISION XV — WORKFORCE HOUSING TAX INCENTIVES. Code 22 section 15.119 sets an aggregate tax credit amount limit for 23 certain economic development programs. Under current law, the 24 workforce housing tax incentives program administered under 25 Code sections 15.351 through 15.356 shall not be allocated 26 more than $25 million in tax credits, and of the tax credits 27 allocated to this program, $10 million is reserved for 28 allocation to qualified housing projects in small cities. 29 This division increases the workforce housing tax credit 30 allocations from $25 million to $40 million for FY 2021-2022. 31 Of the moneys allocated to workforce housing tax credits in 32 FY 2021-2022, the bill increases the tax credits reserved for 33 qualified housing projects in small cities from $10 million 34 to $12 million. The bill decreases the workforce housing tax 35 credit from $40 million to $35 million in FY 2022-2023. Of
the moneys allocated to workforce housing tax credits in FY 2022-2023, the bill increases the tax credits allocated to small cities from $12 million to $15 million, and reserves $5 million of the tax credits for qualified housing projects in areas of the state with the largest wait list or greatest need as determined by the authority. Beginning with FY 2023-2024 and each fiscal year thereafter, the bill sets the workforce housing tax credit allocations at $30 million, of which $15 million shall be reserved for small cities.

Currently, upon completion of a housing project, a housing business (housing developer, contractor, or nonprofit that completes a housing project) submits an examination of the project in accordance with the American institute of certified public accountants to the authority. In addition to an examination by certified public accountants, the bill requires the housing business to submit the following to the authority upon completion of a housing project: a statement of the final amount of the qualifying new investment for the housing project and any information the authority deems necessary to ensure compliance with the agreement between the authority and the housing business including any rules the authority and the department of revenue adopt pursuant to Code section 15.356. The bill also requires the authority to review the information submitted by the housing business prior to notifying the housing business of tax incentive awards.

The bill permits the authority to establish a disaster housing recovery period following the declaration of a major disaster by the president of the United States. Currently, the authority may accept applications for disaster recovery housing projects on a continuous basis.

Moneys available for the program may consist of moneys appropriated for use in the program, and any other moneys that are lawfully available to the economic development authority, including moneys transferred or deposited from other funds created pursuant to Code section 15.106A(1)(o).
DIVISION XVI — BROWNFIELDS AND GRAYFIELDS. Current law provides that the economic development authority (authority) may allocate not more than $10 million in tax credits in a fiscal year to the brownfield redevelopment program (brownfields). The bill increases the maximum allocation of tax credits to the brownfields program from $10 million to $15 million. The bill provides that tax credits that are not awarded or that are revoked (including revoked within the previous five years) under brownfields may be awarded during the next annual application period, and those tax credits do not count against the tax credit maximum. Under current law, Code section 15.293A, redevelopment tax credits, is repealed on June 30, 2021. The division changes the repeal date to June 30, 2031, and the repeal date is effective upon enactment of the division. Under current law, Code section 15.293B, related to the application, review, registration, and authorization of projects awarded tax credits under brownfields, is repealed on June 30, 2021. The division changes the repeal date to June 30, 2031, and the repeal date is effective upon enactment of the division.

DIVISION XVII — DOWNTOWN LOAN GUARANTEE PROGRAM. The bill creates a downtown loan guarantee program to be administered by the economic development authority and the Iowa finance authority. The purpose of the program is to encourage downtown businesses and banks to reinvest and reopen following the COVID-19 pandemic.

In order for a loan to be guaranteed under the program, numerous conditions apply, including the following: the loan finances an eligible downtown resources center community catalyst building remediation grant project or main street Iowa challenge grant within a designated district; the loan finances a rehabilitation project or acquisition or refinancing costs associated with the project; 25 percent of the project cost is used for construction on the project or renovation; the financed project includes a housing component; the loan is...
1 used for the construction or permanent financing of a project; 
2 a federally insured financial lending institution issued the 
3 loan; the loan does not reimburse the borrower for working 
4 capital or operations; and the project meets certain design 
5 reviews.
6 The bill requires the loan to be secured by a mortgage 
7 against the project property, prohibits the loan guarantee to 
8 be transferred, and charges the lender an annual loan guarantee 
9 fee as set forth by rule.
10 The bill limits the amount of the loan guarantee as follows: 
11 for a loan amount of less than or equal to $500,000, the loan 
12 guarantee shall not exceed 50 percent of the loan; for a 
13 loan amount greater than $500,000, the economic development 
14 authority may provide a maximum loan guarantee of up to 
15 $250,000.
16 The economic development authority may guarantee the loan 
17 for up to five years, which may be extended by the authority 
18 for an additional five years. The authority may also deny a 
19 loan guarantee for any unreasonable bank loan fees or interest 
20 rate.
21 In the event of a loss due to default, the bill requires the 
22 loan guarantee to proportionally pay the guarantee percentage 
23 of the loss to the lender.
24 Moneys available for the program may consist of moneys 
25 appropriated for use in the program, and any other moneys that 
26 are lawfully available to the economic development authority, 
27 including moneys transferred or deposited from other funds 
28 created pursuant to Code section 15.106A(1)(o).
29 DIVISION XVIII — DISASTER RECOVERY ASSISTANCE PROGRAM. The 
30 bill creates a disaster recovery housing assistance program and 
31 fund.
32 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — TRANSFERS. 
33 The bill permits the authority to transfer unobligated moneys 
34 in Code section 16.46 (senior living revolving loan program 
35 fund), 16.47 (home and community-based services revolving loan
program fund), 16.48 (transitional housing revolving loan program fund), or 16.49 (community housing and services for persons with disabilities revolving loan program fund) to the disaster recovery housing assistance fund created in the bill. After the prior written consent and approval of the governor, the bill permits the executive director of the Iowa finance authority to transfer any unobligated moneys in any fund created pursuant to Code section 16.5(1)(s), for deposit in the fund. The bill waives the prior written consent and approval of the director of the department of management to transfer the unobligated moneys. After prior written approval of the governor, the bill permits the director of the Iowa economic development authority to transfer any unobligated and unencumbered moneys in any fund created pursuant to Code section 15.106A(1)(o), for deposit in the fund. The bill requires any transfer to be reported to the legislative fiscal committee of the legislative council on a monthly basis.

DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — FUND. The bill creates a disaster recovery housing assistance fund (fund) within the authority. The purpose of the fund is for the development and operation of a forgivable loan and grant program for homeowners and renters with disaster-affected homes, and for an eviction prevention program created in the bill. The bill prohibits the authority from using more than 5 percent of the moneys in the fund on July 1 of a fiscal year for purposes of administrative costs and other program support during the fiscal year.

The bill directs the authority to establish and administer a disaster recovery assistance program (program) and to use the moneys in the fund to provide forgivable loans to eligible homeowners and grants to eligible renters with disaster-affected homes. "Disaster-affected home" is defined in the bill as a primary residence that is destroyed or damaged.
due to a natural disaster that occurs on or after the effective date of the division, and that is located in a county that due to the natural disaster is the subject of a state of disaster emergency proclamation by the governor that authorizes disaster recovery housing assistance.

The authority may enter into an agreement with one or more local program administrators to administer the program and moneys in the fund may be expended following a state of disaster emergency proclamation by the governor that authorizes disaster recovery housing assistance or the eviction prevention program. “Local program administrator” is defined in the bill as cities of Ames, Cedar Falls, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo, and West Des Moines; a council of governments whose territory includes at least one county that is the subject of the state of disaster emergency proclamation by the governor that authorizes disaster recovery housing assistance or the eviction prevention program; a community action agency as defined in Code section 216A.91 and whose territory includes at least one county that is the subject of the state of disaster emergency proclamation by the governor that authorizes disaster recovery housing assistance or the eviction prevention program; or a qualified local organization or governmental entity as determined by rule by the authority.

To be considered for a forgivable loan or grant under the program, the homeowner or renter must register for the disaster case management program established pursuant to Code section 29C.20B. The disaster case manager may refer the homeowner or renter to the appropriate local program administrator.

DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — HOMEOWNERS.

To be eligible for a forgivable loan under the program, the bill requires a homeowner to own a disaster-affected home located in a county that has been proclaimed a state of disaster emergency by the governor; the home must have sustained damage greater than the damage that is covered by the
homeowner’s property and casualty insurance policy insuring
the home plus any other state or federal disaster-related
financial assistance that the homeowner is eligible to receive;
an official must deem the home suitable for rehabilitation or
damaged beyond reasonable repair; if the homeowner is seeking
a forgivable loan for the repair or rehabilitation of the
homeowner’s disaster-affected home, the home cannot be proposed
for buyout by the county or city in which the home is located,
or the disaster-affected home is eligible for a buyout, but
the homeowner is requesting a forgivable loan for the repair
or rehabilitation of the homeowner’s disaster-affected home
in lieu of a buyout; and the assistance does not duplicate
benefits provided by other disaster assistance programs.
If a homeowner is referred to an administrator by the
homeowner’s case manager, the bill allows the authority to
award a forgivable loan to the eligible homeowner for repair
or rehabilitation of the disaster-affected home, or for down
payment assistance on the purchase of replacement housing,
and the cost of reasonable repairs to be performed on the
replacement housing to render it decent, safe, sanitary, and
in good repair. Replacement housing purchased by a homeowner
cannot be located in a 100-year floodplain. “Decent, safe,
sanitary, and in good repair” is defined in the bill to mean
the same as described in 24 C.F.R. §5.703. “Replacement
housing” is defined in the bill as housing purchased by a
homeowner to replace a disaster-affected home that is destroyed
or damaged beyond reasonable repair as determined by a local
program administrator.
The authority shall determine the interest rate for the
forgivable loan.
If a homeowner who has been awarded a forgivable loan sells
a disaster-affected home or replacement housing for which the
homeowner received the forgivable loan prior to the end of the
loan term, the remaining principal on the forgivable loan shall
be due and payable.
DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — RENTERS.

To be eligible for a grant under the program, the bill requires the local program administrator to either deem the disaster-affected home of the renter suitable for rehabilitation but unsuitable for current short-term habitation, or damaged beyond reasonable repair; and the assistance does not duplicate benefits provided by any other disaster assistance program.

DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — REPORT. The bill requires the authority to annually submit a report to the general assembly detailing the disaster recovery housing assistance program.

EVICTION PREVENTION PROGRAM. The bill requires the authority to establish and administer an eviction prevention program. Under the eviction prevention program, the authority awards grants from the disaster recovery housing assistance fund to eligible renters and eviction prevention partners. Grants may be awarded upon a state of disaster emergency proclamation by the governor that authorizes the eviction prevention program. The bill defines "eligible renter" to mean a renter whose income meets the qualifications of the program, who is at risk of eviction, and who resides in a county that is the subject of a state of disaster emergency proclamation by the governor that also authorizes the eviction prevention program. The bill defines "eviction prevention partner" to mean a qualified local organization or governmental entity as determined by rule by the authority.

The bill requires grants awarded to eligible renters to be used for short-term financial rent assistance to keep eligible renters in the current residence of the renter. Grants awarded to eviction prevention partners are to be used to pay for rent or services provided to eligible renters for the purpose of preventing the eviction of eligible renters.

DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — RULES. The authority shall adopt rules pursuant to Code chapter 17A to
implement and administer the program including establishing the maximum forgivable loan and grant amounts, the terms of forgivable loans, and income qualifications of eligible renters in the eviction prevention program.

EFFECTIVE DATE. The division takes effect upon enactment.

DIVISION XIX — BONUS DEPRECIATION. Currently, when a business buys equipment and other capital assets, the business is allowed to deduct a portion of the cost of such property as depreciation over a certain period for federal and state individual or corporate income tax purposes. Federal taxpayers are allowed to immediately deduct a higher portion of the cost of such property by claiming additional first-year depreciation (bonus depreciation). Iowa has recently adopted “rolling conformity” with federal tax law but did not conform with federal bonus depreciation provisions, meaning a taxpayer deducts the cost of the equipment or other capital assets by claiming depreciation over a longer time period for Iowa income tax purposes. The bill applies retroactively by conforming Iowa tax provisions with federal bonus depreciation provisions for equipment or other capital assets placed in service on or after January 1, 2021, for tax years beginning on or after that date. By conforming with federal bonus depreciation provisions for tax years beginning on or after January 1, 2021, Iowa automatically conforms with the federal limitation on business interest expense deductions in Code sections 422.7(60) and 422.35(27). Currently, if a taxpayer does not claim “bonus depreciation”, Iowa does not conform with the federal limitation on business expenses.

DIVISION XX — BEGINNING FARMER TAX CREDIT. The bill provides for the participation of an eligible taxpayer (taxpayer) and qualified beginning farmer (beginning farmer) in the beginning farmer tax credit program (program) (Code section 16.81(4)). Under the program, a tax credit is awarded to a taxpayer who transfers agricultural assets to a beginning farmer by agricultural lease agreement (agreement). The
transferred agricultural assets include agricultural land and improvements, as well as depreciable agricultural property. The agreement must be approved by the Iowa finance authority (authority) (Code section 16.79A) who issues a tax credit certificate to the taxpayer on an annual basis for the period of the agreement (Code section 16.81).

LEASE OF AGRICULTURAL LAND WHICH INCLUDES IMPROVEMENTS (BUILDINGS). The bill provides that the agreement may provide for lease of any size parcel of agricultural land and an improvement such as a building (amended Code section 16.58(1), (2), and (3)). The principal agricultural asset transferred in the agreement may be agricultural land or a building or other structure used in farming (amended Code section 16.79A(1)).

PARTICIPATION IN THE PROGRAM — FROM 10 TO 15 YEARS. The bill increases from 10 to 15 the number of years that a taxpayer may participate in the program. (amended Code section 16.79A(3)). The extended years of participation apply retroactively to a taxpayer previously approved by the authority to participate in the program (amendment Code section 16.82(5)).

PARTICIPATION IN THE PROGRAM — TAX CREDIT CERTIFICATES AND AWARDS. The bill provides that a taxpayer may claim multiple tax credits under the program (amended Code sections 16.79A(3) and 16.81(6)) so long as each tax credit is based on an agreement approved by the authority (amended Code section 16.81(6)). It also provides that the current $50,000 limitation on tax credits that can be claimed by a taxpayer applies to each rather than all such agreements (amended Code section 16.82(5)).

BACKGROUND. Generally, in order to qualify as a beginning farmer, a person must have a low or moderate net worth, be able to successfully engage in farming, and promise to materially participate in the farming operation (Code sections 16.58(6) and (10), and 16.79(2)). The amount of the tax credit depends upon the type of payment arrangement provided in the agreement,
including a fixed amount (5 percent of cash rent payment) or some form or risk-sharing between the parties (15 percent of the market price of the commodity produced on the leasehold). A taxpayer may claim the tax credit in the applicable tax year up to the taxpayer’s liability. Any amount of the unused tax credit may be applied to reduce the taxpayer’s liability for each of the following 10 years until depleted, whichever comes first; and cannot be refunded (Code section 16.82(7)).

EFFECTIVE DATE. The division takes effect on January 1, 2022.

DIVISION XXI — MENTAL HEALTH FUNDING. This division of the bill relates to mental health and disability services funding. The bill creates a mental health and disability services regional service fund under the authority of the department of human services. For each fiscal year beginning on or after July 1, 2021, the bill appropriates from the general fund of the state to the mental health and disability services regional service fund an amount necessary to make all regional service payments for that fiscal year. The moneys available in a fiscal year in the mental health and disability services regional service fund, except as specified in the bill, are appropriated to the department of human services for distribution to each mental health and disability services region on a per capita basis calculated using each region’s population for that fiscal year and in accordance with performance-based contracts with each region. The amount of each region’s regional service payment is as follows: (1) for the fiscal year beginning July 1, 2021, an amount equal to the product of $15.86 multiplied by the sum of the region’s population for the fiscal year; (2) for the fiscal year beginning July 1, 2022, an amount equal to the product of $38 multiplied by the sum of the region’s population for the fiscal year; (3) for the fiscal year beginning July 1, 2023, an amount equal to the product of $40 multiplied by the sum of the region’s population for the fiscal year; (4) for the fiscal
1 year beginning July 1, 2024, an amount equal to the product of
2 $42 multiplied by the sum of the region's population for the
3 fiscal year; and (5) for each fiscal year beginning on or after
4 July 1, 2025, an amount equal to the product of the sum of the
5 region's population for the fiscal year multiplied by the sum
6 of the dollar amount used to calculate the regional service
7 payments for the immediately preceding fiscal year plus the
8 regional service growth factor for the fiscal year. The bill
9 defines "regional service growth factor" for a fiscal year to
10 be an amount equal to the product of the dollar amount used to
11 calculate the regional service payments for the immediately
12 preceding fiscal year multiplied by the percent increase, if
13 any, in the amount of sales tax revenue deposited into the
14 general fund of the state between the fiscal year beginning
15 three years prior to the applicable fiscal year and the fiscal
16 year beginning two years prior to the applicable year, but not
17 to exceed 1.5 percent.
18 Regional service payments received by a region are paid in
19 quarterly installments and shall be deposited in the region’s
20 combined account under Code section 331.391 and used solely
21 for providing mental health and disability services under the
22 regional service system management plan.
23 Under the bill, each mental health and disability services
24 region for which the region’s cash flow amount certified
25 exceeds a specified percentage of certain actual expenditures
26 of the region, the remaining quarterly payments of the region’s
27 regional service payment are reduced by an amount equal to
28 the amount by which the region’s cash flow amount certified
29 exceeds the specified percentage of the actual expenditures
30 of the region, but the reduction amount shall not exceed the
31 total amount of the region’s regional service payment for the
32 fiscal year. If the region’s remaining quarterly payments are
33 insufficient to effectuate the required reductions, the region
34 is required to pay to the department of human services any
35 amount for which the reduction in quarterly payments could not
be made.

The amount of reductions to quarterly payments and amounts paid to the department of human services as the result of a region's certified cash flow amounts shall be transferred and credited to the region incentive fund created in the bill.

The bill also establishes an incentive fund in the mental health and disability services regional service fund to provide funding to mental health and disability services regions meeting certain eligibility criteria. The incentive fund consists of moneys appropriated or credited to the incentive fund by law. The bill appropriates $9,960,590 from the general fund of the state to the incentive fund for the fiscal year beginning July 1, 2021. The bill appropriates $5,107,340 from the general fund of the state to the incentive fund for the fiscal year beginning July 1, 2022. For each fiscal year beginning on or after July 1, 2025, the bill appropriates an amount equal to the incentive fund growth factor multiplied by the ending balance of the incentive fund at the conclusion of a specified fiscal year. The "incentive fund growth factor" for each fiscal year is the percent increase, if any, in the amount of sales tax revenue deposited into the general fund of the state between the fiscal year beginning three years prior to the applicable fiscal year and the fiscal year beginning two years prior to the applicable year, minus 1.5 percent. The incentive fund growth factor for any fiscal year may not exceed 3.5 percent.

A regional administrator must apply to the department of human services for funding from the incentive fund. The purpose of the funding shall be to provide appropriate financial incentives for outcomes met from services provided by the regional administrator's mental health and disability services region. The department may accept or reject an application for assistance in whole or in part. The decision of the department is final.

The bill specifies that incentive funding shall only be made
available to address one or more specified circumstances and subject to certain eligibility criteria. The department shall make its final decisions on or before December 15 regarding acceptance or rejection of the applications for incentive funding and the total amount accepted shall be considered obligated. Current Code section 331.424A authorizes each county to certify a property tax levy for payment of mental health and disability services within the mental health and disability services regional system. To coincide with the appropriation and payment of mental health and disability services regional service payments directly to the regions or to exempted counties, the bill ends the authority for such a property tax levy starting with the fiscal year beginning July 1, 2022. Additionally, upon conclusion of the fiscal year beginning July 1, 2021, the county treasurer shall transfer the remaining balance of the county’s county services fund to the county’s region to which the county belongs in the fiscal year beginning July 1, 2022, for deposit in the region’s combined account under Code section 331.391. The bill also modifies provisions relating to the transferring of funds of the county to the combined account of a mental health and disability services region. For each county for which the amount of taxes certified for levy for the purposes of Code section 331.424A for the fiscal year beginning July 1, 2021, exceeds the product of the population of the county multiplied by $21.14, the department of management shall reduce the amount of such taxes certified for levy to an amount not to exceed the product of the population of the county multiplied by $21.14 and shall revise the rate of taxation as necessary to raise the reduced amount. The department of management is required to report the reduction in the certified taxes and the revised rate of taxation to the county auditors by June 15, 2021. In order to timely implement the provisions of the bill
establishing the incentive fund for mental health and
disability services regions for the fiscal year beginning
July 1, 2021, and the fiscal year beginning July 1, 2022, the
director of human services is required to establish alternative
application deadlines and expedited application review and
approval timelines.
The bill provides that the department of human services
may adopt emergency rules to implement the provisions of this
division of the bill.
This division of the bill takes effect upon enactment.
DIVISION XXII — PROPERTY TAX REPLACEMENT PAYMENTS. Current
Code section 441.21A establishes and appropriates amounts from
the general fund of the state for commercial and industrial
property tax replacement claims. Such claims are calculated
by the department of revenue based on the difference between
the actual value and assessed value of all commercial and
industrial property in each taxing district in the state.
Current law appropriates an amount necessary for the payment
of all commercial and industrial property tax replacement
claims for each fiscal year beginning on or after July 1,
2014, subject to a maximum total appropriation for fiscal
years beginning on or after July 1, 2017, of the total
amount necessary for the payment of replacement claims in the
fiscal year beginning July 1, 2016. The bill eliminates the
appropriation for fiscal years beginning on or after July 1,
2029, and specifies that the maximum total appropriation for
the fiscal years beginning on or after July 1, 2022, but before
July 1, 2029, shall not exceed the total amount necessary for
the payment of replacement claims in the fiscal year.
The bill modifies the methodology for calculating and
apportioning commercial and industrial property tax replacement
claims for fiscal years beginning on or after July 1, 2022,
but before July 1, 2029. The bill requires such claims to be
calculated based on taxing authorities, as defined in the bill,
instead of taxing districts as is required under current law.
The amount of each taxing authority's replacement claim is determined based on specified fractions of the amount received by the taxing authority under Code section 441.21A for the fiscal year beginning July 1, 2021, and whether the taxing authority is a qualified taxing authority. The specified fractions are reduced over the period of fiscal years beginning July 1, 2022, and ending June 30, 2029, in the case of a qualified taxing authority, and ending June 30, 2026, in the case of a taxing authority that is not a qualified taxing authority. Under the bill, a taxing authority that is eligible to continue to receive commercial and industrial property tax replacement payments includes a city, county, community college, or other governmental entity or political subdivision in this state authorized to certify a levy on property located within such authority, but does not include a school district. A qualified taxing authority is either a taxing authority that is not a city or a county or a taxing authority that is a city or a county in which the total assessed value as of January 1, 2019, of specified taxable property located in the taxing authority is less than 131.24 percent of the total assessed value as of January 1, 2012, of specified taxable property located in the taxing authority.

The bill requires each taxing authority's property tax replacement claim payment for fiscal years beginning on or after July 1, 2022, but before July 1, 2029, to be apportioned and credited by the governing body of the taxing authority among the taxing authority's tax levies in the same proportion that each property tax levy bears to the total of all property tax levies imposed by the taxing authority for the fiscal year for which the payment is received. The bill also establishes requirements for the apportionment of amounts allocated to property tax levies that are subject to a division of taxes under Code section 403.19 (tax increment financing).

Under current law, the legislative tax expenditure committee established under Code section 2.48 is required to review
the commercial and industrial property tax replacement claim expenditures. The bill eliminates that required periodic review.

DIVISION XXIII — SCHOOL FOUNDATION PERCENTAGE. For purposes of calculating state foundation aid received by school districts under Code chapter 257, the regular program foundation base per pupil is 87.5 percent of the regular program state cost per pupil. The bill increases that percentage to 88.4 percent for school budget years beginning on or after July 1, 2022.

The division takes effect July 1, 2022.

DIVISION XXIV — PUBLIC EDUCATION AND RECREATIONAL TAX LEVY. Code chapter 300 authorizes the imposition of a voter-approved property tax levy for the establishment and maintenance of public recreation places and playgrounds, and necessary accommodations for the recreation places and playgrounds, in the public school buildings and grounds of the district. Code chapter 300 also authorizes each school board to cooperate with public or private agencies having custody and management of public parks or buildings or grounds open to the public for the supervision and instruction necessary to carry on public educational and recreational activities in the parks, buildings, and grounds located within the district. Such activities may be supported by imposition of a voter-approved property tax levy not to exceed $0.13 and one-half cents per $1,000 of assessed value. The property tax levy under Code chapter 300 also provides financial support to community education programs established under Code chapter 276, which provide educational, recreational, cultural, and other community services and programs.

The bill repeals Code chapter 300 and makes corresponding amendments to other provisions of law effective July 1, 2024, and applies to fiscal years beginning on or after July 1, 2024. The bill provides that financial support for a community education program under Code chapter 276 may be provided from...
funds received by the school district under Code chapter 423F. By operation of the definition of “school infrastructure” under Code section 423F.3(6)(a)(1), moneys received by a school district from the secure an advanced vision for education fund may continue to be utilized for activities previously provided for under Code chapter 300 and Code chapter 276.

The bill prohibits a levy under Code chapter 300 from being approved at election on or after the effective date of this division of the bill and limits the rate at which previously approved levies can be imposed for the fiscal year beginning July 1, 2023.

The bill also provides that moneys available in the public education and recreation levy fund at the conclusion of the fiscal year beginning July 1, 2023, and ending June 30, 2024, shall be expended by the school corporation for the purposes authorized under chapter 300, Code 2021.

DIVISION XXV — ELDERLY PROPERTY TAX CREDIT. This division of the bill modifies the eligibility for and the calculation of the amount of the property tax credit for persons ages 70 and older under Code chapter 425, subchapter II.

Under the bill, a person filing a claim for the property tax credit who is at least 70 years of age and who has a household income of less than 250 percent of the federal poverty level is eligible to receive a credit against property taxes due on the claimant’s homestead. For such a claimant, the tentative credit amount is equal to the greater of the following: (1) the amount of the credit as calculated under the schedule of credit amounts specified in Code section 425.23(1)(a) as if the claimant was an eligible claimant for a credit under that provision; and (2) the difference between the actual amount of property taxes due on the homestead during the applicable fiscal year minus the actual amount of property taxes due on the homestead based on a full assessment during the first fiscal year for which the claimant filed for a credit calculated under the bill and if the claimant has filed for the
credit for each of the subsequent fiscal years after the first credit claimed.

The bill also modifies the appropriation to the elderly and disabled property tax credit and reimbursement fund under Code section 425.39, by limiting the amount of the credit to be paid by the director of revenue to each county treasurer for claimants who have reached 70 years of age and specifies that Code section 25B.7(1), which requires the state to fund the cost of providing new property tax credits, shall not apply to the amount of the credit in excess of the amount paid by the director of revenue as determined in the bill.

The division applies to claims under Code chapter 425, subchapter II, filed on or after January 1, 2022.

DIVISION XXVI — TRANSIT FUNDING. This division of the bill authorizes a regional transit district established under Code chapter 28M or a city that is not participating in a regional transit district to, following approval at election, impose a transit hotel and motel tax at a rate not to exceed 5 percent. When imposed by a regional transit district, the tax shall apply only within the boundaries of the regional transit district and may be imposed in addition to any local hotel and motel tax imposed under Code chapter 423A. When imposed by a city, the tax shall apply only within the corporate boundaries of that city and may be imposed in addition to any local hotel and motel tax imposed under Code chapter 423A. Imposition, repeal, or a change in the rate of the transit hotel and motel tax requires approval at election. Collection and administration of the transit hotel and motel tax is similar to collection and administration of the local hotel and motel tax.

Code chapter 28M authorizes a regional transit district to impose a property tax levy at a rate not to exceed 95 cents per $1,000 of assessed value of all taxable property in the regional transit district, subject to aggregate levy limits for cities that are participating in the regional transit district and imposing a municipal transit system property tax levy under
1 Code section 384.12(10). The bill establishes a methodology
2 for determining a reduction in the regional transit district
3 property tax levy if the regional transit district imposes a
4 transit hotel and motel tax. The bill establishes a similar
5 methodology for determining a reduction in the city transit
6 system property tax levy under Code section 384.12(10) if the
7 city is imposing a transit hotel and motel tax.
8 The revenue derived by a regional transit district from
9 the transit hotel and motel tax shall be expended exclusively
10 for the purposes of the regional transit district and shall
11 result in a reduction in the maximum levy rate for the regional
12 transit district, as provided in the bill. However, the
13 amount of revenue derived by the regional transit district
14 in the second calendar year that transit hotel and motel
15 tax is imposed that exceeds the amount of revenue derived
16 by the regional transit district in the first calendar year
17 that transit hotel and motel tax is imposed shall be used
18 for property tax relief in addition to the reduction to the
19 levy rate as the result of the revenue derived in the first
20 calendar year that the transit hotel and motel tax is imposed.
21 Similarly, the revenue derived by a city from the transit hotel
22 and motel tax shall be expended exclusively for the operation
23 and maintenance of a municipal transit system and shall result
24 in a reduction in the maximum transit system levy rate for the
25 city under Code section 384.12(10). However, the amount of
26 revenue derived by the city in the second calendar year that
27 transit hotel and motel tax is imposed that exceeds the amount
28 of revenue derived by the city in the first calendar year
29 that transit hotel and motel tax is imposed shall be used for
30 property tax relief for the levy under Code section 384.12(10),
31 in addition to the reduction to the levy rate as the result of
32 the revenue derived in the first calendar year that the transit
33 hotel and motel tax is imposed.