

**Senate File 619 - Introduced**

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.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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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.

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

1 Act applies retroactively to tax years beginning on or after  
2 January 1, 2021.

3 DIVISION III

4 COVID-19 RELATED GRANTS — TAXATION

5 Sec. 5. Section 422.7, subsection 62, Code 2021, is amended  
6 to read as follows:

7 62. a. Subtract, to the extent included, the amount of  
8 any ~~financial assistance~~ qualifying COVID-19 grant provided to  
9 ~~an eligible small~~ issued to an individual or business by the  
10 ~~economic development authority under the Iowa small business~~  
11 ~~relief grant program created during calendar year 2020 to~~  
12 ~~provide financial assistance to eligible small businesses~~  
13 ~~economically impacted by the COVID-19 pandemic, the Iowa~~  
14 ~~finance authority, or the department of agriculture and land~~  
15 ~~stewardship.~~

16 b. For purposes of this subsection, "qualifying COVID-19  
17 grant" includes any grant that was issued between March 17,  
18 2020, and December 31, 2021, identified by the department  
19 by rule under a grant program created to primarily provide  
20 COVID-19 related financial assistance to economically  
21 impacted individuals and businesses located in this state,  
22 and administered by the economic development authority, Iowa  
23 finance authority, or the department of agriculture and land  
24 stewardship.

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

30 d. This subsection is repealed January 1, 2024, and does not  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

32 Sec. 6. Section 422.35, subsection 30, Code 2021, is amended  
33 to read as follows:

34 30. a. Subtract, to the extent included, the amount of  
35 any ~~financial assistance~~ qualifying COVID-19 grant provided

1 ~~to an eligible small~~ issued to a business by the economic  
2 development authority under the Iowa small business relief  
3 grant program created during calendar year 2020 to provide  
4 financial assistance to eligible small businesses economically  
5 impacted by the COVID-19 pandemic, the Iowa finance authority,  
6 or the department of agriculture and land stewardship.

7 b. For purposes of this subsection, "qualifying COVID-19  
8 grant" means the same as defined in section 422.7, subsection  
9 62, paragraph "b".

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

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

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

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

22 DIVISION IV

23 FEDERAL PAYCHECK PROTECTION PROGRAM

24 Sec. 9. FEDERAL PAYCHECK PROTECTION PROGRAM.

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

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

33 DIVISION V

34 INSTALLMENT SALES — CAPITAL GAINS

35 Sec. 11. 2018 Iowa Acts, chapter 1161, section 134, is

1 amended to read as follows:

2 SEC. 134. APPLICABILITY.

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

5 2. The section of this division of this Act amending section  
6 422.7, subsection 21, as amended by 2019 Iowa Acts, chapter  
7 162, applies to sales consummated on or after the effective  
8 date of this division of this Act, and sales consummated prior  
9 to the effective date of this division of this Act shall be  
10 governed by law as it existed prior to the effective date of  
11 this division of this Act.

12 DIVISION VI

13 STATE INHERITANCE TAX

14 PART I

15 EXEMPTIONS AND RATES

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

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

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

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

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

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

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

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

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

14   PART II

15                           REPEAL OF STATE INHERITANCE TAX

16     Sec. 14. NEW SECTION. **450.98 Tax repealed.**

17     This chapter shall not apply, effective January 1, 2024,  
18 to property of estates of decedents dying on or after January  
19 1, 2024. The inheritance tax shall not be imposed under this  
20 chapter if a decedent dies on or after January 1, 2024, and to  
21 this extent this chapter is repealed.

22     Sec. 15. NEW SECTION. **450.99 Future repeal.**

23     This chapter is repealed effective January 1, 2034.

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

25     This chapter shall not apply, effective January 1, 2024,  
26 to property of estates of decedents dying on or after January  
27 1, 2024. The inheritance tax shall not be imposed under this  
28 chapter if a decedent dies on or after January 1, 2024, and to  
29 this extent this chapter is repealed.

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

31     This chapter is repealed effective January 1, 2034.

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

34     Sec. 19. **RETROACTIVE APPLICABILITY.** This division of this  
35 Act applies retroactively to January 1, 2021, for tax years

1 beginning on or after that date, and for decedents dying on or  
2 after that date.

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

8 DIVISION VII

9 HOUSING TRUST FUND

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

12 3. Notwithstanding [subsection 2](#), the amount of money that  
13 shall be transferred pursuant to [this section](#) to the housing  
14 trust fund in any one fiscal year shall not exceed ~~three~~ seven  
15 million dollars. Any money that otherwise would be transferred  
16 pursuant to [this section](#) to the housing trust fund in excess  
17 of that amount shall be deposited in the general fund of the  
18 state.

19 DIVISION VIII

20 HIGH QUALITY JOBS PROGRAM — DAY CARE CENTERS

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

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

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

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

32 DIVISION IX

33 INVESTMENT TAX CREDITS AND INNOVATION FUND TAX CREDITS

34 Sec. 24. Section 15.119, subsection 2, paragraph d, Code  
35 2021, is amended to read as follows:

1     *d.* (1) The tax credits for investments in qualifying  
2 businesses issued pursuant to [section 15E.43](#) and for equity  
3 investments in an innovation fund pursuant to [section 15E.52](#).  
4 In allocating tax credits pursuant to [this subsection](#), the  
5 authority shall allocate ~~two~~ an aggregate of ten million  
6 dollars for purposes of this ~~paragraph~~ subparagraph, unless the  
7 authority determines that the tax credits awarded will be less  
8 than that amount.

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

18     Sec. 25. Section 15.119, subsection 2, paragraph e, Code  
19 2021, is amended by striking the paragraph.

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

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

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



1 dollars.

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

4 Sec. 28. APPLICABILITY. The following applies to tax  
5 credits allocated on or after the fiscal year beginning July 1,  
6 2021, and for each fiscal year thereafter:

7 The section of this division of this Act amending section  
8 15.119, subsection 2, paragraph "d".

9

DIVISION X

10

TELEHEALTH — MENTAL HEALTH PARITY

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

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

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

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

19 Sec. 30. Section 514C.34, subsection 1, paragraph c, Code  
20 2021, is amended to read as follows:

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

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

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

1 condition, illness, injury, or disease provided in person to a  
2 covered person by the health care professional or the facility.

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

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

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

17   DIVISION XI

18 HIGH QUALITY JOBS AND RENEWABLE CHEMICAL PRODUCTION TAX CREDITS

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

22     (2) In allocating tax credits pursuant to [this subsection](#)  
23 ~~for each fiscal year of the fiscal period beginning July 1,~~  
24 ~~2016, and ending June 30, 2021~~ the fiscal year beginning July  
25 1, 2021, and for each fiscal year thereafter, the authority  
26 shall not allocate more than ~~one hundred five~~ seventy million  
27 dollars for purposes of this paragraph. ~~This subparagraph (2)~~  
28 ~~is repealed July 1, 2021.~~

29     ~~(3) (a) In allocating tax credits pursuant to this~~  
30 ~~subsection for the fiscal year beginning July 1, 2021, and~~  
31 ~~ending June 30, 2022, the authority shall not allocate more~~  
32 ~~than one hundred five million dollars for purposes of this~~  
33 ~~paragraph if the aggregate amount of renewable chemical~~  
34 ~~production tax credits under [section 15.319](#) that were awarded~~  
35 ~~on or after July 1, 2018, but before July 1, 2021, equals or~~

1 ~~exceeds twenty-seven million dollars.~~

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

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

10 Sec. 35. Section 15.119, subsection 2, paragraph h, Code  
11 2021, is amended to read as follows:

12 *h.* The renewable chemical production tax credit program  
13 administered pursuant to [sections 15.315 through 15.322](#). In  
14 allocating tax credits pursuant to [this subsection](#) for the  
15 fiscal year beginning July 1, 2021, and for each fiscal year  
16 thereafter, the authority shall not allocate more than ~~ten~~ five  
17 million dollars for purposes of this paragraph. This paragraph  
18 is repealed July 1, 2030.

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

21 DIVISION XII

22 HIGH QUALITY JOBS — ELIGIBILITY REQUIREMENTS

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

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

31 a. That the reduction in operations occurred after March 1,  
32 2020.

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

35 2. The economic development authority shall consider

1 whether the benefit of the project proposed by a business  
2 under subsection 1 outweighs any negative impact related to  
3 the business's reduction in operations. The business shall  
4 remain subject to all other eligibility requirements pursuant  
5 to section 15.329.

6 3. This section is repealed July 1, 2022.

7 DIVISION XIII

8 MANUFACTURING 4.0

9 Sec. 38. NEW SECTION. 15.371 **Manufacturing 4.0 technology**  
10 **investment program.**

11 1. This section shall be known as and may be cited as the  
12 *"Manufacturing 4.0 Technology Investment Program"*.

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

15 a. *"Financial assistance"* means the same as defined in  
16 section 15.102.

17 b. *"Manufacturing 4.0 technology investments"* means projects  
18 that are intended to lead to the adoption of, and integration  
19 of, smart technologies into existing manufacturing operations  
20 located in the state by mitigating the risk to the manufacturer  
21 of significant technology investments. Projects may include  
22 investments in specialized hardware, software, or other  
23 equipment intended to assist a manufacturer in increasing the  
24 manufacturer's productivity, efficiency, and competitiveness.

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

29 b. The fund may be administered as a revolving fund and  
30 may consist of any moneys appropriated by the general assembly  
31 for purposes of this section and any other moneys that are  
32 lawfully available to the authority. Any moneys appropriated  
33 to the fund shall be used for purposes of the manufacturing  
34 4.0 technology investment program. The authority may use all  
35 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 "o".

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

1 investment on a one-to-one basis. The matching financial  
2 support must be obtained from private sources.

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

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

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

18 (1) The completeness of the manufacturer's application.

19 (2) Whether the board should approve or deny an application.

20 (3) If the board approves an application, the type and  
21 amount of financial assistance that should to be awarded to the  
22 applicant.

23 (4) The percentage of the manufacturer's gross revenue  
24 that is derived from the sale of manufactured goods pursuant  
25 to subsection 5, paragraph "d".

26 (5) Whether the manufacturer's proposed manufacturing  
27 4.0 technology investment is consistent with the assessment  
28 completed by the center for industrial research and service at  
29 Iowa state university of science and technology pursuant to  
30 subsection 5, paragraph "f".

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

34 8. From moneys appropriated to the manufacturing 4.0  
35 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.

8 DIVISION XIV

9 ENERGY INFRASTRUCTURE REVOLVING LOAN PROGRAM

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

12 2. Notwithstanding [section 8.33](#), any unexpended moneys  
13 remitted to the treasurer of state under [this section](#) shall be  
14 retained for the purposes designated. ~~Notwithstanding section~~  
15 ~~12C.7, subsection 2, interest or earnings on investments or~~  
16 ~~time deposits of the moneys remitted under [this section](#) shall~~  
17 ~~be retained and used for the purposes designated, pursuant to~~  
18 ~~[section 476.46](#).~~

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

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

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

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

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

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

35 1. a. An energy infrastructure revolving loan fund is

1 created in the office of the treasurer of state and shall be  
2 administered by the Iowa energy center established in section  
3 15.120.

4 *b.* The fund may be administered as a revolving fund and may  
5 consist of any moneys appropriated by the general assembly for  
6 purposes of this section and any other moneys that are lawfully  
7 directed to the fund.

8 *c.* Moneys in the fund shall be used to provide financial  
9 assistance for the development and construction of energy  
10 infrastructure, including projects that support electric or gas  
11 generation transmission, storage, or distribution; electric  
12 grid modernization; energy-sector workforce development;  
13 emergency preparedness for rural and underserved areas; the  
14 expansion of biomass, biogas, and renewable natural gas;  
15 innovative technologies; and the development of infrastructure  
16 for alternative fuel vehicles.

17 *d.* Notwithstanding section 8.33, moneys appropriated in this  
18 section that remain unencumbered or unobligated at the close of  
19 the fiscal year shall not revert but shall remain available for  
20 expenditure for the purposes designated until the close of the  
21 succeeding fiscal year.

22 *e.* Notwithstanding section 12C.7, subsection 2, interest or  
23 earnings on moneys in the fund shall be credited to the fund.

24 2. *a.* The Iowa energy center shall establish and administer  
25 an energy infrastructure revolving loan program to encourage  
26 the development of energy infrastructure within the state.

27 *b.* An individual, business, rural electric cooperative, or  
28 municipal utility located and operating in this state shall be  
29 eligible for financial assistance under the program. With the  
30 approval of the Iowa energy center governing board established  
31 under section 15.120, subsection 2, the economic development  
32 authority shall determine the amount and the terms of all  
33 financial assistance awarded to an individual, business, rural  
34 electric cooperative, or municipal utility under the program.  
35 All agreements and administrative authority shall be vested in



1 the Iowa energy center governing board.

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

6 3. For the purposes of this section:

7 *a.* "Energy infrastructure" means land, buildings, physical  
8 plant and equipment, and services directly related to the  
9 development of projects used for, or useful for, electricity or  
10 gas generation, transmission, storage, or distribution.

11 *b.* "Financial assistance" means the same as defined in  
12 section 15.102.

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

21 DIVISION XV

22 WORKFORCE HOUSING TAX INCENTIVES

23 Sec. 44. Section 15.119, subsection 2, paragraph g, Code  
24 2021, is amended to read as follows:

25 *g.* (1) The workforce housing tax incentives program  
26 administered pursuant to [sections 15.351 through 15.356](#).  
27 In allocating tax credits pursuant to [this subsection](#), the  
28 authority shall not allocate more than ~~twenty-five~~ thirty  
29 million dollars for purposes of this paragraph. Of the moneys  
30 allocated under this paragraph, ~~ten~~ fifteen million dollars  
31 shall be reserved for allocation to qualified housing projects  
32 in small cities, as defined in [section 15.352](#), that are  
33 registered on or after July 1, 2017.

34 (2) (a) Notwithstanding subparagraph (1), in allocating  
35 tax credits pursuant to this subsection for the fiscal year

1 beginning July 1, 2021, and ending June 30, 2022, the authority  
2 shall not allocate more than forty million dollars for the  
3 purposes of this paragraph. Of the moneys allocated under  
4 this paragraph for the fiscal year beginning July 1, 2021, and  
5 ending June 30, 2022, twelve million dollars shall be reserved  
6 for allocation to qualified housing projects in small cities,  
7 as defined in section 15.352, that are registered on or after  
8 July 1, 2017.

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

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

23 Sec. 45. Section 15.354, subsection 3, paragraph d, Code  
24 2021, is amended to read as follows:

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

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

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

34 (3) Any information the authority deems necessary to ensure  
35 compliance with the agreement signed by the housing business

1 pursuant to paragraph "a", the requirements of this part,  
2 and rules the authority and the department of revenue adopt  
3 pursuant to section 15.356.

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

6 (1) Upon review of the examination, ~~and~~ verification of  
7 the amount of the qualifying new investment, and review of  
8 any other information submitted pursuant to paragraph "d",  
9 subparagraph (3), the authority may notify the housing business  
10 of the amount that the housing business may claim as a refund  
11 of the sales and use tax under [section 15.355, subsection 2,](#)  
12 and may issue a tax credit certificate to the housing business  
13 stating the amount of workforce housing investment tax credits  
14 under [section 15.355, subsection 3,](#) the eligible housing  
15 business may claim. The sum of the amount that the housing  
16 business may claim as a refund of the sales and use tax and  
17 the amount of the tax credit certificate shall not exceed the  
18 amount of the tax incentive award.

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

21 *b.* Notwithstanding [subsection 1,](#) the authority may ~~accept~~  
22 ~~applications for disaster recovery housing projects on a~~  
23 ~~continuous basis~~ establish a disaster recovery application  
24 period following the declaration of a major disaster by the  
25 president of the United States for a county in Iowa.

26 *c.* ~~Notwithstanding [subsection 2,](#) paragraphs "a", "b", and~~  
27 ~~"d", upon~~ Upon review of a housing business's application,  
28 and scoring of all applications received during a disaster  
29 recovery application period, the authority may make a tax  
30 incentive award to a disaster recovery housing project. The  
31 tax incentive award shall represent the maximum amount of tax  
32 incentives that the disaster recovery housing project may  
33 qualify for under the program. In determining a tax incentive  
34 award, the authority shall not use an amount of project costs  
35 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~~ the 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.

18 DIVISION XVI

19 BROWNFIELDS AND GRAYFIELDS

20 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".

27 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.

30 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  
4 be counted against the limit under section 15.119, subsection  
5 3.

6 Sec. 52. Section 15.293B, subsection 7, Code 2021, is  
7 amended to read as follows:

8 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.

15 DIVISION XVII

16 DOWNTOWN LOAN GUARANTEE PROGRAM

17 Sec. 54. NEW SECTION. **15.431 Downtown loan guarantee**  
18 **program.**

19 1. The economic development authority, in partnership with  
20 the Iowa finance authority, shall establish and administer a  
21 downtown loan guarantee program to encourage Iowa downtown  
22 businesses and banks to reinvest and reopen following the  
23 COVID-19 pandemic.

24 2. In order for a loan to be guaranteed, all of the  
25 following conditions must be true:

26 a. The loan finances an eligible downtown resource center  
27 community catalyst building remediation grant project or main  
28 street Iowa challenge grant within a designated district.

29 b. The loan finances a rehabilitation project, or finances  
30 acquisition or refinancing costs associated with the project.

31 c. At least twenty-five percent of the project costs are  
32 used for construction on the project or renovation.

33 d. The project includes a housing component.

34 e. The loan is used for construction of the project,  
35 permanent financing of the project, or both.

1     *f.* A federally insured financial lending institution issued  
2 the loan.

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

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

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

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

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

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

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

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

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

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

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

33    11. Moneys for the program may consist of any moneys  
34 appropriated by the general assembly for purposes of this  
35 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".

4 DIVISION XVIII

5 DISASTER RECOVERY HOUSING ASSISTANCE

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

8 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.

14 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.

24 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.

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

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

35 1. *Definitions.* As used in this section, unless the context

1 otherwise requires:

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

8     *b. "Fund"* means the disaster recovery housing assistance  
9 fund.

10     *c. "Local program administrator"* means any of the following:

11         (1) The cities of Ames, Cedar Falls, Cedar Rapids, Council  
12 Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo,  
13 and West Des Moines.

14         (2) A council of governments whose territory includes at  
15 least one county that is the subject of a state of disaster  
16 emergency proclamation by the governor that authorizes disaster  
17 recovery housing assistance or the eviction prevention program  
18 under section 16.57C on or after the effective date of this  
19 division of this Act.

20         (3) A community action agency as defined in section 216A.91  
21 and whose territory includes at least one county that is the  
22 subject of a state of disaster emergency proclamation by the  
23 governor that authorizes disaster recovery housing assistance  
24 or the eviction prevention program under section 16.57C on or  
25 after the effective date of this division of this Act.

26         (4) A qualified local organization or governmental entity  
27 as determined by rules adopted by the authority.

28     *d. "Program"* means the disaster recovery housing assistance  
29 program.

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

35     *f. "State of disaster emergency"* means the same as described



1 in section 29C.6, subsection 1.

2 2. *Fund.*

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

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

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

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

21 3. *Program.*

22 a. The authority shall establish and administer a disaster  
23 recovery housing assistance program and shall use moneys in  
24 the fund to award forgivable loans to eligible homeowners and  
25 grants to eligible renters of disaster-affected homes. Moneys  
26 in the fund may be expended following a state of disaster  
27 emergency proclamation by the governor pursuant to section  
28 29C.6 that authorizes disaster recovery housing assistance.

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

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

1 administrator.

2 5. *Homeowners.*

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

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

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

13 (3) The disaster-affected home is not eligible for buyout by  
14 the county or city where the disaster-affected home is located,  
15 or the disaster-affected home is eligible for a buyout by the  
16 county or city where the disaster-affected home is located, but  
17 the homeowner is requesting a forgivable loan for the repair  
18 or rehabilitation of the homeowner's disaster-affected home in  
19 lieu of a buyout.

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

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

27 (1) Repair or rehabilitation of the disaster-affected home.

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

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

34 (c) For purposes of this subparagraph, "*decent, safe,*  
35 *sanitary, and in good repair*" means the same as described in 24

1 C.F.R. §5.703.

2 *c.* The authority shall determine the interest rate for the  
3 forgivable loan.

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

10 6. *Renters.*

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

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

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

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

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

30 *a.* The date of each state of disaster emergency proclamation  
31 by the governor that authorized disaster recovery housing  
32 assistance under this section.

33 *b.* The total number of forgivable loans and grants awarded.

34 *c.* The total number of forgivable loans, and the amount of  
35 each loan awarded for repair or rehabilitation.

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

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

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

11    *g.* Each local program administrator involved in the  
12 administration of the program.

13    *h.* The total amount of forgivable loan principal repaid.

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

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

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

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

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

35    *b.* Grants awarded to eviction prevention partners pursuant

1 to this section shall be used to pay for rent or services  
2 provided to eligible renters for the purpose of preventing the  
3 eviction of eligible renters.

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

6 Sec. 58. NEW SECTION. 16.57D Rules.

7 The authority shall adopt rules pursuant to chapter 17A to  
8 implement and administer this part, including rules to do all  
9 of the following:

10 1. Establish the maximum forgivable loan and grant amounts  
11 awarded under the program.

12 2. Establish the terms of any forgivable loan provided under  
13 the program.

14 3. Income qualifications of eligible renters in the  
15 eviction prevention program.

16 Sec. 59. CODE EDITOR DIRECTIVE. The Code editor shall  
17 designate sections 16.57A through 16.57D, as enacted by  
18 this division of this Act, as a new part within chapter 16,  
19 subchapter VIII, and may redesignate the new and preexisting  
20 parts, replace references to sections 16.57A through 16.57D  
21 with references to the new part, and correct internal  
22 references as necessary, including references in subchapter or  
23 part headnotes.

24 Sec. 60. EFFECTIVE DATE. This division of this Act, being  
25 deemed of immediate importance, takes effect upon enactment.

26 DIVISION XIX

27 BONUS DEPRECIATION

28 Sec. 61. Section 422.7, subsection 39A, Code 2021, is  
29 amended by striking the subsection.

30 Sec. 62. Section 422.35, subsection 19A, Code 2021, is  
31 amended by striking the subsection.

32 Sec. 63. RETROACTIVE APPLICABILITY. This division of this  
33 Act applies retroactively to January 1, 2021, for tax years  
34 beginning on or after that date, and for qualified property  
35 placed in service on or after that date.

DIVISION XX

BEGINNING FARMER TAX CREDIT

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

5 1. "*Agricultural assets*" means agricultural land,  
6 agricultural improvements, depreciable agricultural property,  
7 crops, or livestock.

8 2. "*Agricultural improvements*" ~~improvement~~ means any  
9 improvements, including buildings, structures, or fixtures  
10 suitable for use in farming ~~which are,~~ if located on any size  
11 parcel of agricultural land.

12 3. "*Agricultural land*" means land suitable for use in  
13 farming, any portion of which may include an agricultural  
14 improvement.

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

17 2. "*Agricultural lease agreement*" or "*agreement*" means an  
18 agreement for the transfer of agricultural assets, ~~that must at~~  
19 ~~least include a lease of agricultural land,~~ from an eligible  
20 taxpayer to a qualified beginning farmer as provided in section  
21 16.79A.

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

24 1. a. A beginning farmer tax credit is allowed only for  
25 agricultural assets that are subject to an agricultural lease  
26 agreement entered into by an eligible taxpayer and a qualifying  
27 beginning farmer participating in the beginning farmer tax  
28 credit program established pursuant to [section 16.78](#).

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

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

34 2. The agreement must include the lease of agricultural  
35 land located in this state, ~~including any~~ or agricultural

1 improvements located in this state, and may provide for the  
2 rental of agricultural equipment as defined in [section 322F.1](#).

3 Sec. 68. Section 16.79A, subsection 3, paragraph c, Code  
4 2021, is amended to read as follows:

5 c. The agreement must be for at least two years, but not  
6 more than five years. The agreement may be renewed any number  
7 of times by the eligible taxpayer and qualified beginning  
8 farmer for a term of at least two years, but not more than five  
9 years. However, an eligible taxpayer shall not participate in  
10 the program for more than fifteen years.

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

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

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

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

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

26 Sec. 72. BEGINNING FARMER TAX CREDIT PROGRAM — FORMER  
27 PERIOD OF PARTICIPATION EXTENDED. An eligible taxpayer first  
28 participating in the beginning farmer tax credit program on or  
29 after January 1, 2019, as provided in 2019 Iowa Acts, chapter  
30 161, for a tax year beginning on or after that date, may  
31 participate in the program for not more than fifteen years in  
32 the same manner as provided in section 16.79A, as amended by  
33 this division of this Act.

34 Sec. 73. EFFECTIVE DATE. This division of this Act takes  
35 effect January 1, 2022.

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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



1 amount of the claims, the regional administrator for the  
2 person's county of residence shall collect, by action if  
3 necessary, the amount of all claims for per diem and expenses  
4 that have been approved by the regional administrator for the  
5 county and paid by the regional administrator as provided under  
6 section 225.21. Any amount collected shall be credited to the  
7 ~~county~~ mental health and ~~disabilities~~ disability services fund  
8 region combined account created in accordance with section  
9 ~~331.424A~~ 331.391.

10 Sec. 77. Section 225C.4, subsection 1, paragraph i, Code  
11 2021, is amended to read as follows:

12 *i.* Administer and distribute state appropriations in  
13 connection with the mental health and disability services  
14 regional ~~services~~ service fund established by [section 225C.7A](#).

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

17 **225C.7A Mental health and disability services regional**  
18 **service fund — region incentive fund.**

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

29 2. *a.* For each fiscal year beginning on or after July 1,  
30 2021, there is appropriated from the general fund of the state  
31 to the mental health and disability services regional service  
32 fund an amount necessary to make all regional service payments  
33 under this section for that fiscal year.

34 *b.* The department shall distribute the moneys appropriated  
35 from the mental health and disability services regional

1 service fund to mental health and disability services regions  
2 for funding of services in accordance with performance-based  
3 contracts with the regions and in the manner provided in this  
4 section. If the allocation methodology includes a population  
5 factor, the definition of "population" in [section 331.388](#) shall  
6 be applied.

7 3. For each fiscal year beginning on or after July 1, 2021,  
8 the moneys available in a fiscal year in the mental health and  
9 disability services regional service fund, except for moneys in  
10 the region incentive fund under subsection 8, are appropriated  
11 to the department and shall be distributed to each region on  
12 a per capita basis calculated under subsection 4 using each  
13 region's population, as defined in [section 331.388](#), for that  
14 fiscal year.

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

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

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

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

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

30 e. (1) For the fiscal year beginning July 1, 2025, and each  
31 succeeding fiscal year, an amount equal to the product of the  
32 sum of the region's population for the fiscal year multiplied  
33 by the sum of the dollar amount used to calculate the regional  
34 service payments under this subsection for the immediately  
35 preceding fiscal year plus the regional service growth factor

1 for the fiscal year.

2 (2) For purposes of this paragraph, "*regional service growth*  
3 *factor*" for a fiscal year is an amount equal to the product  
4 of the dollar amount used to calculate the regional service  
5 payments under this subsection for the immediately preceding  
6 fiscal year multiplied by the percent increase, if any, in the  
7 amount of sales tax revenue deposited into the general fund of  
8 the state under section 423.2A, subsection 1, paragraph "a",  
9 less the transfers required under section 423.2A, subsection  
10 2, between the fiscal year beginning three years prior to  
11 the applicable fiscal year and the fiscal year beginning two  
12 years prior to the applicable year, but not to exceed one and  
13 one-half percent.

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

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

24 7. a. For the fiscal year beginning July 1, 2021, each  
25 mental health and disability services region for which the  
26 amount certified during the fiscal year under section 331.391,  
27 subsection 4, paragraph "b", exceeds forty percent of the actual  
28 expenditures of the region for the fiscal year preceding the  
29 fiscal year in progress, the remaining quarterly payments of  
30 the region's regional service payment shall be reduced by  
31 an amount equal to the amount by which the region's amount  
32 certified under section 331.391, subsection 4, paragraph "b",  
33 exceeds forty percent of the actual expenditures of the region  
34 for the fiscal year preceding the fiscal year in progress, but  
35 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

1 for the fiscal year preceding the fiscal year in progress, the  
2 remaining quarterly payments of the region's regional service  
3 payment shall be reduced by an amount equal to the amount by  
4 which the region's amount certified under section 331.391,  
5 subsection 4, paragraph "b", exceeds five percent of the actual  
6 expenditures of the region for the fiscal year preceding the  
7 fiscal year in progress, but the amount of the reduction  
8 shall not exceed the total amount of the region's regional  
9 service payment for the fiscal year. If the region's remaining  
10 quarterly payments are insufficient to effectuate the required  
11 reductions under this paragraph, the region is required to  
12 pay to the department of human services any amount for which  
13 the reduction in quarterly payments could not be made. The  
14 amount of reductions to quarterly payments and amounts paid to  
15 the department under this paragraph shall be transferred and  
16 credited to the region incentive fund under subsection 8.

17 8. a. A region incentive fund is created in the mental  
18 health and disability services regional service fund under  
19 subsection 1. The incentive fund shall consist of the  
20 moneys appropriated or credited to the incentive fund by  
21 law, including amounts credited to the incentive fund under  
22 subsection 7. For fiscal years beginning on or after July 1,  
23 2021, there is appropriated from the general fund of the state  
24 to the incentive fund the following amounts to be used for the  
25 purposes of this subsection:

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

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

30 (3) (a) For each fiscal year beginning on or after July  
31 1, 2025, an amount equal to the incentive fund growth factor  
32 multiplied by the ending balance of the incentive fund at  
33 the conclusion of the fiscal year ending June 30 immediately  
34 preceding the application deadline under paragraph "b" for the  
35 fiscal year for which the appropriation is made.

1 (b) For purposes of this subparagraph, the *incentive fund*  
2 *growth factor* for each fiscal year is the percent increase,  
3 if any, in the amount of sales tax revenue deposited into the  
4 general fund of the state under section 423.2A, subsection  
5 1, paragraph "a", less the transfers required under section  
6 423.2A, subsection 2, between the fiscal year beginning three  
7 years prior to the applicable fiscal year and the fiscal year  
8 beginning two years prior to the applicable year, minus one and  
9 one-half percent, and the incentive fund growth factor for any  
10 fiscal year shall not exceed three and one-half percent.

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

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

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

29 (2) (a) In the fiscal year that commenced two years prior  
30 to the fiscal year of application for incentive funds, the  
31 ending balance, under generally accepted accounting principles,  
32 of the mental health and disability services region's combined  
33 services funds was equal to or less than the ending balance  
34 threshold under subparagraph division (b) for the fiscal year  
35 for which assistance is requested.

1 (b) For purposes of this subparagraph (2), *“ending balance*  
2 *threshold”* means the following:

3 (i) For applications for the fiscal year beginning July 1,  
4 2021, forty percent of the actual expenditures of the mental  
5 health and disability services region for the fiscal year that  
6 commenced two years prior to the fiscal year of application for  
7 assistance.

8 (ii) For applications for the fiscal year beginning July 1,  
9 2022, twenty percent of the actual expenditures of the mental  
10 health and disability services region for the fiscal year that  
11 commenced two years prior to the fiscal year of application for  
12 assistance.

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

18 *d.* The department shall review the fiscal year-end financial  
19 records for all mental health and disability services regions  
20 that are granted incentive funds. If the department determines  
21 a mental health and disability services region’s actual need  
22 for incentive funds was less than the amount of incentive funds  
23 granted to the mental health and disability services region,  
24 the mental health and disability services region shall refund  
25 the difference between the amount of assistance granted and  
26 the actual need. The mental health and disability services  
27 region shall submit the refund within thirty days of receiving  
28 notice from the department. Refunds shall be credited to the  
29 incentive fund.

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

34 *f.* The total amount of incentive funds approved shall be  
35 limited to the amount available in the incentive fund for a

1 fiscal year. Any unobligated balance in the incentive fund at  
2 the close of a fiscal year shall remain in the incentive fund  
3 for distribution in the succeeding fiscal year.

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

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

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

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

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

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

30 *i.* On or before March 1 and September 1 of each fiscal  
31 year, the department shall provide the governor's office and  
32 the general assembly with a report of the financial condition  
33 of the incentive fund. The report shall include but is not  
34 limited to an itemization of the funding source's balances,  
35 types and amount of revenues credited, and payees and payment



1 amounts for the expenditures made from the funding source  
2 during the reporting period.

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

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

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

16 1. Biennially, a report of the results of a review, by  
17 county and region, of mental health services previously funded  
18 through taxes levied by counties pursuant to [section 331.424A](#),  
19 Code 2021, or funds administered by a mental health and  
20 disability services region that are funded during the reporting  
21 period under the Iowa health and wellness plan.

22 Sec. 80. Section 331.389, subsection 1, paragraph b, Code  
23 2021, is amended to read as follows:

24 *b.* If a county has been exempted prior to July 1, 2014, from  
25 the requirement to enter into a regional service system, the  
26 county and the county's board of supervisors shall fulfill all  
27 requirements and be eligible as a region under [this chapter](#) and  
28 [chapter chapters 222, 225, 225C, 226, 227, 229, and 230](#) for a  
29 regional service system, regional service system management  
30 plan, regional governing board, and regional administrator,  
31 and any other provisions applicable to a region of counties  
32 providing local mental health and disability services.  
33 Additionally, a county exempted under this subsection shall be  
34 considered a region for purposes of chapter 426B.

35 Sec. 81. Section 331.389, subsection 5, paragraph a,

1 subparagraph (2), Code 2021, is amended to read as follows:

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

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

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

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

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

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

1 obligations in the next fiscal year.

2     *b.* Each region shall certify to the department of management  
3 human services on or before December 1, ~~2022~~ 2021, and each  
4 December 1 thereafter, the amount of the region's cash flow  
5 amount in the combined account ~~that is attributable to each~~  
6 ~~county within the region based upon each county's proportionate~~  
7 ~~amount of funding and contributions to the region or other~~  
8 ~~methodology specified in the regional governance agreement~~  
9 ~~or certify the cash flow amount for each separate county~~  
10 ~~account that is under the control of the governing board at the~~  
11 conclusion of the most recently completed fiscal year.

12     *c.* For fiscal years beginning on or after July 1, 2023,  
13 the region's cash flow amount, ~~either reserved in the region's~~  
14 ~~combined account or reserved among all separate county accounts~~  
15 ~~under the control of the governing board,~~ shall not exceed  
16 forty five percent of the gross actual expenditures from the  
17 combined account ~~or from all separate county accounts under~~  
18 ~~control of the governing board~~ for the fiscal year preceding  
19 the fiscal year in progress.

20     Sec. 84. Section 331.392, subsection 4, paragraph a, Code  
21 2021, is amended to read as follows:

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

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

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

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

35     4. ~~If a county of residence is part of a mental health and~~

1 ~~disability services region that has agreed to pool funding and~~  
2 ~~liability for services, the~~ The responsibilities of the county  
3 under law regarding such mental health and disability services  
4 shall be performed on behalf of the county by the regional  
5 administrator. ~~The county of residence or the county's mental~~  
6 ~~health and disability services region, as applicable,~~ is  
7 responsible for paying the public costs of the mental health  
8 and disability services that are not covered by the medical  
9 assistance program under [chapter 249A](#) and are provided in  
10 accordance with the region's approved service management plan  
11 to persons who are residents of the ~~county or~~ region.

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

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

24 Sec. 88. Section 331.424A, subsection 1, paragraph b, Code  
25 2021, is amended by striking the paragraph.

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

28 3. a. County revenues from taxes and other sources  
29 designated by a county for mental health and disabilities  
30 services shall be credited to the county mental health and  
31 disabilities services fund which shall be created by the  
32 county. The Until the required transfer of funds under  
33 paragraph "b", the board shall make appropriations from the fund  
34 for payment of services provided under the regional service  
35 system management plan approved pursuant to [section 331.393](#).

1 ~~The~~ For fiscal years beginning before July 1, 2022, the county  
2 may pay for the services in cooperation with other counties  
3 by pooling appropriations from the county services fund with  
4 appropriations from the county services fund of other counties  
5 through the county's regional administrator, or through another  
6 arrangement specified in the regional governance agreement  
7 entered into by the county under section 331.392.

8 b. Notwithstanding section 331.432, subsection 3, upon  
9 conclusion of the fiscal year beginning July 1, 2021, except  
10 for an exempt county under section 331.391, subsection 1,  
11 the county treasurer shall transfer the remaining balance of  
12 the county's county services fund created under paragraph  
13 "a", including all unobligated and unencumbered funds, to the  
14 county's region to which the county belongs in the fiscal year  
15 beginning July 1, 2022, for deposit in the region's combined  
16 account under section 331.391.

17 Sec. 90. Section 331.424A, subsection 4, paragraph a, Code  
18 2021, is amended to read as follows:

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

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

27 Sec. 92. Section 331.424A, subsections 5, 6, and 9, Code  
28 2021, are amended to read as follows:

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

35 6. For each fiscal year beginning before July 1, 2022, the

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

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

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

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

35 NEW SUBSECTION. 10. This section is repealed July 1, 2022.

1     Sec. 94. Section 331.432, subsection 3, Code 2021, is  
2 amended to read as follows:

3     3. a. Except as authorized in [section 331.477](#), transfers  
4 of moneys between the county services fund created pursuant  
5 to [section 331.424A](#) and any other fund are prohibited. This  
6 ~~subsection~~ paragraph does not apply to appropriations made or  
7 the value of in-kind care and treatment provided pursuant to  
8 section 347.7, subsection 1, paragraph "c", Code 2021, or to  
9 transfers from a county public hospital fund under section  
10 347.7. This paragraph is repealed July 1, 2022.

11     b. Payments or transfers of moneys from any fund of the  
12 county to a mental health and disability services region's  
13 combined account under section 331.391 are prohibited. This  
14 paragraph applies to fiscal years beginning on or after July  
15 1, 2022, but does not apply to transfers from a county public  
16 hospital fund under section 347.7 for the fiscal year beginning  
17 July 1, 2022, or the fiscal year beginning July 1, 2023.

18     Sec. 95. Section 347.7, subsection 1, paragraph c, Code  
19 2021, is amended by striking the paragraph.

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

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

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

29     **426B.2 Property tax relief fund payments.**

30     The director of human services shall draw warrants on the  
31 property tax relief fund, payable to the ~~county treasurer~~  
32 regional administrator in the amount due to a ~~county mental~~  
33 health and disability services region in accordance with  
34 statutory requirements, and mail the warrants to the ~~county~~  
35 ~~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  
25 auditors by June 15, 2021.

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.



1     2. The department of human services may adopt  
2 administrative rules under section 17A.4, subsection 3, and  
3 section 17A.5, subsection 2, paragraph "b", to implement  
4 provisions of this division of this Act and the rules shall  
5 become effective immediately upon filing or on a later  
6 effective date specified in the rules, unless the effective  
7 date of the rules is delayed or the applicability of the rules  
8 is suspended by the administrative rules review committee. Any  
9 rules adopted in accordance with this section shall not take  
10 effect before the rules are reviewed by the administrative  
11 rules review committee. The delay authority provided to  
12 the administrative rules review committee under section  
13 17A.8, subsections 9 and 10, shall be applicable to a delay  
14 imposed under this section, notwithstanding a provision in  
15 those subsections making them inapplicable to section 17A.5,  
16 subsection 2, paragraph "b". Any rules adopted in accordance  
17 with the provisions of this section shall also be published as  
18 a notice of intended action as provided in section 17A.4.

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

21

DIVISION XXII

22     COMMERCIAL AND INDUSTRIAL PROPERTY TAX REPLACEMENT PAYMENTS

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

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

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

30     Sec. 105. Section 441.21A, subsection 1, paragraph a, Code  
31 2021, is amended to read as follows:

32     a. For each fiscal year beginning on or after July 1, 2014,  
33 but before July 1, 2029, there is appropriated from the general  
34 fund of the state to the department of revenue an amount  
35 necessary for the payment of all commercial and industrial

1 property tax replacement claims under [this section](#) for the  
2 fiscal year. However, for ~~a~~ the fiscal year years beginning  
3 ~~on or after~~ July 1, 2017, July 1, 2018, July 1, 2019, July 1,  
4 2020, and July 1, 2021, the total amount of moneys appropriated  
5 from the general fund of the state to the department of revenue  
6 for the payment of commercial and industrial property tax  
7 replacement claims in ~~that~~ each fiscal year shall not exceed  
8 the total amount of money necessary to pay all commercial and  
9 industrial property tax replacement claims for the fiscal year  
10 beginning July 1, 2016.

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

13 2. a. Beginning with the For each fiscal year beginning  
14 on or after July 1, 2014, but before July 1, 2022, each county  
15 treasurer shall be paid by the department of revenue an  
16 amount equal to the amount of the commercial and industrial  
17 property tax replacement claims in the county, as calculated  
18 in [subsection 4](#). If an amount appropriated for ~~a~~ the fiscal  
19 year beginning on July 1, 2017, July 1, 2018, July 1, 2019,  
20 July 1, 2020, or July 1, 2021, is insufficient to pay all  
21 replacement claims for the fiscal year, the director of revenue  
22 shall prorate the payment of replacement claims to the county  
23 treasurers and shall notify the county auditors of the pro rata  
24 percentage on or before September 30.

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

34 3. a. On or before July 1 of each fiscal year beginning on  
35 or after July 1, 2014, but before July 1, 2022, the assessor

1 shall report to the county auditor the total actual value of  
2 all commercial property and industrial property in the county  
3 that is subject to assessment and taxation for the assessment  
4 year used to calculate the taxes due and payable in that fiscal  
5 year.

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

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

16 (2) The total assessed value as of January 1, 2019, of  
17 all taxable property located in the taxing authority that is  
18 subject to assessment and taxation used to calculate taxes  
19 which are due and payable in the fiscal year beginning July 1,  
20 2020, excluding property subject to the statewide property tax  
21 imposed under section 437A.18 or 437B.14.

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

24 On or before a date established by rule of the department  
25 of revenue of each fiscal year beginning on or after July  
26 1, 2014, but before July 1, 2022, the county auditor shall  
27 prepare a statement, based upon the report received pursuant to  
28 subsection 3, paragraph "a", listing for each taxing district  
29 in the county:

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

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

34 (1) *"Qualified taxing authority"* means any of the following:  
35 (a) A taxing authority that is not a city or a county.

1 (b) A taxing authority that is a city or county for which  
2 the amount determined under subsection 3, paragraph "b",  
3 subparagraph (2), is less than one hundred thirty-one and  
4 twenty-four hundredths percent of the amount determined under  
5 subsection 3, paragraph "b", subparagraph (1).

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

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

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

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

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

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

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

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

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

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

35 (2) If the taxing authority is not a qualified taxing

1 authority:

2 (a) For the fiscal year beginning July 1, 2022, four-fifths  
3 of the amount received by the taxing authority under this  
4 section for the fiscal year beginning July 1, 2021.

5 (b) For the fiscal year beginning July 1, 2023, three-fifths  
6 of the amount received by the taxing authority under this  
7 section for the fiscal year beginning July 1, 2021.

8 (c) For the fiscal year beginning July 1, 2024, two-fifths  
9 of the amount received by the taxing authority under this  
10 section for the fiscal year beginning July 1, 2021.

11 (d) For the fiscal year beginning July 1, 2025, one-fifth of  
12 the amount received by the taxing authority under this section  
13 for the fiscal year beginning July 1, 2021.

14 (e) For the fiscal year beginning July 1, 2026, and each  
15 succeeding fiscal year beginning before July 1, 2029, zero.

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

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

25 5. For purposes of computing replacement amounts under  
26 this section for fiscal years beginning on or after July 1,  
27 2014, but before July 1, 2022, that portion of an urban renewal  
28 area defined as the sum of the assessed valuations defined in  
29 section 403.19, subsections 1 and 2, shall be considered a  
30 taxing district.

31 Sec. 110. Section 441.21A, subsection 6, paragraph a, Code  
32 2021, is amended to read as follows:

33 a. The For fiscal years beginning on or after July 1, 2014,  
34 but before July 1, 2022, the county auditor shall certify  
35 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

1 and five-tenths percent of the regular program state cost per  
2 pupil. For the budget year commencing July 1, 2022, and for  
3 each succeeding budget year, the regular program foundation  
4 base per pupil is eighty-eight and four-tenths percent of the  
5 regular program state cost per pupil. For the budget year  
6 commencing July 1, 1991, and for each succeeding budget year  
7 the special education support services foundation base is  
8 seventy-nine percent of the special education support services  
9 state cost per pupil. The combined foundation base is the sum  
10 of the regular program foundation base, the special education  
11 support services foundation base, the total teacher salary  
12 supplement district cost, the total professional development  
13 supplement district cost, the total early intervention  
14 supplement district cost, the total teacher leadership  
15 supplement district cost, the total area education agency  
16 teacher salary supplement district cost, and the total area  
17 education agency professional development supplement district  
18 cost.

19 Sec. 115. Section 257.3, subsection 1, paragraph d, Code  
20 2021, is amended by striking the paragraph.

21 Sec. 116. EFFECTIVE DATE. The section of this division of  
22 this Act amending section 257.3, subsection 1, paragraph "d",  
23 takes effect July 1, 2022.

24 DIVISION XXIV

25 PUBLIC EDUCATION AND RECREATION TAX LEVY

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

28 1. The board of directors of a local school district  
29 may establish a community education program for schools in  
30 the district and provide for the general supervision of the  
31 program. Financial support for the program ~~shall~~ may be  
32 provided from funds ~~raised pursuant to chapter 300~~ received by  
33 the school district under chapter 423F and from any private  
34 funds and any federal funds made available for the purpose of  
35 implementing this chapter. The program which recognizes that



1 the schools belong to the people and which shall be centered  
2 in the schools may include but shall not be limited to the use  
3 of the school facilities day and night, year round including  
4 weekends and regular school vacation periods for educational,  
5 recreational, cultural, and other community services and  
6 programs for all age, ethnic, and socioeconomic groups residing  
7 in the community.

8 Sec. 118. Section 278.1, subsection 1, paragraph e, Code  
9 2021, is amended to read as follows:

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

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

16 **298A.6 Public education and recreation levy fund.**

17 The public education and recreation levy fund is a special  
18 revenue fund. A public education and recreation levy fund  
19 must be established in any school corporation which ~~levies~~  
20 levied the tax authorized under section 300.2, Code 2021, or  
21 which ~~receives~~ received revenue from a chapter 28E agreement  
22 authorized under section 300.1, Code 2021. Moneys available in  
23 the fund at the conclusion of the fiscal year beginning July 1,  
24 2023, and ending June 30, 2024, shall be expended by the school  
25 corporation for the purposes authorized under chapter 300, Code  
26 2021.

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

29 NEW SUBSECTION. 4. a. A levy under this chapter shall not  
30 be approved by the voters on or after the effective date of  
31 this division of this Act.

32 b. If the levy has not been discontinued under section  
33 300.3, the authorization to impose the levy under this chapter  
34 shall terminate July 1, 2024.

35 c. Notwithstanding subsection 2, including a proposition

1 approved at an election held before the effective date of this  
2 division of this Act, the rate of a levy imposed by a board of  
3 directors under this chapter for the fiscal year beginning July  
4 1, 2023, shall not exceed one-half of the levy rate imposed by  
5 the board of directors for the fiscal year beginning July 1,  
6 2022.

7 Sec. 121. Section 423F.3, subsection 1, paragraph c, Code  
8 2021, is amended by striking the paragraph.

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

11 1. A school district shall include as part of its financial  
12 audit for the budget year beginning July 1, 2007, and for  
13 each subsequent budget year the amount received during the  
14 year pursuant to [chapter 423E](#) or [this chapter](#), as applicable.  
15 In addition, the financial audit shall include the amount  
16 of bond levies, and physical plant and equipment levy, ~~and~~  
17 ~~public educational and recreational levy~~ reduced as a result  
18 of the moneys received under [chapter 423E](#) or [this chapter](#),  
19 as applicable. The amount of the reductions shall be stated  
20 in terms of dollars and cents per one thousand dollars of  
21 valuation and in total amount of property tax dollars. Also  
22 included shall be an accounting of the amount of moneys  
23 received which were spent for infrastructure purposes pursuant  
24 to [chapter 423E](#) or [this chapter](#), as applicable.

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

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

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

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

33 The section of this division of this Act enacting section  
34 300.2, subsection 4.

35 Sec. 127. APPLICABILITY. Except for the section of this

1 division of this Act enacting section 300.2, subsection 4, this  
2 division of this Act applies to fiscal years beginning on or  
3 after July 1, 2024.

4 DIVISION XXV

5 ELDERLY PROPERTY TAX CREDIT

6 Sec. 128. Section 25B.7, subsection 2, paragraph b, Code  
7 2021, is amended to read as follows:

8 *b.* Low-income property tax credit and elderly and disabled  
9 property tax credit pursuant to [sections 425.16 through 425.40](#),  
10 subject to the limitation of 4l, paragraph "b".

11 Sec. 129. Section 425.17, subsection 2, Code 2021, is  
12 amended to read as follows:

13 2. *a.* "*Claimant*" means either any of the following:

14 (1) A person filing a claim for credit ~~or reimbursement~~  
15 under [this subchapter](#) who has attained the age of sixty-five  
16 years but who has not attained the age of seventy years on  
17 or before December 31 of the base year or, a person filing a  
18 claim for credit or reimbursement under this subchapter who  
19 is totally disabled and was totally disabled on or before  
20 December 31 of the base year, or a person filing a claim for  
21 reimbursement under this subchapter who has attained the age of  
22 sixty-five years on or before December 31 of the base year and  
23 who is domiciled in this state at the time the claim is filed or  
24 at the time of the person's death in the case of a claim filed  
25 by the executor or administrator of the claimant's estate.

26 (2) A person filing a claim for credit or reimbursement  
27 under [this subchapter](#) who has attained the age of twenty-three  
28 years on or before December 31 of the base year or was a head  
29 of household on December 31 of the base year, as defined in  
30 the Internal Revenue Code, but has not attained the age or  
31 disability status described in ~~this paragraph "a"~~, subparagraph  
32 (1) or the age status and eligibility criteria of subparagraph  
33 (3), and is domiciled in this state at the time the claim is  
34 filed or at the time of the person's death in the case of a  
35 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

1 described in section 425.17, subsection 2, paragraph "a",  
2 subparagraph (3), shall be the greater of the following:

3 (1) The amount of the credit under the schedule specified  
4 in paragraph "a" of this subsection as if the claimant was a  
5 claimant as defined in section 425.17, subsection 2, paragraph  
6 "a", subparagraph (1), filing for a credit under paragraph "a"  
7 of this subsection.

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

18 Sec. 132. Section 425.23, subsection 4, paragraph a, Code  
19 2021, is amended to read as follows:

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

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

32 **425.24 Maximum property tax for purpose of credit or**  
33 **reimbursement.**

34 ~~In~~ For claimants under section 425.17, subsection 2,  
35 paragraph "a", subparagraphs (1) and (2), and for the

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

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

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

19 b. Regardless of the amount of the credit determined under  
20 section 425.23, subsection 1, paragraph "c", the amount paid by  
21 the director of revenue to each county treasurer for credits  
22 for claimants described under section 425.17, subsection 2,  
23 paragraph "a", subparagraph (3), shall not exceed the amount  
24 calculated for the claimant under section 425.23, subsection 1,  
25 paragraph "c", subparagraph (1), and section 25B.7, subsection  
26 1, shall not apply to the amount of the credit in excess of the  
27 amount paid by the director of revenue.

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

31 DIVISION XXVI

32 TRANSIT FUNDING

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

35 1. A regional transit district shall have all the rights,

1 powers, and duties of a county enterprise pursuant to sections  
2 331.462 through 331.469 as they relate to the purpose for  
3 which the regional transit district is created, including  
4 the authority to issue revenue bonds for the establishment,  
5 construction, reconstruction, repair, equipping, remodeling,  
6 extension, maintenance, and operation of works, vehicles, and  
7 facilities of a regional transit district. In addition, a  
8 regional transit district, with the approval of the board of  
9 supervisors, may issue general obligation bonds as an essential  
10 county purpose pursuant to [chapter 331, subchapter IV, part 3](#),  
11 for the establishment, construction, reconstruction, repair,  
12 equipping, remodeling, extension, maintenance, and operation of  
13 works, vehicles, and facilities of a regional transit district.  
14 Such general obligation bonds are payable from the property tax  
15 levy authorized in [section 28M.5](#) and from the transit hotel and  
16 motel tax imposed under section 423A.4, subsection 1, paragraph  
17 “b”, if applicable.

18 Sec. 137. Section 28M.4, subsection 3, Code 2021, is amended  
19 to read as follows:

20 3. A commission shall adopt and certify an annual budget  
21 for the regional transit district. A commission in its budget  
22 shall allocate the revenue responsibilities of each county and  
23 city participating in the regional transit district, subject  
24 to reductions in the maximum authorized property tax levy  
25 rate under section 28M.5, if applicable. A commission shall  
26 be considered a municipality for purposes of adopting and  
27 certifying a budget pursuant to [chapter 24](#).

28 Sec. 138. Section 28M.4, Code 2021, is amended by adding the  
29 following new subsection:

30 NEW SUBSECTION. 4A. A commission may, following approval at  
31 election, impose a transit hotel and motel tax under section  
32 423A.4, subsection 1, paragraph “b”.

33 Sec. 139. Section 28M.4, subsections 5 and 6, Code 2021, are  
34 amended to read as follows:

35 5. A commission shall levy ~~for~~ the tax under section 28M.5

1 and shall control any ~~tax~~ revenues paid to the regional transit  
 2 district ~~the commission administers and~~, including all moneys  
 3 derived from the operation of the regional transit district,  
 4 a transit hotel and motel tax imposed under section 423A.4,  
 5 subsection 1, paragraph "b", the sale of ~~its~~ the district's  
 6 property, interest on investments, or from any other source  
 7 related to the regional transit district.

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

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

21     1. a. The commission, with the approval of the board of  
 22 supervisors of participating counties and the city council of  
 23 participating cities in the [chapter 28E](#) agreement, may, subject  
 24 to the reductions required under paragraph "b", levy annually a  
 25 tax not to exceed ninety-five cents per thousand dollars of the  
 26 assessed value of all taxable property in a regional transit  
 27 district to the extent provided in [this section](#). The chapter  
 28 28E agreement may authorize the commission to levy the tax at  
 29 different rates within the participating cities and counties in  
 30 amounts sufficient to meet the revenue responsibilities of such  
 31 cities and counties as allocated in the budget adopted by the  
 32 commission. However, for a city participating in a regional  
 33 transit district, the total of all the tax levies imposed in  
 34 the city pursuant to [section 384.12, subsection 10](#), and this  
 35 section shall not exceed the aggregate of ninety-five cents per



1 thousand dollars of the assessed value of all taxable property  
2 in the participating city or the levy rate determined under  
3 paragraph "b", whichever is less.

4 b. (1) If a regional transit district imposes a transit  
5 hotel and motel tax under section 423A.4, subsection 1,  
6 paragraph "b", the maximum levy rate authorized under this  
7 section shall be reduced as provided in this paragraph. For  
8 each fiscal year beginning on or after July 1 following the  
9 first calendar year for which the transit hotel and motel  
10 tax is imposed in the regional transit district, and until  
11 subparagraph (4) applies, the levy rate imposed under this  
12 section shall not exceed a rate equal to the rate that would  
13 be required for the fiscal year beginning July 1 following the  
14 election approving the transit hotel and motel tax to collect  
15 an amount equal to the property taxes collected by the regional  
16 transit district for the fiscal year beginning July 1 following  
17 the election approving the transit hotel and motel tax minus  
18 the amount of transit hotel and motel tax revenue received by  
19 the regional transit district for the first calendar year for  
20 which the transit hotel and motel tax is imposed.

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

30 (3) If a regional transit district increases the rate of the  
31 transit hotel and motel tax, further reductions in the maximum  
32 authorized levy rate under this section shall be implemented  
33 in the same manner as provided under subparagraphs (1) and (2)  
34 for the reductions following initial imposition of the transit  
35 hotel and motel tax.

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

7     4. The proceeds of the tax levy and other authorized  
8 revenues of the regional transit district shall be used for  
9 the operation and maintenance of a regional transit district,  
10 for payment of debt obligations of the district, and for the  
11 creation of a reserve fund. The commission may divide the  
12 territory of a regional transit district outside the boundaries  
13 of a city into separate service areas and impose a regional  
14 transit district levy not to exceed the maximum rate authorized  
15 by [this section](#) in each service area.

16     Sec. 141. Section 303.52, subsection 4, paragraph a, Code  
17 2021, is amended to read as follows:

18     a. The board of trustees may by ordinance impose a local  
19 hotel and motel tax in accordance with [chapter 423A](#).

20     Sec. 142. Section 331.402, subsection 2, paragraph f, Code  
21 2021, is amended to read as follows:

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

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

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

34     b. (1) If the city participates in a regional transit  
35 district under chapter 28M that imposes a transit hotel and

1 motel tax under section 423A.4, the maximum levy rate shall be  
2 the levy rate determined under section 28M.5, subsection 1,  
3 paragraph "b".

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

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

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

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

32 **423A.4 ~~Locally imposed~~ Local hotel and motel tax — transit**  
33 **hotel and motel tax.**

34 1. a. A city, a county, or a land use district created  
35 under chapter 303, subchapter IV, may impose, by ordinance of

1 the city council or by resolution of the board of supervisors  
 2 or by ordinance of the board of trustees, a local hotel and  
 3 motel tax, at a rate not to exceed seven percent, which shall  
 4 be imposed in increments of one or more full percentage points  
 5 upon the sales price from the renting of lodging. The tax  
 6 when imposed by a city shall apply only within the corporate  
 7 boundaries of that city, when imposed by a county shall apply  
 8 only outside incorporated areas within that county, and when  
 9 imposed by a land use district shall apply only within the  
 10 corporate boundaries of that district. A local hotel and motel  
 11 tax imposed by a city or county shall not be imposed within the  
 12 corporate boundaries of a land use district during any period  
 13 of time that the land use district is imposing a local hotel  
 14 and motel tax.

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

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

34 3. A local hotel and motel tax imposed by a city, county,  
 35 or land use district shall be imposed on January 1 or July

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

14 4. a. A city, county, or land use district shall impose  
 15 or repeal a hotel and motel tax or increase or reduce the  
 16 tax rate only after an election at which a majority of those  
 17 voting on the question favors imposition, repeal, or change  
 18 in rate. A regional transit district or city shall impose or  
 19 repeal a transit hotel and motel tax or increase or reduce the  
 20 tax rate only after an election at which a majority of those  
 21 voting on the question favors imposition, repeal, or change in  
 22 rate. However, a local hotel and motel tax of a city or county  
 23 shall not be repealed or reduced in rate if obligations are  
 24 outstanding which are payable as provided in [section 423A.7](#),  
 25 unless funds sufficient to pay the principal, interest, and  
 26 premium, if any, on the outstanding obligations at and prior  
 27 to maturity have been properly set aside and pledged for that  
 28 purpose.

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

34 (2) If the local hotel and motel tax applies only in the  
 35 unincorporated areas of a county or only within the corporate

1 boundaries of a land use district, only the registered voters  
2 of the unincorporated areas of the county or the registered  
3 voters of the land use district, as applicable, shall be  
4 permitted to vote. The election shall be held at the time of  
5 the general election or at a special election called for that  
6 purpose.

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

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

16 5. The ~~locally imposed~~ local hotel and motel tax and the  
17 transit hotel and motel tax shall be collected and remitted as  
18 provided in [section 423A.5A](#).

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

21 3. Unless otherwise provided in [this section](#), the  
22 state-imposed tax under [section 423A.3](#) ~~and any locally,~~ the  
23 local hotel and motel tax imposed tax under [section 423A.4](#), and  
24 the transit hotel and motel tax imposed under section 423A.4,  
25 shall be collected by the lodging provider from the user of  
26 that lodging and shall be remitted to the department. The  
27 lodging provider shall add the state-imposed tax to the sales  
28 price of the lodging and the tax, when collected, shall be  
29 stated as a distinct item, separate and apart from the sales  
30 price of the lodging and from the ~~locally imposed tax~~ taxes  
31 imposed under section 423A.4, if any. The lodging provider  
32 shall add ~~the locally imposed~~ each tax imposed under section  
33 423A.4, if any, to the sales price of the lodging and the tax,  
34 when collected, shall be stated as a distinct item, separate  
35 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,  
6 and local, and transit hotel and motel ~~tax~~ taxes 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

1 than quarterly filing of returns both as prescribed in section  
2 423.31. The director may require all persons who are engaged  
3 in the business of deriving any sales price subject to tax  
4 under [this chapter](#) to register with the department. All taxes  
5 collected under [this chapter](#) by a retailer, lodging provider,  
6 lodging facilitator, lodging platform, or any other person are  
7 deemed to be held in trust for the state of Iowa and the local  
8 jurisdictions imposing the taxes.

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

11 2. All moneys in the local transient guest tax fund shall  
12 be remitted at least quarterly by the department, pursuant to  
13 rules of the director of revenue, to each city in the amount  
14 collected under section 423A.4, subsection 1, paragraph "a",  
15 from businesses in that city, to each county in the amount  
16 collected under section 423A.4, subsection 1, paragraph "a",  
17 from businesses in the unincorporated areas of the county, and  
18 to each land use district in the amount collected under section  
19 423A.4, subsection 1, paragraph "a", from businesses in that  
20 land use district, to each regional transit district in the  
21 amount collected under section 423A.4, subsection 1, paragraph  
22 "b", from businesses within the boundaries of the regional  
23 transit district and to each city in the amount collected under  
24 section 423A.4, subsection 1, paragraph "b", from businesses  
25 in that city.

26 3. Moneys received by the city from this fund collected  
27 under section 423A.4, subsection 1, paragraph "a", shall be  
28 credited to the general fund of the city, subject to the  
29 provisions of [subsection 4](#).

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

32 NEW SUBSECTION. 6. a. The revenue derived by a regional  
33 transit district from the transit hotel and motel tax  
34 authorized by section 423A.4 shall be expended exclusively for  
35 the purposes of the regional transit district under chapter 28M





1 the two conditions necessary for the trigger to occur, and  
2 specifies the provisions in 2018 Iowa Acts, chapter 1161,  
3 sections 99-132, take effect January 1, 2023.

4 Currently, the two conditions are necessary for the trigger  
5 to occur include net general fund revenues for the fiscal year  
6 ending June 30, 2022, equaling or exceeding \$8.3146 billion,  
7 and also equaling or exceeding 104 percent of the net general  
8 fund revenues for the fiscal year ending June 30, 2021. If  
9 these two conditions are not satisfied, current law institutes  
10 the changes for tax years beginning on or after the January 1  
11 following the first fiscal year for which the two conditions  
12 do occur. By striking the "trigger", the bill sets in motion  
13 numerous tax changes for tax years beginning on or after  
14 January 1, 2023, described below.

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

	Income over:	But not over:	Tax Rate:
18			
19	1) \$0	\$6,000	4.40%
20	2) \$6,000	\$30,000	4.82%
21	3) \$30,000	\$75,000	5.70%
22	4) \$75,000		6.50%

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

28 INDIVIDUAL INCOME TAX CALCULATION. Under current law, the  
29 starting point for computing the Iowa individual income tax is  
30 federal adjusted gross income before the net operating loss  
31 deduction, which is generally a taxpayer's gross income minus  
32 several deductions. From that point, Iowa requires several  
33 adjustments and then provides taxpayers with a deduction  
34 for federal income taxes paid, and the option to deduct a  
35 standard deduction or itemized deductions. The bill changes

1 the starting point for computing the individual income tax  
2 to federal taxable income, which includes all deductions and  
3 adjustments taken at the federal level in computing tax,  
4 including a standard deduction or itemized deductions, and the  
5 qualified business income deduction allowed for certain income  
6 earned from a pass-through entity. Because the starting point  
7 changes to federal taxable income, and federal law does not  
8 provide for the filing status of married filing separately  
9 on a combined return, the bill repeals that filing status  
10 option for Iowa tax purposes. Because net operating loss is  
11 no longer calculated at the state level, the bill requires a  
12 taxpayer to add back any federal net operating loss deduction  
13 carried over from a taxable year beginning prior to the 2023  
14 tax year, but allows taxpayers to deduct any remaining Iowa net  
15 operating loss from a prior taxable year. The bill repeals the  
16 individual alternative minimum tax (AMT), allows an individual  
17 to claim any remaining AMT credit against the individual's  
18 regular tax liability for the 2023 tax year, and then repeals  
19 the AMT credit in the tax year following the 2023 tax year.  
20 The bill repeals most Iowa-specific deductions, exemptions,  
21 and adjustments currently available when computing net income  
22 and taxable income under Iowa law, including the Iowa optional  
23 standard deduction and all itemized deductions, and the ability  
24 to deduct federal income taxes, except for a one-year phase  
25 out in the 2023 tax year for taxes paid, or refunds received,  
26 that relate to a prior year. The bill maintains the add-back  
27 for income from securities that are federally exempt but not  
28 state-exempt, and for bonus depreciation amounts. The bill  
29 maintains the general pension exclusion and the deduction  
30 for income from federal securities. The bill maintains the  
31 deduction for contributions to the Iowa 529 plan, the Iowa ABLE  
32 plan, a first-time homebuyer savings account, and an individual  
33 development account. The bill also maintains the deductions  
34 for military pension income, military active duty pay, social  
35 security retirement benefits, certain payments received for

1 providing unskilled in-home health care, certain amounts  
2 received from the veterans trust fund, victim compensation  
3 awards, biodiesel production refunds, certain wages paid  
4 to individuals with disabilities or individuals previously  
5 convicted of a felony, certain organ donations, and Segal  
6 AmeriCorps education award payments. The bill modifies the  
7 existing deduction for health insurance payments in Code  
8 section 422.7(29) to make the deduction only applicable to  
9 taxpayers who are at least 65 years old and who have net  
10 income below \$100,000. The bill also modifies the existing  
11 capital gain deduction in Code section 422.7(21) to restrict  
12 the deduction to the sale of real property used in farming  
13 businesses by permitting the taxpayer to take the deduction  
14 if either of the following apply: the taxpayer materially  
15 participated in the farming business for at least 10 years and  
16 held the real property for at least 10 years; or the taxpayer  
17 sold the real property to a relative. The bill expands the  
18 definition of "relative" to include an entity in which a  
19 relative of the taxpayer has a legal or equitable interest in  
20 the entity as an owner, member, partner, or beneficiary. The  
21 bill provides a new deduction for any income of an employee  
22 resulting from the payment by an employer, whether paid to  
23 the employee or a lender, of principal or interest on the  
24 employee's qualified education loan. The bill also modifies  
25 the calculation of net income for purposes of the alternate  
26 tax calculation in Code section 422.5(3) and (3B), and the tax  
27 return filing thresholds in Code section 422.13, to require  
28 that any amount of itemized deduction, standard deduction,  
29 personal exemption deduction, or qualified business income  
30 deduction that was allowed in computing federal taxable income  
31 shall be added back.

32 CORPORATE INCOME TAX AND FRANCHISE TAX CALCULATION. Under  
33 current law, the starting point for calculating the corporate  
34 income tax and franchise tax is federal taxable income before  
35 the net operating loss deduction, because net operating loss is

1 calculated at the state level. The bill repeals the separate  
2 calculation of net operating loss at the state level. As a  
3 result, the bill requires taxpayers to add back any federal  
4 net operating loss deduction carried over from a taxable year  
5 beginning prior to the trigger year, but allows taxpayers to  
6 deduct any remaining Iowa net operating loss from a prior  
7 taxable year. The bill also repeals most Iowa-specific  
8 deductions, exemptions, and adjustments currently available  
9 when computing net income and taxable income under Iowa law.  
10 The bill maintains the add-back for income from securities  
11 that are federally exempt but not state exempt, and for bonus  
12 depreciation amounts. The bill maintains the deductions for  
13 income from federal securities, for foreign dividend and  
14 subpart F income, for certain wages paid to individuals with  
15 disabilities or individuals previously convicted of a felony,  
16 and for biodiesel production refunds.

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

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

1 The division applies retroactively to tax years beginning on  
2 or after January 1, 2021.

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

9 Under the bill, "qualifying COVID-19 grant" includes any  
10 grant that was issued between March 17, 2020, and December  
11 31, 2021, identified by the department by rule under a  
12 grant program created to primarily provide COVID-19 related  
13 financial assistance to economically impacted individuals and  
14 businesses located in this state, and administered by the  
15 economic development authority, Iowa finance authority, or the  
16 department of agriculture and land stewardship.

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

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

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

28 DIVISION IV — FEDERAL PAYCHECK PROTECTION PROGRAM. Under  
29 current law, for the tax year 2020 and later, Iowa law fully  
30 conforms with the federal treatment of forgiven paycheck  
31 protection program loans and excludes such amounts from net  
32 income and allows certain deductions for business expenses  
33 paid using those loans. For fiscal-year filers who received  
34 paycheck protection program loans during the 2019 tax year,  
35 current law excludes such amounts from net income, but does

1 not allow certain deductions for business expenses paid using  
2 those loans. The bill fully conforms with federal law for  
3 those fiscal-year filers who previously were excluded from such  
4 conformity and allows such filers to take business expense  
5 deductions using federal paycheck protection program loan  
6 proceeds that were forgiven.

7 The division takes effect upon enactment.

8 DIVISION V — INSTALLMENT SALES — CAPITAL GAINS.

9 Currently, the capital gain individual income tax deduction is  
10 governed by Code section 422.7(21). The capital gain deduction  
11 in Code section 422.7(21) is amended when the trigger occurs  
12 in 2018 Iowa Acts, chapter 1161, section 113. The capital  
13 gain deduction in 2018 Iowa Acts, chapter 1161, section 113,  
14 was further amended by 2019 Iowa Acts, chapter 162. Division  
15 I of the bill removes the triggers and specifies that 2018  
16 Iowa Acts, chapter 1161, sections 99 through 132, take effect  
17 January 1, 2023, including the changes to the capital gain  
18 deduction mentioned above. The bill specifies that for  
19 sales occurring on or after January 1, 2023, the capital gain  
20 deduction is governed by 2019 Iowa Acts, chapter 162, and  
21 for sales occurring prior to January 1, 2023, the capital  
22 gain deduction is governed by existing law in Code section  
23 422.7(21).

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

30 The bill increases the size of an estate exempt from the  
31 state inheritance tax from \$25,000 to \$300,000 for decedents  
32 dying on or after January 1, 2021, but before January 1, 2022,  
33 from \$300,000 to \$600,000, for decedents dying on or after  
34 January 1, 2022, but before January 1, 2023, and from \$600,000  
35 to \$1 million, for decedents dying on or after January 1, 2023,

1 but before January 1, 2024.

2 For decedents dying on or after January 1, 2021, but before  
3 January 1, 2022, the rates of tax applicable to the state  
4 inheritance tax are reduced 25 percent. For decedents dying on  
5 or after January 1, 2022, but before January 1, 2023, the rates  
6 of tax applicable to the state inheritance tax are reduced 50  
7 percent. For decedents dying on or after January 1, 2023, but  
8 before January 1, 2024, the rates of tax applicable to the  
9 state inheritance tax are reduced 75 percent.

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

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

19 DIVISION VII — HOUSING TRUST FUND. Under current law,  
20 30 percent of the real estate transfer tax receipts paid by  
21 county recorders to the treasurer of state are transferred to  
22 the housing trust fund in any one fiscal year, subject to a \$3  
23 million cap; moneys in excess of the cap are deposited in the  
24 general fund of the state. The bill increases the cap to \$7  
25 million.

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

32 DIVISION IX — INVESTMENT TAX CREDITS AND INNOVATION FUND  
33 TAX CREDITS. Under current law, the authority must allocate \$2  
34 million to investments in qualifying businesses and \$8 million  
35 to equity investments in innovation funds (equity investments).



1 The bill limits the authority's tax credit allocations for  
2 investments in qualifying businesses and equity investments  
3 to a maximum aggregate of \$10 million. The bill requires the  
4 authority to determine on or before June 30 of each fiscal  
5 year the amount of tax credits to be allocated to each. In  
6 addition, any amount of tax credits allocated and not awarded  
7 in that fiscal year must be reallocated to either investments  
8 in qualifying businesses or to equity investments for the next  
9 fiscal year, and those tax credits do not count toward the  
10 maximum aggregate of \$10 million. This applies to tax credits  
11 allocated on or after the fiscal year beginning July 1, 2021,  
12 and for each fiscal year thereafter.

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

19 This division of the bill is effective upon enactment.

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

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

34 The bill prohibits a health carrier from requiring an  
35 additional health care professional to be located in the same

1 room as a covered person while health care service for a mental  
2 health condition, illness, injury, or disease are provided via  
3 telehealth by another health care professional to the covered  
4 person.

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

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

20 DIVISION XII — HIGH QUALITY JOBS — ELIGIBILITY  
21 REQUIREMENTS. To be eligible to receive incentives or  
22 assistance under the high quality jobs program, a business  
23 cannot be in the process of reducing operations in one  
24 community while simultaneously apply for assistance under the  
25 program. Under current law, a reduction in operations within  
26 12 months before or after a business submits an application to  
27 the high quality jobs program is presumed to be a reduction  
28 in operations while simultaneously applying for assistance  
29 under the program. Under the bill, the economic development  
30 authority (authority) cannot presume that a reduction in  
31 operations is a reduction while simultaneously applying for  
32 assistance under the program with regard to a business that  
33 submits an application on or before June 30, 2022, if the  
34 business demonstrates to the satisfaction of the authority that  
35 the reduction in operations occurred after March 1, 2020, and

1 that it was a result of the COVID-19 pandemic. The authority  
2 must consider whether the benefit of the project proposed by  
3 the business outweighs any negative impact related to the  
4 reduction in operations. The business remains subject to all  
5 other eligibility requirements. This division of the bill is  
6 repealed July 1, 2022.

7 DIVISION XIII — MANUFACTURING 4.0. The division  
8 establishes the manufacturing 4.0 technology investment  
9 program (program) and creates the manufacturing 4.0 technology  
10 investment fund (fund). “Manufacturing 4.0 technology  
11 investments” (investments) is defined as projects that are  
12 intended to lead to the adoption of, and integration of, smart  
13 technologies into existing manufacturing operations located  
14 in the state by mitigating the risk to the manufacturer of  
15 significant technology investments. Projects may include  
16 investments in specialized hardware, software, or other  
17 equipment intended to assist a manufacturer in increasing the  
18 manufacturer’s productivity, efficiency, and competitiveness.

19 The fund may be administered as a revolving fund and may  
20 consist of any moneys appropriated for purposes of the program  
21 and any other moneys that are lawfully available to the  
22 authority. The authority must use moneys in the fund to award  
23 financial assistance to eligible manufacturers for investments.  
24 Financial assistance may include but is not limited to  
25 grants, loans, and forgivable loans. The requirements for a  
26 manufacturer to be eligible for financial assistance under the  
27 program are outlined in the bill.

28 Eligible manufacturers must submit an application to the  
29 program in the manner prescribed by the economic development  
30 authority (authority) by rule. The authority may accept  
31 applications during one or more application periods during a  
32 fiscal year as determined by the authority. All completed  
33 applications must be reviewed and scored on a competitive basis  
34 pursuant to rules adopted by the authority. The authority may  
35 engage an outside technical review panel (panel) to complete a

1 technical review of applications. The authority board members  
2 appointed by the governor must review the recommendations  
3 of the authority and of the panel, if applicable, and  
4 shall approve, defer, or deny each application. In making  
5 recommendations to the board, the authority and the panel must  
6 consider the factors detailed in the bill.

7 The board cannot approve an application for financial  
8 assistance for an investment that was made prior to the date  
9 of the application.

10 The maximum amount of financial assistance awarded to an  
11 eligible manufacturer under the program cannot exceed \$75,000.

12 The authority must adopt rules as necessary to implement and  
13 administer the program.

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

23 The division creates an energy infrastructure revolving  
24 fund (fund) in the office of the treasurer of state to be  
25 administered by the Iowa energy center (center). Moneys in  
26 the fund are to be used to provide financial assistance for  
27 the development and construction of energy infrastructure,  
28 including projects that support electric or gas generation  
29 transmission, storage, or distribution; electric grid  
30 modernization; energy-sector workforce development; emergency  
31 preparedness for rural and underserved areas; the expansion  
32 of biomass, biogas, and renewable natural gas; innovative  
33 technologies; and the development of infrastructure for  
34 alternative fuel vehicles. "Energy infrastructure" is defined  
35 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

1 the moneys allocated to workforce housing tax credits in FY  
2 2022-2023, the bill increases the tax credits allocated to  
3 small cities from \$12 million to \$15 million, and reserves \$5  
4 million of the tax credits for qualified housing projects in  
5 areas of the state with the largest wait list or greatest need  
6 as determined by the authority. Beginning with FY 2023-2024  
7 and each fiscal year thereafter, the bill sets the workforce  
8 housing tax credit allocations at \$30 million, of which \$15  
9 million shall be reserved for small cities.

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

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

31 Moneys available for the program may consist of moneys  
32 appropriated for use in the program, and any other moneys that  
33 are lawfully available to the economic development authority,  
34 including moneys transferred or deposited from other funds  
35 created pursuant to Code section 15.106A(1)(o).

1 DIVISION XVI — BROWNFIELDS AND GRAYFIELDS. Current law  
2 provides that the economic development authority (authority)  
3 may allocate not more than \$10 million in tax credits in  
4 a fiscal year to the brownfield redevelopment program  
5 (brownfields). The bill increases the maximum allocation of  
6 tax credits to the brownfields program from \$10 million to  
7 \$15 million. The bill provides that tax credits that are not  
8 awarded or that are revoked (including revoked within the  
9 previous five years) under brownfields may be awarded during  
10 the next annual application period, and those tax credits do  
11 not count against the tax credit maximum. Under current law,  
12 Code section 15.293A, redevelopment tax credits, is repealed  
13 on June 30, 2021. The division changes the repeal date to June  
14 30, 2031, and the repeal date is effective upon enactment of  
15 the division. Under current law, Code section 15.293B, related  
16 to the application, review, registration, and authorization of  
17 projects awarded tax credits under brownfields, is repealed on  
18 June 30, 2021. The division changes the repeal date to June  
19 30, 2031, and the repeal date is effective upon enactment of  
20 the division.

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

27 In order for a loan to be guaranteed under the program,  
28 numerous conditions apply, including the following: the loan  
29 finances an eligible downtown resources center community  
30 catalyst building remediation grant project or main street  
31 Iowa challenge grant within a designated district; the loan  
32 finances a rehabilitation project or acquisition or refinancing  
33 costs associated with the project; 25 percent of the project  
34 cost is used for construction on the project or renovation;  
35 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



1 program fund), 16.48 (transitional housing revolving loan  
2 program fund), or 16.49 (community housing and services for  
3 persons with disabilities revolving loan program fund) to the  
4 disaster recovery housing assistance fund created in the bill.

5 After the prior written consent and approval of the  
6 governor, the bill permits the executive director of the Iowa  
7 finance authority to transfer any unobligated moneys in any  
8 fund created pursuant to Code section 16.5(1)(s), for deposit  
9 in the fund. The bill waives the prior written consent and  
10 approval of the director of the department of management to  
11 transfer the unobligated moneys.

12 After prior written approval of the governor, the bill  
13 permits the director of the Iowa economic development authority  
14 to transfer any unobligated and unencumbered moneys in any fund  
15 created pursuant to Code section 15.106A(1)(o), for deposit in  
16 the fund.

17 The bill requires any transfer to be reported to the  
18 legislative fiscal committee of the legislative council on a  
19 monthly basis.

20 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — FUND. The  
21 bill creates a disaster recovery housing assistance fund  
22 (fund) within the authority. The purpose of the fund is for  
23 the development and operation of a forgivable loan and grant  
24 program for homeowners and renters with disaster-affected  
25 homes, and for an eviction prevention program created in the  
26 bill. The bill prohibits the authority from using more than  
27 5 percent of the moneys in the fund on July 1 of a fiscal year  
28 for purposes of administrative costs and other program support  
29 during the fiscal year.

30 The bill directs the authority to establish and administer  
31 a disaster recovery assistance program (program) and to  
32 use the moneys in the fund to provide forgivable loans to  
33 eligible homeowners and grants to eligible renters with  
34 disaster-affected homes. "Disaster-affected home" is defined  
35 in the bill as a primary residence that is destroyed or damaged

1 due to a natural disaster that occurs on or after the effective  
2 date of the division, and that is located in a county that due  
3 to the natural disaster is the subject of a state of disaster  
4 emergency proclamation by the governor that authorizes disaster  
5 recovery housing assistance.

6 The authority may enter into an agreement with one or  
7 more local program administrators to administer the program  
8 and moneys in the fund may be expended following a state of  
9 disaster emergency proclamation by the governor that authorizes  
10 disaster recovery housing assistance or the eviction prevention  
11 program. "Local program administrator" is defined in the bill  
12 as cities of Ames, Cedar Falls, Cedar Rapids, Council Bluffs,  
13 Davenport, Des Moines, Dubuque, Iowa City, Waterloo, and West  
14 Des Moines; a council of governments whose territory includes  
15 at least one county that is the subject of the state of  
16 disaster emergency proclamation by the governor that authorizes  
17 disaster recovery housing assistance or the eviction prevention  
18 program; a community action agency as defined in Code section  
19 216A.91 and whose territory includes at least one county that  
20 is the subject of the state of disaster emergency proclamation  
21 by the governor that authorizes disaster recovery housing  
22 assistance or the eviction prevention program; or a qualified  
23 local organization or governmental entity as determined by rule  
24 by the authority.

25 To be considered for a forgivable loan or grant under the  
26 program, the homeowner or renter must register for the disaster  
27 case management program established pursuant to Code section  
28 29C.20B. The disaster case manager may refer the homeowner or  
29 renter to the appropriate local program administrator.

30 **DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — HOMEOWNERS.**  
31 To be eligible for a forgivable loan under the program,  
32 the bill requires a homeowner to own a disaster-affected  
33 home located in a county that has been proclaimed a state  
34 of disaster emergency by the governor; the home must have  
35 sustained damage greater than the damage that is covered by the

1 homeowner's property and casualty insurance policy insuring  
2 the home plus any other state or federal disaster-related  
3 financial assistance that the homeowner is eligible to receive;  
4 an official must deem the home suitable for rehabilitation or  
5 damaged beyond reasonable repair; if the homeowner is seeking  
6 a forgivable loan for the repair or rehabilitation of the  
7 homeowner's disaster-affected home, the home cannot be proposed  
8 for buyout by the county or city in which the home is located,  
9 or the disaster-affected home is eligible for a buyout, but  
10 the homeowner is requesting a forgivable loan for the repair  
11 or rehabilitation of the homeowner's disaster-affected home  
12 in lieu of a buyout; and the assistance does not duplicate  
13 benefits provided by other disaster assistance programs.

14 If a homeowner is referred to an administrator by the  
15 homeowner's case manager, the bill allows the authority to  
16 award a forgivable loan to the eligible homeowner for repair  
17 or rehabilitation of the disaster-affected home, or for down  
18 payment assistance on the purchase of replacement housing,  
19 and the cost of reasonable repairs to be performed on the  
20 replacement housing to render it decent, safe, sanitary, and  
21 in good repair. Replacement housing purchased by a homeowner  
22 cannot be located in a 100-year floodplain. "Decent, safe,  
23 sanitary, and in good repair" is defined in the bill to mean  
24 the same as described in 24 C.F.R. §5.703. "Replacement  
25 housing" is defined in the bill as housing purchased by a  
26 homeowner to replace a disaster-affected home that is destroyed  
27 or damaged beyond reasonable repair as determined by a local  
28 program administrator.

29 The authority shall determine the interest rate for the  
30 forgivable loan.

31 If a homeowner who has been awarded a forgivable loan sells  
32 a disaster-affected home or replacement housing for which the  
33 homeowner received the forgivable loan prior to the end of the  
34 loan term, the remaining principal on the forgivable loan shall  
35 be due and payable.

1 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — RENTERS.

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

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

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

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

34 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — RULES. The  
35 authority shall adopt rules pursuant to Code chapter 17A to

1 implement and administer the program including establishing  
2 the maximum forgivable loan and grant amounts, the terms of  
3 forgivable loans, and income qualifications of eligible renters  
4 in the eviction prevention program.

5 EFFECTIVE DATE. The division takes effect upon enactment.

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

29 DIVISION XX — BEGINNING FARMER TAX CREDIT. The bill  
30 provides for the participation of an eligible taxpayer  
31 (taxpayer) and qualified beginning farmer (beginning farmer)  
32 in the beginning farmer tax credit program (program) (Code  
33 section 16.81(4)). Under the program, a tax credit is awarded  
34 to a taxpayer who transfers agricultural assets to a beginning  
35 farmer by agricultural lease agreement (agreement). The

1 transferred agricultural assets include agricultural land and  
2 improvements, as well as depreciable agricultural property.  
3 The agreement must be approved by the Iowa finance authority  
4 (authority) (Code section 16.79A) who issues a tax credit  
5 certificate to the taxpayer on an annual basis for the period  
6 of the agreement (Code section 16.81).

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

14 PARTICIPATION IN THE PROGRAM — FROM 10 TO 15 YEARS.  
15 The bill increases from 10 to 15 the number of years that  
16 a taxpayer may participate in the program. (amended Code  
17 section 16.79A(3)). The extended years of participation  
18 apply retroactively to a taxpayer previously approved by the  
19 authority to participate in the program (amendment Code section  
20 16.82(5)).

21 PARTICIPATION IN THE PROGRAM — TAX CREDIT CERTIFICATES  
22 AND AWARDS. The bill provides that a taxpayer may claim  
23 multiple tax credits under the program (amended Code sections  
24 16.79A(3) and 16.81(6)) so long as each tax credit is based  
25 on an agreement approved by the authority (amended Code  
26 section 16.81(6)). It also provides that the current \$50,000  
27 limitation on tax credits that can be claimed by a taxpayer  
28 applies to each rather than all such agreements (amended Code  
29 section 16.82(5)).

30 BACKGROUND. Generally, in order to qualify as a beginning  
31 farmer, a person must have a low or moderate net worth, be able  
32 to successfully engage in farming, and promise to materially  
33 participate in the farming operation (Code sections 16.58(6)  
34 and (10), and 16.79(2)). The amount of the tax credit depends  
35 upon the type of payment arrangement provided in the agreement,

1 including a fixed amount (5 percent of cash rent payment) or  
2 some form of risk-sharing between the parties (15 percent of  
3 the market price of the commodity produced on the leasehold).  
4 A taxpayer may claim the tax credit in the applicable tax year  
5 up to the taxpayer's liability. Any amount of the unused tax  
6 credit may be applied to reduce the taxpayer's liability for  
7 each of the following 10 years until depleted, whichever comes  
8 first; and cannot be refunded (Code section 16.82(7)).

9 EFFECTIVE DATE. The division takes effect on January 1,  
10 2022.

11 DIVISION XXI — MENTAL HEALTH FUNDING. This division of the  
12 bill relates to mental health and disability services funding.

13 The bill creates a mental health and disability services  
14 regional service fund under the authority of the department of  
15 human services. For each fiscal year beginning on or after  
16 July 1, 2021, the bill appropriates from the general fund  
17 of the state to the mental health and disability services  
18 regional service fund an amount necessary to make all regional  
19 service payments for that fiscal year. The moneys available  
20 in a fiscal year in the mental health and disability services  
21 regional service fund, except as specified in the bill,  
22 are appropriated to the department of human services for  
23 distribution to each mental health and disability services  
24 region on a per capita basis calculated using each region's  
25 population for that fiscal year and in accordance with  
26 performance-based contracts with each region. The amount  
27 of each region's regional service payment is as follows:  
28 (1) for the fiscal year beginning July 1, 2021, an amount  
29 equal to the product of \$15.86 multiplied by the sum of the  
30 region's population for the fiscal year; (2) for the fiscal  
31 year beginning July 1, 2022, an amount equal to the product of  
32 \$38 multiplied by the sum of the region's population for the  
33 fiscal year; (3) for the fiscal year beginning July 1, 2023,  
34 an amount equal to the product of \$40 multiplied by the sum of  
35 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



1 be made.

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

6 The bill also establishes an incentive fund in the mental  
7 health and disability services regional service fund to provide  
8 funding to mental health and disability services regions  
9 meeting certain eligibility criteria. The incentive fund  
10 consists of moneys appropriated or credited to the incentive  
11 fund by law. The bill appropriates \$9,960,590 from the general  
12 fund of the state to the incentive fund for the fiscal year  
13 beginning July 1, 2021. The bill appropriates \$5,107,340  
14 from the general fund of the state to the incentive fund for  
15 the fiscal year beginning July 1, 2022. For each fiscal year  
16 beginning on or after July 1, 2025, the bill appropriates an  
17 amount equal to the incentive fund growth factor multiplied by  
18 the ending balance of the incentive fund at the conclusion of  
19 a specified fiscal year. The "incentive fund growth factor"  
20 for each fiscal year is the percent increase, if any, in the  
21 amount of sales tax revenue deposited into the general fund of  
22 the state between the fiscal year beginning three years prior  
23 to the applicable fiscal year and the fiscal year beginning two  
24 years prior to the applicable year, minus 1.5 percent. The  
25 incentive fund growth factor for any fiscal year may not exceed  
26 3.5 percent.

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

35 The bill specifies that incentive funding shall only be made

1 available to address one or more specified circumstances and  
2 subject to certain eligibility criteria.

3 The department shall make its final decisions on or  
4 before December 15 regarding acceptance or rejection of  
5 the applications for incentive funding and the total amount  
6 accepted shall be considered obligated.

7 Current Code section 331.424A authorizes each county to  
8 certify a property tax levy for payment of mental health and  
9 disability services within the mental health and disability  
10 services regional system. To coincide with the appropriation  
11 and payment of mental health and disability services regional  
12 service payments directly to the regions or to exempted  
13 counties, the bill ends the authority for such a property tax  
14 levy starting with the fiscal year beginning July 1, 2022.  
15 Additionally, upon conclusion of the fiscal year beginning July  
16 1, 2021, the county treasurer shall transfer the remaining  
17 balance of the county's county services fund to the county's  
18 region to which the county belongs in the fiscal year beginning  
19 July 1, 2022, for deposit in the region's combined account  
20 under Code section 331.391. The bill also modifies provisions  
21 relating to the transferring of funds of the county to the  
22 combined account of a mental health and disability services  
23 region.

24 For each county for which the amount of taxes certified  
25 for levy for the purposes of Code section 331.424A for the  
26 fiscal year beginning July 1, 2021, exceeds the product  
27 of the population of the county multiplied by \$21.14, the  
28 department of management shall reduce the amount of such taxes  
29 certified for levy to an amount not to exceed the product of  
30 the population of the county multiplied by \$21.14 and shall  
31 revise the rate of taxation as necessary to raise the reduced  
32 amount. The department of management is required to report  
33 the reduction in the certified taxes and the revised rate of  
34 taxation to the county auditors by June 15, 2021.

35 In order to timely implement the provisions of the bill

1 establishing the incentive fund for mental health and  
2 disability services regions for the fiscal year beginning  
3 July 1, 2021, and the fiscal year beginning July 1, 2022, the  
4 director of human services is required to establish alternative  
5 application deadlines and expedited application review and  
6 approval timelines.

7 The bill provides that the department of human services  
8 may adopt emergency rules to implement the provisions of this  
9 division of the bill.

10 This division of the bill takes effect upon enactment.

11 DIVISION XXII — PROPERTY TAX REPLACEMENT PAYMENTS. Current  
12 Code section 441.21A establishes and appropriates amounts from  
13 the general fund of the state for commercial and industrial  
14 property tax replacement claims. Such claims are calculated  
15 by the department of revenue based on the difference between  
16 the actual value and assessed value of all commercial and  
17 industrial property in each taxing district in the state.  
18 Current law appropriates an amount necessary for the payment  
19 of all commercial and industrial property tax replacement  
20 claims for each fiscal year beginning on or after July 1,  
21 2014, subject to a maximum total appropriation for fiscal  
22 years beginning on or after July 1, 2017, of the total  
23 amount necessary for the payment of replacement claims in the  
24 fiscal year beginning July 1, 2016. The bill eliminates the  
25 appropriation for fiscal years beginning on or after July 1,  
26 2029, and specifies that the maximum total appropriation for  
27 the fiscal years beginning on or after July 1, 2022, but before  
28 July 1, 2029, shall not exceed the total amount necessary for  
29 the payment of replacement claims in the fiscal year.

30 The bill modifies the methodology for calculating and  
31 apportioning commercial and industrial property tax replacement  
32 claims for fiscal years beginning on or after July 1, 2022,  
33 but before July 1, 2029. The bill requires such claims to be  
34 calculated based on taxing authorities, as defined in the bill,  
35 instead of taxing districts as is required under current law.

1 The amount of each taxing authority's replacement claim is  
2 determined based on specified fractions of the amount received  
3 by the taxing authority under Code section 441.21A for the  
4 fiscal year beginning July 1, 2021, and whether the taxing  
5 authority is a qualified taxing authority. The specified  
6 fractions are reduced over the period of fiscal years beginning  
7 July 1, 2022, and ending June 30, 2029, in the case of a  
8 qualified taxing authority, and ending June 30, 2026, in the  
9 case of a taxing authority that is not a qualified taxing  
10 authority. Under the bill, a taxing authority that is eligible  
11 to continue to receive commercial and industrial property  
12 tax replacement payments includes a city, county, community  
13 college, or other governmental entity or political subdivision  
14 in this state authorized to certify a levy on property located  
15 within such authority, but does not include a school district.  
16 A qualified taxing authority is either a taxing authority that  
17 is not a city or a county or a taxing authority that is a city  
18 or a county in which the total assessed value as of January  
19 1, 2019, of specified taxable property located in the taxing  
20 authority is less than 131.24 percent of the total assessed  
21 value as of January 1, 2012, of specified taxable property  
22 located in the taxing authority.

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

34 Under current law, the legislative tax expenditure committee  
35 established under Code section 2.48 is required to review

1 the commercial and industrial property tax replacement claim  
2 expenditures. The bill eliminates that required periodic  
3 review.

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

11 The division takes effect July 1, 2022.

12 DIVISION XXIV — PUBLIC EDUCATION AND RECREATIONAL TAX LEVY.  
13 Code chapter 300 authorizes the imposition of a voter-approved  
14 property tax levy for the establishment and maintenance  
15 of public recreation places and playgrounds, and necessary  
16 accommodations for the recreation places and playgrounds, in  
17 the public school buildings and grounds of the district. Code  
18 chapter 300 also authorizes each school board to cooperate  
19 with public or private agencies having custody and management  
20 of public parks or buildings or grounds open to the public  
21 for the supervision and instruction necessary to carry on  
22 public educational and recreational activities in the parks,  
23 buildings, and grounds located within the district. Such  
24 activities may be supported by imposition of a voter-approved  
25 property tax levy not to exceed \$0.13 and one-half cents per  
26 \$1,000 of assessed value. The property tax levy under Code  
27 chapter 300 also provides financial support to community  
28 education programs established under Code chapter 276,  
29 which provide educational, recreational, cultural, and other  
30 community services and programs.

31 The bill repeals Code chapter 300 and makes corresponding  
32 amendments to other provisions of law effective July 1, 2024,  
33 and applies to fiscal years beginning on or after July 1,  
34 2024. The bill provides that financial support for a community  
35 education program under Code chapter 276 may be provided from

1 funds received by the school district under Code chapter 423F.  
2 By operation of the definition of "school infrastructure" under  
3 Code section 423F.3(6)(a)(1), moneys received by a school  
4 district from the secure an advanced vision for education fund  
5 may continue to be utilized for activities previously provided  
6 for under Code chapter 300 and Code chapter 276.

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

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

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

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

1 credit for each of the subsequent fiscal years after the first  
2 credit claimed.

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

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

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

30 Code chapter 28M authorizes a regional transit district to  
31 impose a property tax levy at a rate not to exceed 95 cents  
32 per \$1,000 of assessed value of all taxable property in the  
33 regional transit district, subject to aggregate levy limits for  
34 cities that are participating in the regional transit district  
35 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.