

**Senate Study Bill 1253 - Introduced**

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

**A BILL FOR**

1 An Act relating to state and local government financing,  
2 programs, and operations, by modifying provisions relating  
3 to mental health and disability services funding, school  
4 district funding, commercial and industrial property tax  
5 replacement payments, and other specified tax provisions,  
6 making appropriations, providing penalties, and including  
7 effective date, applicability, and retroactive applicability  
8 provisions.

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

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DIVISION I

MENTAL HEALTH FUNDING

Section 1. 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. 2. 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. 3. 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. 4. Section 249N.8, subsection 1, Code 2021, is amended  
11 to read as follows:

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

18 Sec. 5. Section 331.389, subsection 1, paragraph b, Code  
19 2021, is amended to read as follows:

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

31 Sec. 6. Section 331.389, subsection 5, paragraph a,  
32 subparagraph (2), Code 2021, is amended to read as follows:

33 (2) Reduce the amount of the annual state funding provided  
34 for the regional service system or exempted county, including  
35 amounts received under section 426B.3 or from the risk pool

1 under section 426B.6, not to exceed fifteen percent of the  
2 amount.

3 Sec. 7. Section 331.391, subsection 1, Code 2021, is amended  
4 to read as follows:

5 1. The funding under the control of the governing board  
6 shall be maintained in a combined account, ~~in separate county~~  
7 ~~accounts that are under the control of the governing board, or~~  
8 ~~pursuant to other arrangements authorized by law that limit the~~  
9 ~~administrative burden of such control while facilitating public~~  
10 ~~scrutiny of financial processes.~~ A county exempted under  
11 section 331.389, subsection 1, shall maintain a county mental  
12 health and disability services fund for the deposit of funding  
13 received under section 426B.3 or from the risk pool under  
14 section 426B.6 and appropriations specifically authorized to be  
15 made from the county mental health and disability services fund  
16 shall not be made from any other fund of the county. A county  
17 mental health and disability services fund established by an  
18 exempt county, to the extent feasible, shall be considered to  
19 be the same as a region combined account and shall be subject  
20 to the same requirements as a region's combined account.

21 Sec. 8. Section 331.391, subsection 4, paragraphs a and b,  
22 Code 2021, are amended to read as follows:

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

29 b. Each region shall certify to the department of ~~management~~  
30 human services on or before December 1, ~~2022~~ 2021, and each  
31 December 1 thereafter, the amount of the region's cash flow  
32 amount in the combined account ~~that is attributable to each~~  
33 ~~county within the region based upon each county's proportionate~~  
34 ~~amount of funding and contributions to the region or other~~  
35 ~~methodology specified in the regional governance agreement~~

1 ~~or certify the cash flow amount for each separate county~~  
2 ~~account that is under the control of the governing board at the~~  
3 ~~conclusion of the most recently completed fiscal year.~~

4 Sec. 9. Section 331.391, subsection 4, paragraph c, Code  
5 2021, is amended by striking the paragraph.

6 Sec. 10. Section 331.392, subsection 4, paragraph a, Code  
7 2021, is amended to read as follows:

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

14 Sec. 11. Section 331.393, subsection 10, Code 2021, is  
15 amended to read as follows:

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

19 Sec. 12. Section 331.394, subsection 4, Code 2021, is  
20 amended to read as follows:

21 4. ~~If a county of residence is part of a mental health and~~  
22 ~~disability services region that has agreed to pool funding and~~  
23 ~~liability for services, the~~ The responsibilities of the county  
24 under law regarding such mental health and disability services  
25 shall be performed on behalf of the county by the regional  
26 administrator. ~~The county of residence or the county's mental~~  
27 ~~health and disability services region, as applicable, is~~  
28 responsible for paying the public costs of the mental health  
29 and disability services that are not covered by the medical  
30 assistance program under [chapter 249A](#) and are provided in  
31 accordance with the region's approved service management plan  
32 to persons who are residents of the ~~county or region.~~

33 Sec. 13. Section 331.424A, subsection 1, paragraph b, Code  
34 2021, is amended by striking the paragraph.

35 Sec. 14. Section 331.424A, subsection 3, Code 2021, is

1 amended to read as follows:

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

17 b. Notwithstanding section 331.432, subsection 3, upon  
18 conclusion of the fiscal year beginning July 1, 2021, except  
19 for an exempt county under section 331.391, subsection 1,  
20 the county treasurer shall transfer the remaining balance of  
21 the county's county services fund created under paragraph  
22 "a", including all unobligated and unencumbered funds, to the  
23 county's region to which the county belongs in the fiscal year  
24 beginning July 1, 2022, for deposit in the region's combined  
25 account under section 331.391.

26 Sec. 15. Section 331.424A, subsection 4, paragraph a, Code  
27 2021, is amended to read as follows:

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

34 Sec. 16. Section 331.424A, subsection 4, paragraphs c and d,  
35 Code 2021, are amended by striking the paragraphs.

1     Sec. 17. Section 331.424A, subsections 5, 6, and 9, Code  
2 2021, are amended to read as follows:

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

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

18     9. *a.* For the fiscal year beginning July 1, 2017, and  
19 each subsequent fiscal year beginning before July 1, 2022, the  
20 county budgeted amount determined for each county shall be the  
21 amount necessary to meet the county's financial obligations for  
22 the payment of services provided under the regional service  
23 system management plan approved pursuant to [section 331.393](#),  
24 not to exceed an amount equal to the product of ~~the regional~~  
25 ~~per capita expenditure target amount~~ twenty-one dollars and  
26 fourteen cents multiplied by the county's population, ~~and, for~~  
27 ~~fiscal years beginning on or after July 1, 2023, reduced by~~  
28 ~~the amount of the county's cash flow reduction amount for the~~  
29 ~~fiscal year calculated under [subsection 4](#), if applicable.~~

30     *b.* If a county officially joins a different region, the  
31 county's budgeted amount for a fiscal year beginning before  
32 July 1, 2022, shall be the amount necessary to meet the  
33 county's financial obligations for payment of services provided  
34 under the new region's regional service system management plan  
35 approved pursuant to [section 331.393](#), not to exceed an amount

1 equal to the product of ~~the new region's regional per capita~~  
2 ~~expenditure target amount~~ twenty-one dollars and fourteen cents  
3 multiplied by the county's population, ~~and, for fiscal years~~  
4 ~~beginning on or after July 1, 2023, reduced by the amount of~~  
5 ~~the county's cash flow reduction amount for the fiscal year~~  
6 ~~calculated under subsection 4, if applicable.~~

7 Sec. 18. Section 331.424A, Code 2021, is amended by adding  
8 the following new subsection:

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

10 Sec. 19. Section 331.432, subsection 3, Code 2021, is  
11 amended by striking the subsection and inserting in lieu  
12 thereof the following:

13 3. Payments or transfers of moneys from any fund of the  
14 county to a mental health and disability services region's  
15 combined account under section 331.391 are prohibited.

16 Sec. 20. Section 347.7, subsection 1, paragraph c, Code  
17 2021, is amended by striking the paragraph.

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

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

25 Sec. 22. Section 426B.2, Code 2021, is amended to read as  
26 follows:

27 **426B.2 Property tax relief fund payments.**

28 The director of human services shall draw warrants on the  
29 property tax relief fund, payable to the ~~county treasurer~~  
30 regional administrator in the amount due to a ~~county mental~~  
31 health and disability services region in accordance with  
32 statutory requirements, and mail the warrants to the ~~county~~  
33 ~~auditors~~ regional administrator in July and January of each  
34 year.

35 Sec. 23. NEW SECTION. **426B.3 Mental health and disability**



1 **services regional supplement fund.**

2 1. A mental health and disability services regional  
3 supplement fund is created in the office of the treasurer of  
4 state under the authority of the department of human services.  
5 The fund shall be separate from the general fund of the state  
6 and the balance in the fund shall not be considered part of  
7 the balance of the general fund of the state. Moneys in the  
8 fund include appropriations made to the fund and other moneys  
9 deposited into the fund. Moneys in the fund shall be used  
10 solely for purposes of making regional supplement payments  
11 under this section.

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

17 3. For each fiscal year beginning on or after July 1, 2021,  
18 the moneys available in a fiscal year in the mental health and  
19 disability services state supplement fund are appropriated to  
20 the department of human services and shall be distributed to  
21 each mental health and disability services region, as defined  
22 in section 426B.6, on a per capita basis calculated under  
23 subsection 4 using each region's population, as defined in  
24 section 426B.6, for that fiscal year.

25 4. The amount of each region's regional supplement payment  
26 shall be determined as follows:

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

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

34 c. For the fiscal year beginning July 1, 2023, an amount  
35 equal to the product of forty dollars multiplied by the sum of

1 the region's population for the fiscal year.

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

5 *e.* (1) For the fiscal year beginning July 1, 2025, and each  
6 succeeding fiscal year, an amount equal to the product of the  
7 sum of the region's population for the fiscal year multiplied  
8 by the sum of the dollar amount used to calculate the regional  
9 supplement payments under this subsection for the immediately  
10 preceding fiscal year plus the regional supplement growth  
11 factor for the fiscal year.

12 (2) For purposes of this paragraph, "*regional supplement*  
13 *growth factor*" for a fiscal year is an amount equal to the  
14 product of the dollar amount used to calculate the regional  
15 supplement payments under this subsection for the immediately  
16 preceding fiscal year multiplied by the percent increase, if  
17 any, in the amount of sales tax revenue deposited into the  
18 general fund of the state under section 423.2A, subsection  
19 1, paragraph "a", less the transfers required under section  
20 423.2A, subsection 2, between the fiscal year beginning three  
21 years prior to the applicable fiscal year and the fiscal year  
22 beginning two years prior to the applicable year, but not to  
23 exceed one and one-half percent.

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

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

34 7. *a.* For the fiscal year beginning July 1, 2021, each  
35 mental health and disability services region for which the

1 amount certified during the fiscal year under section 331.391,  
2 subsection 4, paragraph "b", exceeds forty percent of the  
3 proposed gross expenditures of the region for the fiscal year,  
4 the remaining quarterly payments of the region's regional  
5 supplement payment shall be reduced by an amount equal to the  
6 amount by which the region's amount certified under section  
7 331.391, subsection 4, paragraph "b", exceeds forty percent of  
8 the proposed gross expenditures of the region for the fiscal  
9 year, but the amount of the reduction shall not exceed the  
10 total amount of the region's regional supplement payment for  
11 the fiscal year. If the region's remaining quarterly payments  
12 are insufficient to effectuate the required reductions under  
13 this paragraph, the region is required to pay to the department  
14 of human services any amount for which the reduction in  
15 quarterly payments could not be made. The amount of reductions  
16 to quarterly payments and amounts paid to the department under  
17 this paragraph shall be transferred and credited to the risk  
18 pool under section 426B.6.

19 *b.* For the fiscal year beginning July 1, 2022, each mental  
20 health and disability services region for which the amount  
21 certified during the fiscal year under section 331.391,  
22 subsection 4, paragraph "b", exceeds twenty percent of the  
23 proposed gross expenditures of the region for the fiscal year,  
24 the remaining quarterly payments of the region's regional  
25 supplement payment shall be reduced by an amount equal to the  
26 amount by which the region's amount certified under section  
27 331.391, subsection 4, paragraph "b", exceeds twenty percent of  
28 the proposed gross expenditures of the region for the fiscal  
29 year, but the amount of the reduction shall not exceed the  
30 total amount of the region's regional supplement payment for  
31 the fiscal year. If the region's remaining quarterly payments  
32 are insufficient to effectuate the required reductions under  
33 this paragraph, the region is required to pay to the department  
34 of human services any amount for which the reduction in  
35 quarterly payments could not be made. The amount of reductions

1 to quarterly payments and amounts paid to the department under  
2 this paragraph shall be transferred and credited to the risk  
3 pool under section 426B.6.

4 c. For the fiscal year beginning July 1, 2023, and each  
5 succeeding fiscal year, each mental health and disability  
6 services region for which an amount greater than zero is  
7 certified during the fiscal year under section 331.391,  
8 subsection 4, paragraph "b", the remaining quarterly payments  
9 of the region's regional supplement payment shall be reduced by  
10 an amount equal to the amount certified under section 331.391,  
11 subsection 4, paragraph "b", but the amount of the reduction  
12 shall not exceed the total amount of the region's regional  
13 supplement payment for the fiscal year. If the region's  
14 remaining quarterly payments are insufficient to effectuate  
15 the required reductions under this paragraph, the region is  
16 required to pay to the department of human services any amount  
17 for which the reduction in quarterly payments could not be  
18 made. The amount of reductions to quarterly payments and  
19 amounts paid to the department under this paragraph shall be  
20 transferred and credited to the risk pool under section 426B.6.

21 Sec. 24. Section 426B.4, Code 2021, is amended to read as  
22 follows:

23 **426B.4 Rules.**

24 The mental health and disability services commission shall  
25 consult with ~~county representatives~~ regional administrators  
26 and the director of human services in prescribing forms and  
27 adopting rules pursuant to chapter 17A to administer this  
28 chapter.

29 Sec. 25. NEW SECTION. **426B.6 Risk pool.**

30 1. For the purposes of this chapter, unless the context  
31 otherwise requires:

32 a. "Mental health and disability services region" means  
33 a mental health and disability services region formed in  
34 accordance with section 331.389.

35 b. "Population" means, as of July 1 of the fiscal year

1 preceding the fiscal year in which the population figure is  
2 applied, the county population shown by the latest preceding  
3 certified federal census or the latest applicable population  
4 estimate issued by the United States census bureau, whichever  
5 is most recent.

6 *c. "Regional administrator"* means the regional administrator  
7 of a mental health and disability services region, as defined  
8 in section 331.388.

9 2. A risk pool is created in the property tax relief fund  
10 under section 426B.1. The pool shall consist of the moneys  
11 appropriated or credited to the pool by law, including amounts  
12 credited to the risk pool under section 426B.3, subsection 7.  
13 For fiscal years beginning on or after July 1, 2021, there is  
14 appropriated from the general fund of the state to the risk  
15 pool the following amounts to be used for the purposes of this  
16 section:

17 *a.* For the fiscal year beginning July 1, 2021, nine million  
18 nine hundred sixty thousand five hundred ninety dollars.

19 *b.* For the fiscal year beginning July 1, 2022, five million  
20 one hundred seven thousand three hundred forty dollars.

21 *c.* (1) For each fiscal year beginning on or after July 1,  
22 2025, an amount equal to the risk pool growth factor multiplied  
23 by the ending balance of the risk pool at the conclusion of  
24 the fiscal year ending June 30 immediately preceding the  
25 application deadline under subsection 4 for the fiscal year for  
26 which the appropriation is made.

27 (2) For purposes of this paragraph, the "*risk pool growth*  
28 *factor*" for each fiscal year is the percent increase, if any, in  
29 the amount of sales tax revenue deposited into the general fund  
30 of the state under section 423.2A, subsection 1, paragraph "a",  
31 less the transfers required under section 423.2A, subsection  
32 2, between the fiscal year beginning three years prior to the  
33 applicable fiscal year and the fiscal year beginning two years  
34 prior to the applicable year, minus one and one-half percent,  
35 and the risk pool growth factor for any fiscal year shall not

1 exceed three and one-half percent.

2 3. A risk pool board is created. The board shall consist of  
3 two county supervisors, two county auditors, a member of the  
4 mental health and disability services commission who is not a  
5 member of a county board of supervisors, a member of the county  
6 finance committee created in chapter 333A who is not an elected  
7 official, a representative of a provider of mental health or  
8 developmental disabilities services selected from nominees  
9 submitted by the Iowa association of community providers,  
10 and two staff members of regional administrators of county  
11 mental health and disability services regions, all appointed  
12 by the governor, and one member appointed by the director of  
13 human services. All members appointed by the governor shall  
14 be subject to confirmation by the senate. Members shall serve  
15 for three-year terms. A vacancy shall be filled in the same  
16 manner as the original appointment. Expenses and other costs  
17 of the risk pool board members representing counties shall be  
18 paid by the county of origin. Expenses and other costs of risk  
19 pool board members who do not represent counties shall be paid  
20 by the department of human services. Staff assistance to the  
21 board shall be provided by the department of human services.  
22 Actuarial expenses and other direct administrative costs shall  
23 be charged to the pool.

24 4. To receive assistance from the risk pool, a regional  
25 administrator must apply to the risk pool board on or before  
26 October 31 preceding the fiscal year for which assistance is  
27 requested. The purpose of the assistance shall be to provide  
28 financial support for services provided by the regional  
29 administrator's mental health and disability services region.  
30 The risk pool board shall make its final decisions on or  
31 before December 15 regarding acceptance or rejection of the  
32 applications for assistance and the total amount accepted shall  
33 be considered obligated.

34 5. Basic eligibility for risk pool assistance requires that  
35 a mental health and disability services region meet all of the

1 following conditions:

2     *a.* The mental health and disability services region is in  
3 compliance with the regional service system management plan  
4 requirements of section 331.393.

5     *b.* (1) For applications for assistance for the fiscal year  
6 beginning July 1, 2021, and the fiscal year beginning July 1,  
7 2022, in the fiscal year that commenced two years prior to the  
8 fiscal year of application for assistance, the ending balance,  
9 under generally accepted accounting principles, of the mental  
10 health and disability services region's combined services funds  
11 was equal to or less than the ending balance threshold under  
12 subparagraph (2) for the fiscal year for which assistance is  
13 requested.

14     (2) For purposes of this paragraph "*b*", "*ending balance*  
15 *threshold*" means the following:

16     (*a*) For applications for assistance for the fiscal year  
17 beginning July 1, 2021, forty percent of the actual gross  
18 expenditures of the mental health and disability services  
19 region for the fiscal year that commenced two years prior to  
20 the fiscal year of application for assistance.

21     (*b*) For applications for assistance for the fiscal year  
22 beginning July 1, 2022, twenty percent of the actual gross  
23 expenditures of the mental health and disability services  
24 region for the fiscal year that commenced two years prior to  
25 the fiscal year of application for assistance.

26     6. The board shall review the fiscal year-end financial  
27 records for all mental health and disability services regions  
28 that are granted risk pool assistance. If the board determines  
29 a mental health and disability services region's actual need  
30 for risk pool assistance was less than the amount of risk pool  
31 assistance granted to the mental health and disability services  
32 region, the mental health and disability services region  
33 shall refund the difference between the amount of assistance  
34 granted and the actual need. The mental health and disability  
35 services region shall submit the refund within thirty days of

1 receiving notice from the board. Refunds shall be credited  
2 to the risk pool. The mental health and disability services  
3 commission shall adopt rules pursuant to chapter 17A providing  
4 criteria for the purposes of this subsection and as necessary  
5 to implement the other provisions of this section.

6 7. The board shall determine application requirements to  
7 ensure prudent use of risk pool assistance. The board may  
8 accept or reject an application for assistance in whole or in  
9 part. The decision of the board is final.

10 8. The total amount of risk pool assistance shall be limited  
11 to the amount available in the risk pool for a fiscal year. Any  
12 unobligated balance in the risk pool at the close of a fiscal  
13 year shall remain in the risk pool for distribution in the  
14 succeeding fiscal year.

15 9. Risk pool assistance shall only be made available to  
16 address one or more of the following circumstances:

17 a. Continuing support for mandated services.

18 b. Avoiding the need for reduction or elimination of  
19 critical services when the reduction or elimination places  
20 consumers' health or safety at risk.

21 c. Avoiding the need for reduction or elimination of a  
22 mobile crisis team or other critical emergency services when  
23 the reduction or elimination places the public's health or  
24 safety at risk.

25 d. Avoiding the need for reduction or elimination of the  
26 services or other support provided to entire populations of  
27 consumers with disabilities.

28 e. Avoiding the need for reduction or elimination of  
29 services or other support that maintain consumers in a  
30 community setting or that would create a risk that the  
31 consumers would be placed in more restrictive, higher cost  
32 settings.

33 10. Subject to the amount available and obligated from the  
34 risk pool for a fiscal year, the department of human services  
35 shall annually calculate the amount of moneys due to eligible



1 mental health and disability services regions in accordance  
2 with the board's decisions and that amount is appropriated from  
3 the risk pool to the department for payment of the moneys due.  
4 The department shall authorize the issuance of warrants payable  
5 to the mental health and disability services regions for the  
6 amounts due and the warrants shall be issued on or before  
7 January 1.

8 11. On or before March 1 and September 1 of each fiscal  
9 year, the department of human services shall provide the risk  
10 pool board with a report of the financial condition of each  
11 funding source administered by the board. The report shall  
12 include but is not limited to an itemization of the funding  
13 source's balances, types and amount of revenues credited, and  
14 payees and payment amounts for the expenditures made from the  
15 funding source during the reporting period.

16 12. If the board has made its decisions but has determined  
17 that there are otherwise qualifying requests for risk pool  
18 assistance that are beyond the amount available in the risk  
19 pool fund for a fiscal year, the board shall compile a list of  
20 such requests and the supporting information for the requests.  
21 The list and information shall be submitted to the mental  
22 health and disability services commission, the department of  
23 human services, and the general assembly.

24 Sec. 26. ADJUSTMENT TO PROPERTY TAXES CERTIFIED UNDER  
25 SECTION 331.424A — FY 2021-2022. If this division of this  
26 Act takes effect after March 31, 2021, for each county for  
27 which the amount of taxes certified for levy for the purposes  
28 of section 331.424A for the fiscal year beginning July 1,  
29 2021, exceeds the product of the population of the county as  
30 determined under section 331.424A, subsection 1, paragraph  
31 "e", multiplied by twenty-one dollars and fourteen cents,  
32 the department of management shall reduce the amount of such  
33 taxes certified for levy to an amount not to exceed the  
34 product of the population of the county as determined under  
35 section 331.424A, subsection 1, paragraph "e", multiplied by

1 twenty-one dollars and fourteen cents and shall revise the rate  
2 of taxation as necessary to raise the reduced amount. The  
3 department of management shall report the reduction in the  
4 certified taxes and the revised rate of taxation to the county  
5 auditors by June 15, 2021.

6 Sec. 27. IMPLEMENTATION OF RISK POOL UNDER SECTION 426B.6  
7 — EMERGENCY RULEMAKING.

8 1. In order to timely implement the provisions of this  
9 division of this Act establishing the risk pool for mental  
10 health and disability services regions for the fiscal year  
11 beginning July 1, 2021, and the fiscal year beginning July  
12 1, 2022, the director of human services shall, subject to  
13 the membership requirements of section 426B.6, subsection 3,  
14 appoint temporary members of the risk pool board to review  
15 and approve risk pool assistance applications and establish  
16 alternative application deadlines and expedited application  
17 review and approval timelines.

18 2. The department of human services may adopt  
19 administrative rules under section 17A.4, subsection 3, and  
20 section 17A.5, subsection 2, paragraph "b", to implement  
21 provisions of this division of this Act and the rules shall  
22 become effective immediately upon filing or on a later  
23 effective date specified in the rules, unless the effective  
24 date of the rules is delayed or the applicability of the rules  
25 is suspended by the administrative rules review committee. Any  
26 rules adopted in accordance with this section shall not take  
27 effect before the rules are reviewed by the administrative  
28 rules review committee. The delay authority provided to the  
29 administrative rules review committee under section 17A.8,  
30 subsection 9, shall be applicable to a delay imposed under this  
31 section, notwithstanding a provision in that section making it  
32 inapplicable to section 17A.5, subsection 2, paragraph "b".  
33 Any rules adopted in accordance with the provisions of this  
34 section shall also be published as a notice of intended action  
35 as provided in section 17A.4.



1 are amended to read as follows:

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

14 b. For each fiscal year beginning on or after July 1, 2022,  
15 but before July 1, 2027, each taxing authority shall be paid by  
16 the department of revenue an amount equal to the amount of the  
17 commercial and industrial property tax replacement claim for  
18 the taxing authority, as calculated in subsection 4A.

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

26 b. On or before July 1, 2022, the department of revenue, in  
27 consultation with the department of management, shall calculate  
28 for each taxing authority in this state that is a city or a  
29 county all of the following:

30 (1) The total assessed value as of January 1, 2012, of  
31 all taxable property located in the taxing authority that is  
32 subject to assessment and taxation used to calculate taxes  
33 which are due and payable in the fiscal year beginning July 1,  
34 2013, excluding property subject to the statewide property tax  
35 imposed under section 437A.18 or 437B.14.

1     (2) The total assessed value as of January 1, 2019, of  
2 all taxable property located in the taxing authority that is  
3 subject to assessment and taxation used to calculate taxes  
4 which are due and payable in the fiscal year beginning July 1,  
5 2020, excluding property subject to the statewide property tax  
6 imposed under section 437A.18 or 437B.14.

7     Sec. 35. Section 441.21A, subsection 4, unnumbered  
8 paragraph 1, Code 2021, is amended to read as follows:

9     On or before a date established by rule of the department  
10 of revenue of each fiscal year beginning on or after July  
11 1, 2014, but before July 1, 2022, the county auditor shall  
12 prepare a statement, based upon the report received pursuant to  
13 subsection 3, paragraph "a", listing for each taxing district  
14 in the county:

15     Sec. 36. Section 441.21A, Code 2021, is amended by adding  
16 the following new subsection:

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

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

20     (a) A taxing authority that is not a city or a county.

21     (b) A taxing authority that is a city or county for which  
22 the amount determined under subsection 3, paragraph "b",  
23 subparagraph (2), is less than one hundred thirty-one and  
24 fourteen hundredths percent of the amount determined under  
25 subsection 3, paragraph "b", subparagraph (1).

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

30     b. For fiscal years beginning on or after July 1, 2022,  
31 but before July 1, 2027, the amount of each taxing authority's  
32 replacement claim is as follows:

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

34     (a) For the fiscal year beginning July 1, 2022, five-sixths  
35 of the amount received by the taxing authority under this

1 section for the fiscal year beginning July 1, 2021.

2 (b) For the fiscal year beginning July 1, 2023, four-sixths  
3 of the amount received by the taxing authority under this  
4 section for the fiscal year beginning July 1, 2021.

5 (c) For the fiscal year beginning July 1, 2024, three-sixths  
6 of the amount received by the taxing authority under this  
7 section for the fiscal year beginning July 1, 2021.

8 (d) For the fiscal year beginning July 1, 2025, two-sixths  
9 of the amount received by the taxing authority under this  
10 section for the fiscal year beginning July 1, 2021.

11 (e) For the fiscal year beginning July 1, 2026, one-sixth of  
12 the amount received by the taxing authority under this section  
13 for the fiscal year beginning July 1, 2021.

14 (2) If the taxing authority is not a qualified taxing  
15 authority:

16 (a) For the fiscal year beginning July 1, 2022,  
17 three-fourths of the amount received by the taxing authority  
18 under this section for the fiscal year beginning July 1, 2021.

19 (b) For the fiscal year beginning July 1, 2023, two-fourths  
20 of the amount received by the taxing authority under this  
21 section for the fiscal year beginning July 1, 2021.

22 (c) For the fiscal year beginning July 1, 2024, one-fourth  
23 of the amount received by the taxing authority under this  
24 section for the fiscal year beginning July 1, 2021.

25 (d) For the fiscal year beginning July 1, 2025, and each  
26 succeeding fiscal year beginning before July 1, 2027, zero.

27 (3) The department of revenue shall consult with the  
28 department of management to calculate the amount received by  
29 each taxing authority in this state as the result of commercial  
30 and industrial property tax replacement claims paid for the  
31 fiscal year beginning July 1, 2021.

32 Sec. 37. Section 441.21A, subsection 5, Code 2021, is  
33 amended to read as follows:

34 5. For purposes of computing replacement amounts under  
35 this section for fiscal years beginning on or after July 1,

1 2014, but before July 1, 2022, that portion of an urban renewal  
2 area defined as the sum of the assessed valuations defined in  
3 section 403.19, subsections 1 and 2, shall be considered a  
4 taxing district.

5 Sec. 38. Section 441.21A, subsection 6, paragraph a, Code  
6 2021, is amended to read as follows:

7 a. For fiscal years beginning on or after July 1, 2014,  
8 but before July 1, 2022, the county auditor shall certify  
9 and forward one copy of the statement to the department of  
10 revenue not later than a date of each year established by the  
11 department of revenue by rule.

12 Sec. 39. Section 441.21A, subsection 6, Code 2021, is  
13 amended by adding the following new paragraph:

14 NEW PARAGRAPH. *f.* This subsection shall apply to the  
15 apportionment of replacement claim amounts for fiscal years  
16 beginning on or after July 1, 2014, but before July 1, 2022.

17 Sec. 40. Section 441.21A, Code 2021, is amended by adding  
18 the following new subsections:

19 NEW SUBSECTION. 7. *a.* For fiscal years beginning on  
20 or after July 1, 2022, but before July 1, 2027, each taxing  
21 authority's replacement claim calculated under subsection 4A  
22 shall be paid to the taxing authority in equal installments in  
23 September and March of each year.

24 *b.* The taxing authority's replacement claim shall be  
25 apportioned and credited by the governing body of the taxing  
26 authority among the taxing authority's tax levies in the same  
27 proportion that each property tax levy bears to the total of  
28 all property tax levies imposed by the taxing authority for the  
29 fiscal year for which the payment is received.

30 *c.* Of the amounts allocated and credited to each property  
31 tax levy that is subject to division under section 403.19,  
32 the total amount paid into the fund for the taxing authority  
33 as taxes by or for the taxing authority into which all other  
34 property taxes are paid and the special fund of the applicable  
35 municipality under section 403.19, subsection 2, shall be an

1 amount of the replacement claim that is proportionate to the  
2 amount of the total sum of the assessed value of the taxable  
3 commercial and industrial property in the urban renewal area as  
4 a share of total assessed value of all taxable property in the  
5 taxing authority and shall be apportioned as follows:

6 (1) To the fund for the taxing authority as taxes by or for  
7 the taxing authority into which all other property taxes are  
8 paid, an amount proportionate to the amount of actual value of  
9 the commercial and industrial property in the urban renewal  
10 area as determined in section 403.19, subsection 1, that was  
11 subtracted pursuant to section 403.20, as it bears to the  
12 total amount of actual value of the commercial and industrial  
13 property in the urban renewal area that was subtracted pursuant  
14 to section 403.20 for the assessment year for property taxes  
15 due and payable in the fiscal year for which the replacement  
16 claim is computed.

17 (2) (a) To the special fund of the applicable municipality  
18 under section 403.19, subsection 2, the remaining amount, if  
19 any.

20 (b) The amount allocated under subparagraph division (a)  
21 shall not exceed the amount equal to the amount certified to  
22 the county auditor under section 403.19 for the fiscal year in  
23 which the claim is paid, after deduction of the amount of other  
24 revenues committed for payment on that amount for the fiscal  
25 year. The amount not allocated as a result of the operation of  
26 this subparagraph division (b) shall be allocated to and paid  
27 into the fund for the taxing authority as taxes by or for the  
28 taxing authority in the manner provided in subparagraph (1).

29 NEW SUBSECTION. 8. This section is repealed July 1, 2027.

30 Sec. 41. EFFECTIVE DATE. The following take effect July 1,  
31 2027:

32 1. The section of this division of this Act amending section  
33 331.512.

34 2. The section of this division of this Act amending section  
35 331.559.



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DIVISION III

SCHOOL FOUNDATION PERCENTAGE

Sec. 42. Section 257.1, subsection 2, paragraph b, Code 2021, is amended to read as follows:

b. For the budget year commencing July 1, 1999, and for each succeeding budget year beginning before July 1, 2022, the regular program foundation base per pupil is eighty-seven and five-tenths percent of the regular program state cost per pupil. For the budget year commencing July 1, 2022, and for each succeeding budget year, the regular program foundation base per pupil is eighty-eight and four-tenths percent of the regular program state cost per pupil. For the budget year commencing July 1, 1991, and for each succeeding budget year the special education support services foundation base is seventy-nine percent of the special education support services state cost per pupil. The combined foundation base is the sum of the regular program foundation base, the special education support services foundation base, the total teacher salary supplement district cost, the total professional development supplement district cost, the total early intervention supplement district cost, the total teacher leadership supplement district cost, the total area education agency teacher salary supplement district cost, and the total area education agency professional development supplement district cost.

Sec. 43. Section 257.3, subsection 1, paragraph d, Code 2021, is amended by striking the paragraph.

Sec. 44. EFFECTIVE DATE. The section of this division of this Act amending section 257.3, subsection 1, paragraph "d", takes effect July 1, 2022.

DIVISION IV

PUBLIC EDUCATION AND RECREATION TAX LEVY

Sec. 45. Section 276.10, subsection 1, Code 2021, is amended to read as follows:

1. The board of directors of a local school district

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

15 Sec. 46. Section 278.1, subsection 1, paragraph e, Code  
16 2021, is amended to read as follows:

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

21 Sec. 47. Section 298A.6, Code 2021, is amended to read as  
22 follows:

23 **298A.6 Public education and recreation levy fund.**

24 The public education and recreation levy fund is a special  
25 revenue fund. A public education and recreation levy fund  
26 must be established in any school corporation which ~~levies~~  
27 levied the tax authorized under section 300.2, Code 2021, or  
28 which ~~receives~~ received revenue from a chapter 28E agreement  
29 authorized under section 300.1, Code 2021. Moneys available in  
30 the fund at the conclusion of the fiscal year beginning July 1,  
31 2021, and ending June 30, 2022, shall be expended by the school  
32 corporation for the purposes authorized under chapter 300, Code  
33 2021.

34 Sec. 48. Section 423F.3, subsection 1, paragraph c, Code  
35 2021, is amended by striking the paragraph.

1 Sec. 49. Section 423F.5, subsection 1, Code 2021, is amended  
2 to read as follows:

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

17 Sec. 50. REPEAL. Sections 276.11 and 276.12, Code 2021,  
18 are repealed.

19 Sec. 51. REPEAL. Chapter 300, Code 2021, is repealed.

20 Sec. 52. EFFECTIVE DATE. This division of this Act takes  
21 effect July 1, 2022.

22 Sec. 53. APPLICABILITY. This division of this Act applies  
23 to fiscal years beginning on or after July 1, 2022.

24 DIVISION V

25 ELDERLY PROPERTY TAX CREDIT

26 Sec. 54. Section 25B.7, subsection 2, paragraph b, Code  
27 2021, is amended to read as follows:

28 *b.* Low-income property tax credit and elderly and disabled  
29 property tax credit pursuant to [sections 425.16 through 425.40](#),  
30 subject to the limitation of 425.39, subsection 2.

31 Sec. 55. Section 425.1, subsection 1, paragraph a, Code  
32 2021, is amended to read as follows:

33 *a.* A homestead credit fund is created. There is  
34 appropriated annually from the general fund of the state to  
35 the department of revenue to be credited to the homestead

1 credit fund, an amount sufficient to implement this ~~chapter~~  
2 subchapter.

3 Sec. 56. Section 425.17, subsection 2, Code 2021, is amended  
4 to read as follows:

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

6 (1) A person filing a claim for credit ~~or reimbursement~~  
7 under this subchapter who has attained the age of sixty-five  
8 years but who has not attained the age of seventy years on  
9 or before December 31 of the base year or, a person filing a  
10 claim for credit or reimbursement under this subchapter who  
11 is totally disabled and was totally disabled on or before  
12 December 31 of the base year, or a person filing a claim for  
13 reimbursement under this subchapter who has attained the age of  
14 sixty-five years on or before December 31 of the base year and  
15 who is domiciled in this state at the time the claim is filed or  
16 at the time of the person's death in the case of a claim filed  
17 by the executor or administrator of the claimant's estate.

18 (2) A person filing a claim for credit or reimbursement  
19 under this subchapter who has attained the age of twenty-three  
20 years on or before December 31 of the base year or was a head  
21 of household on December 31 of the base year, as defined in  
22 the Internal Revenue Code, but has not attained the age or  
23 disability status described in ~~this paragraph "a"~~, subparagraph  
24 (1) or the age status and eligibility criteria of subparagraph  
25 (3), and is domiciled in this state at the time the claim is  
26 filed or at the time of the person's death in the case of a  
27 claim filed by the executor or administrator of the claimant's  
28 estate, and was not claimed as a dependent on any other  
29 person's tax return for the base year.

30 (3) A person filing a claim for credit under this subchapter  
31 who has attained the age of seventy years on or before December  
32 31 of the base year, who has a household income of less than  
33 two hundred fifty percent of the federal poverty level, as  
34 defined by the most recently revised poverty income guidelines  
35 published by the United States department of health and human

1 services, and is domiciled in this state at the time the claim  
2 is filed or at the time of the person's death in the case of a  
3 claim filed by the executor or administrator of the claimant's  
4 estate.

5 *b. "Claimant" under paragraph "a", ~~subparagraph (1) or (2),~~*  
6 includes a vendee in possession under a contract for deed and  
7 may include one or more joint tenants or tenants in common.  
8 In the case of a claim for rent constituting property taxes  
9 paid, the claimant shall have rented the property during any  
10 part of the base year. In the case of a claim for property  
11 taxes due, the claimant shall have occupied the property during  
12 any part of the fiscal year beginning July 1 of the base year.  
13 If a homestead is occupied by two or more persons, and more  
14 than one person is able to qualify as a claimant, the persons  
15 may each file a claim based upon each person's income and rent  
16 constituting property taxes paid or property taxes due.

17 Sec. 57. Section 425.23, subsection 1, paragraph a,  
18 unnumbered paragraph 1, Code 2021, is amended to read as  
19 follows:

20 The tentative credit or reimbursement for a claimant  
21 described in [section 425.17, subsection 2](#), paragraph "a",  
22 ~~subparagraphs subparagraph (1) and (2), if no appropriation is~~  
23 ~~made to the fund created in [section 425.40](#)~~ shall be determined  
24 in accordance with the following schedule:

25 Sec. 58. Section 425.23, subsection 1, Code 2021, is amended  
26 by adding the following new paragraph:

27 NEW PARAGRAPH. *c.* The tentative credit for a claimant  
28 described in [section 425.17, subsection 2](#), paragraph "a",  
29 subparagraph (3), shall be the greater of the following:

30 (1) The amount of the credit under the schedule specified  
31 in paragraph "a" of this subsection as if the claimant was a  
32 claimant as defined in [section 425.17, subsection 2](#), paragraph  
33 "a", subparagraph (1), filing for a credit under paragraph "a"  
34 of this subsection.

35 (2) The difference between the actual amount of property

1 taxes due on the homestead during the fiscal year next  
2 following the base year minus the actual amount of property  
3 taxes due on the homestead during the first fiscal year for  
4 which the claimant filed a claim for a credit calculated under  
5 this paragraph "c" and for which the property taxes due on the  
6 homestead were calculated on an assessed valuation that was  
7 not a partial assessment and if the claimant has filed for the  
8 credit calculated under this paragraph "c" for each of the  
9 subsequent fiscal years after the first credit claimed.

10 Sec. 59. Section 425.23, subsection 4, paragraph a, Code  
11 2021, is amended to read as follows:

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

22 Sec. 60. Section 425.24, Code 2021, is amended to read as  
23 follows:

24 **425.24 Maximum property tax for purpose of credit or**  
25 **reimbursement.**

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

34 Sec. 61. Section 425.39, Code 2021, is amended to read as  
35 follows:

1     **425.39 Fund created — appropriation — priority.**

2     1. The elderly and disabled property tax credit and  
3 reimbursement fund is created. There is appropriated annually  
4 from the general fund of the state to the department of revenue  
5 to be credited to the elderly and disabled property tax credit  
6 and reimbursement fund, from funds not otherwise appropriated,  
7 an amount sufficient to implement **this subchapter** for claimants  
8 described in **section 425.17, subsection 2**, paragraph "a",  
9 ~~subparagraph~~ subparagraphs (1) and (3), subject to subsection  
10 2.

11     2. Regardless of the amount of the credit determined under  
12 section 425.23, subsection 1, paragraph "c", the amount paid by  
13 the director of revenue to each county treasurer for credits  
14 for claimants described under section 425.17, subsection 2,  
15 paragraph "a", subparagraph (3), shall not exceed the amount  
16 calculated for the claimant under section 425.23, subsection 1,  
17 paragraph "c", subparagraph (1), and section 25B.7, subsection  
18 1, shall not apply to the amount of the credit in excess of the  
19 amount paid by the director of revenue.

20     Sec. 62. APPLICABILITY. This division of this Act applies  
21 to claims under chapter 425, subchapter II, filed on or after  
22 January 1, 2022.

23   DIVISION VI

24   FUTURE TAX CHANGES

25     Sec. 63. 2018 Iowa Acts, chapter 1161, section 133, is  
26 amended by striking the section and inserting in lieu thereof  
27 the following:

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

30   DIVISION VII

31   CHARITABLE CONSERVATION CONTRIBUTION TAX CREDIT

32     Sec. 64. Section 2.48, subsection 3, paragraph e,  
33 subparagraph (6), Code 2021, is amended by striking the  
34 subparagraph.

35     Sec. 65. Section 422.33, subsection 25, Code 2021, is

1 amended by striking the subsection.

2 Sec. 66. REPEAL. Section 422.11W, Code 2021, is repealed.

3 Sec. 67. APPLICABILITY. This division of this Act applies  
4 to conveyances made on or after July 1, 2021.

5 DIVISION VIII

6 FOREST RESERVATIONS

7 Sec. 68. Section 427C.1, Code 2021, is amended to read as  
8 follows:

9 **427C.1 Tax exemption.**

10 1. Any person who establishes a forest or The owner of a  
11 fruit-tree reservation as provided in this chapter shall be  
12 entitled to the tax exemption provided by law.

13 2. The owner of a forest reservation as provided in this  
14 chapter shall be entitled to the tax exemption provided by law  
15 for assessment years beginning on or after January 1, 2022, if  
16 the owner is actively engaged in the operation or management of  
17 the forest reservation.

18 3. a. The department of natural resources shall adopt  
19 rules pursuant to chapter 17A to interpret the requirement  
20 of subsection 2 that the owner of a forest reservation be  
21 actively engaged in the operation or management of the forest  
22 reservation.

23 b. For each forest reservation exemption for which the  
24 application was filed on or before the effective date of  
25 this division of this Act, in order to receive or continue  
26 receiving the exemption under this chapter, the owner must  
27 file by February 1, 2022, with the department of natural  
28 resources, evidence that the owner meets the requirement for  
29 active engagement in the operation or management of the forest  
30 reservation.

31 c. The department of natural resources shall prepare and  
32 make available a form to assist owners in complying with the  
33 requirement of paragraph "b".

34 Sec. 69. Section 427C.3, Code 2021, is amended to read as  
35 follows:



1       **427C.3 Forest reservation — duration of exemption.**

2       1. A forest reservation shall contain not less than two  
3 hundred growing forest trees on each acre. If the area  
4 selected is a forest containing the required number of growing  
5 forest trees, it shall be accepted as a forest reservation  
6 under this chapter for a period of five years provided  
7 application is made or on file on or before February 1 of the  
8 exemption year. If any buildings are standing on an area  
9 selected as a forest reservation under this section ~~or a~~  
10 ~~fruit-tree reservation under section 427C.7~~, one acre of that  
11 area shall be excluded from the tax exemption. However, the  
12 exclusion of that acre shall not affect the area's meeting the  
13 acreage requirement of section 427C.2.

14       2. For forest reservation exemption applications filed on  
15 or before February 1, 2022, the five-year period provided under  
16 subsection 1 begins with the assessment year beginning January  
17 1, 2022, unless, if applicable, the owner fails to satisfy the  
18 requirement of section 427C.1, subsection 3.

19       Sec. 70. Section 427C.7, Code 2021, is amended to read as  
20 follows:

21       **427C.7 Fruit-tree reservation — duration of exemption.**

22       A fruit-tree reservation shall contain on each acre,  
23 at least forty apple trees, or seventy other fruit trees,  
24 growing under proper care and annually pruned and sprayed.  
25 A reservation may be claimed as a fruit-tree reservation,  
26 under this chapter, for a period of eight years after planting  
27 provided application is made or on file on or before February  
28 1 of the exemption year. If any buildings are standing on an  
29 area selected as a fruit-tree reservation under this section,  
30 one acre of that area shall be excluded from the tax exemption.  
31 However, the exclusion of that acre shall not affect the area's  
32 meeting the acreage requirement of section 427C.2.

33       Sec. 71. Section 427C.12, Code 2021, is amended to read as  
34 follows:

35       **427C.12 Application — inspection — continuation of**

1 **exemption — recapture of tax.**

2 1. It shall be the duty of the assessor to secure the facts  
3 relative to fruit-tree and forest reservations by taking the  
4 sworn statement, or affirmation, of the owner or owners making  
5 application under **this chapter**; and to make special report to  
6 the county auditor of all reservations made in the county under  
7 the provisions of **this chapter**.

8 2. a. The board of supervisors shall designate the county  
9 conservation board or the assessor who shall inspect the area  
10 for which an application is filed for a fruit-tree ~~or forest~~  
11 reservation tax exemption before the application is accepted.

12 b. The department of natural resources shall review the  
13 application for a forest reservation tax exemption before the  
14 application is accepted.

15 c. ~~Use of~~ The department of natural resources shall use  
16 aerial photographs may be substituted for on-site inspection  
17 when appropriate provided by the county assessor to determine  
18 if the application meets the criteria established by the  
19 natural resource commission to be a forest reservation.

20 3. ~~The application can only be accepted if it meets the~~  
21 ~~criteria established by the natural resource commission to~~  
22 ~~be a fruit-tree or forest reservation~~ department of natural  
23 resources may conduct an on-site review if necessary to verify  
24 the eligibility of a forest reservation application.

25 4. Once the application has been accepted, the area shall  
26 continue to receive the tax exemption during each year of the  
27 applicable exemption period under section 427C.3 or 427C.7  
28 in which the area is maintained as a fruit-tree or forest or  
29 fruit-tree reservation without the owner having to refile. If  
30 the property is sold or transferred, the seller shall notify  
31 the buyer that all, or part of, the property is in fruit-tree  
32 or forest reservation and subject to the recapture tax  
33 provisions of **this section**. The tax exemption shall continue  
34 to be granted for the remainder of the ~~eight-year~~ exemption  
35 ~~period for fruit-tree reservation and for the following years~~

1 ~~for forest reservation~~ under section 427C.3 or 427C.7, or until  
2 the property no longer qualifies as a ~~fruit-tree or forest or~~  
3 fruit-tree reservation.

4 5. a. ~~The~~ An area that is a fruit-tree reservation may  
5 be inspected each year by the county conservation board or  
6 the assessor to determine if the area is maintained as a  
7 ~~fruit-tree or forest~~ reservation. An area that is a forest  
8 reservation may be inspected each year by the department of  
9 natural resources to determine if the area is maintained as  
10 forest reservation. If the area is not maintained or is used  
11 for economic gain other than as a fruit-tree reservation during  
12 any year of the ~~eight-year~~ exemption period and any year of  
13 the ~~following~~ five years following the exemption period, if  
14 the property is no longer receiving an exemption under this  
15 chapter, or as a forest reservation during any year ~~for which~~  
16 of the exemption is granted period and any of the five years  
17 following ~~those exemption years~~ the exemption period, if  
18 the property is no longer receiving an exemption under this  
19 chapter, the assessor shall assess the property for taxation  
20 at its fair market value as of January 1 of that year and  
21 in addition the area shall be subject to a recapture tax.  
22 However, the area shall not be subject to the recapture tax if  
23 the owner, including one possessing under a contract of sale,  
24 and the owner's direct antecedents or descendants have owned  
25 the area for more than ten years.

26 b. The recapture tax shall be computed by multiplying the  
27 consolidated levy for each of those years, if any, of the five  
28 preceding years for which the area received the exemption for  
29 fruit-tree or forest reservation times the assessed value of  
30 the area that would have been taxed but for the tax exemption.  
31 This tax shall be entered against the property on the tax list  
32 for the current year and shall constitute a lien against the  
33 property in the same manner as a lien for property taxes. The  
34 tax when collected shall be apportioned in the manner provided  
35 for the apportionment of the property taxes for the applicable

1 tax year.

2 6. Upon expiration of the applicable exemption period, the  
3 owner of a forest or fruit-tree reservation may reapply for  
4 an exemption under this chapter if the property meets all the  
5 criteria for the exemption under this chapter.

6 Sec. 72. Section 441.22, Code 2021, is amended to read as  
7 follows:

8 **441.22 Forest and fruit-tree reservations.**

9 Forest and fruit-tree reservations fulfilling the conditions  
10 of ~~sections 427C.1 to 427C.13~~ chapter 427C shall be exempt from  
11 taxation to the extent authorized in that chapter. In all  
12 other cases where trees are planted upon any tract of land,  
13 without regard to area, for forest, fruit, shade, or ornamental  
14 purposes, or for windbreaks, the assessor shall not increase  
15 the valuation of the property because of such improvements.

16 Sec. 73. SAVINGS PROVISION. This division of this Act,  
17 pursuant to section 4.13, does not affect the operation of,  
18 or prohibit the application of, prior provisions of chapter  
19 427C or section 441.22, or rules adopted under chapter 17A to  
20 administer prior provisions of chapter 427C or section 441.22,  
21 for assessment years beginning before January 1, 2022, and for  
22 duties, powers, protests, appeals, proceedings, actions, or  
23 remedies attributable to an assessment year beginning before  
24 January 1, 2022.

25 Sec. 74. EFFECTIVE DATE. This division of this Act, being  
26 deemed of immediate importance, takes effect upon enactment.

27 Sec. 75. APPLICABILITY. This division of this Act applies  
28 to assessment years beginning on or after January 1, 2022.

29 Sec. 76. RETROACTIVE APPLICABILITY. The following applies  
30 retroactively to February 2, 2021, for forest reservation  
31 property tax exemption applications filed on or after that  
32 date:

33 The provision of this division of this Act enacting section  
34 427C.12, subsections 2 and 3.

35

EXPLANATION

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

3           This bill relates to state and local government financing,  
4 programs, and operations by modifying provisions relating to  
5 school district funding, mental health and disability services  
6 funding, commercial and industrial property tax replacement  
7 payments, and other specified tax provisions.

8           DIVISION I — MENTAL HEALTH FUNDING. Division I of the bill  
9 relates to mental health and disability services funding.

10          The bill creates a mental health and disability services  
11 regional supplement fund under the authority of the department  
12 of human services. For each fiscal year beginning on or after  
13 July 1, 2021, the bill appropriates from the general fund of  
14 the state to the mental health and disability services regional  
15 supplement fund an amount necessary to make all regional  
16 supplement payments for that fiscal year. The moneys available  
17 in a fiscal year in the mental health and disability services  
18 state supplement fund are appropriated to the department of  
19 human services for distribution to each mental health and  
20 disability services region on a per capita basis calculated  
21 using each region's population for that fiscal year. The  
22 amount of each region's regional supplement payment is as  
23 follows: (1) for the fiscal year beginning July 1, 2021, an  
24 amount equal to the product of \$15.86 multiplied by the sum of  
25 the region's population for the fiscal year; (2) for the fiscal  
26 year beginning July 1, 2022, an amount equal to the product of  
27 \$38 multiplied by the sum of the region's population for the  
28 fiscal year; (3) for the fiscal year beginning July 1, 2023,  
29 an amount equal to the product of \$40 multiplied by the sum of  
30 the region's population for the fiscal year; (4) for the fiscal  
31 year beginning July 1, 2024, an amount equal to the product of  
32 \$42 multiplied by the sum of the region's population for the  
33 fiscal year; and (5) for each fiscal year beginning on or after  
34 July 1, 2025, an amount equal to the product of the sum of the  
35 region's population for the fiscal year multiplied by the sum

1 of the dollar amount used to calculate the regional supplement  
2 payments for the immediately preceding fiscal year plus the  
3 regional supplement growth factor for the fiscal year. The  
4 bill defines "regional supplement growth factor" for a fiscal  
5 year to be an amount equal to the product of the dollar amount  
6 used to calculate the regional supplement payments for the  
7 immediately preceding fiscal year multiplied by the percent  
8 increase, if any, in the amount of sales tax revenue deposited  
9 into the general fund of the state between the fiscal year  
10 beginning three years prior to the applicable fiscal year and  
11 the fiscal year beginning two years prior to the applicable  
12 year, but not to exceed 1.5 percent.

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

18 Under the bill, for the fiscal years beginning July 1, 2021,  
19 and July 1, 2022, each mental health and disability services  
20 region for which the region's cash flow amount certified  
21 during the fiscal year exceeds a specified percentage of the  
22 proposed gross expenditures of the region for the fiscal year,  
23 the remaining quarterly payments of the region's regional  
24 supplement payment are reduced by an amount equal to the amount  
25 by which the region's cash flow amount certified exceeds the  
26 specified percentage of the proposed gross expenditures of the  
27 region for the fiscal year, but the reduction amount shall not  
28 exceed the total amount of the region's regional supplement  
29 payment for the fiscal year. If the region's remaining  
30 quarterly payments are insufficient to effectuate the required  
31 reductions, the region is required to pay to the department of  
32 human services any amount for which the reduction in quarterly  
33 payments could not be made.

34 For the fiscal year beginning July 1, 2023, and each  
35 succeeding fiscal year, each mental health and disability

1 services region for which a cash flow amount is certified  
2 during the fiscal year, the remaining quarterly payments of the  
3 region's regional supplement payment shall be reduced by an  
4 amount equal to the amount certified, but the reduction amount  
5 shall not exceed the total amount of the region's regional  
6 supplement payment for the fiscal year. If the region's  
7 remaining quarterly payments are insufficient to effectuate  
8 the required reductions, the region is required to pay to the  
9 department of human services any amount for which the reduction  
10 in quarterly payments could not be made.

11 The amount of reductions to quarterly payments and amounts  
12 paid to the department of human services as the result of a  
13 region's certified cash flow amounts shall be transferred and  
14 credited to the risk pool created in the bill under new Code  
15 section 426B.6.

16 The bill also establishes a risk pool in the property tax  
17 relief fund under Code section 426B.1 to provide additional  
18 funding to mental health and disability services regions  
19 meeting certain eligibility criteria. The risk pool consists  
20 of moneys appropriated or credited to the risk pool by law.  
21 The bill appropriates \$9,960,590 from the general fund of the  
22 state to the risk pool for the fiscal year beginning July 1,  
23 2021. The bill appropriates \$5,107,340 from the general fund  
24 of the state to the risk pool for the fiscal year beginning  
25 July 1, 2022. For each fiscal year beginning on or after July  
26 1, 2025, the bill appropriates an amount equal to the risk pool  
27 growth factor multiplied by the ending balance of the risk pool  
28 at the conclusion of a specified fiscal year. The "risk pool  
29 growth factor" for each fiscal year is the percent increase,  
30 if any, in the amount of sales tax revenue deposited into the  
31 general fund of the state between the fiscal year beginning  
32 three years prior to the applicable fiscal year and the fiscal  
33 year beginning two years prior to the applicable year, minus  
34 1.5 percent. The risk pool growth factor for any fiscal year  
35 may not exceed 3.5 percent.

1 The bill establishes the composition of the risk pool board  
2 created in the bill. Members shall serve for three-year  
3 terms. Staff assistance to the board shall be provided by the  
4 department of human services.

5 A regional administrator must apply to the risk pool board  
6 for assistance from the risk pool on or before October 31.  
7 The purpose of the assistance shall be to provide financial  
8 support for services provided by the regional administrator's  
9 mental health and disability services region. The board is  
10 required to determine application requirements to ensure  
11 prudent use of risk pool assistance. The board may accept or  
12 reject an application for assistance in whole or in part. The  
13 decision of the board is final. The total amount of risk pool  
14 assistance shall be limited to the amount available in the risk  
15 pool for a fiscal year. Any unobligated balance in the risk  
16 pool at the close of a fiscal year shall remain in the risk pool  
17 for distribution in the succeeding fiscal year.

18 Risk pool assistance shall only be made available to  
19 address one or more of the following circumstances: (1)  
20 continuing support for mandated services; (2) avoiding the need  
21 for reduction or elimination of critical services when the  
22 reduction or elimination places consumers' health or safety  
23 at risk; (3) avoiding the need for reduction or elimination  
24 of a mobile crisis team or other critical emergency services  
25 when the reduction or elimination places the public's health  
26 or safety at risk; (4) avoiding the need for reduction or  
27 elimination of the services or other support provided to entire  
28 populations of consumers with disabilities; and (5) avoiding  
29 the need for reduction or elimination of services or other  
30 support that maintain consumers in a community setting or that  
31 would create a risk that the consumers would be placed in more  
32 restrictive, higher cost settings.

33 The risk pool board shall make its final decisions on or  
34 before December 15 regarding acceptance or rejection of the  
35 applications for assistance and the total amount accepted



1 shall be considered obligated. The bill establishes basic  
2 eligibility for risk pool assistance, including requirements  
3 that the mental health and disability services region is in  
4 compliance with the regional service system management plan  
5 requirements and that the region meets specified ending balance  
6 thresholds for certain fiscal years. The ending balance  
7 thresholds are a specified percentage of the actual gross  
8 expenditures of the mental health and disability services  
9 region for a specific fiscal year. The percentage for the  
10 fiscal year beginning July 1, 2021, is 40 percent. The  
11 percentage for the fiscal year beginning July 1, 2022, is 20  
12 percent.

13 Current Code section 331.424A authorizes each county to  
14 certify a property tax levy for payment of mental health and  
15 disability services within the mental health and disability  
16 services regional system. To coincide with the appropriation  
17 and payment of mental health and disability services regional  
18 supplement payments directly to the regions or to exempted  
19 counties, the bill ends the authority for such a property tax  
20 levy starting with the fiscal year beginning July 1, 2022.  
21 Additionally, upon conclusion of the fiscal year beginning July  
22 1, 2021, the county treasurer shall transfer the remaining  
23 balance of the county's county services fund to the county's  
24 region to which the county belongs in the fiscal year beginning  
25 July 1, 2022, for deposit in the region's combined account  
26 under Code section 331.391. Effective July 1, 2022, the bill  
27 prohibits a county from transferring any funds of the county to  
28 the combined account of a mental health and disability services  
29 region.

30 If the bill takes effect after March 31, 2021, for each  
31 county for which the amount of taxes certified for levy for the  
32 purposes of Code section 331.424A for the fiscal year beginning  
33 July 1, 2021, exceeds the product of the population of the  
34 county multiplied by \$21.14, the department of management shall  
35 reduce the amount of such taxes certified for levy to an amount

1 not to exceed the product of the population of the county  
2 multiplied by \$21.14 and shall revise the rate of taxation  
3 as necessary to raise the reduced amount. The department of  
4 management is required to report the reduction in the certified  
5 taxes and the revised rate of taxation to the county auditors  
6 by June 15, 2021.

7 In order to timely implement the provisions of the bill  
8 establishing the risk pool for mental health and disability  
9 services regions for the fiscal year beginning July 1, 2021,  
10 and the fiscal year beginning July 1, 2022, the director  
11 of human services is required, subject to the membership  
12 requirements in the bill, to appoint temporary members of the  
13 risk pool board to review and approve risk pool assistance  
14 applications and establish alternative application deadlines  
15 and expedited application review and approval timelines.

16 The bill provides that the department of human services may  
17 adopt emergency rules to implement the provisions of division  
18 I of the bill.

19 Except as provided in division I of the bill, division I of  
20 the bill takes effect upon enactment.

21 DIVISION II — PROPERTY TAX REPLACEMENT PAYMENTS. Current  
22 Code section 441.21A establishes and appropriates amounts from  
23 the general fund of the state for commercial and industrial  
24 property tax replacement claims. Such claims are calculated  
25 by the department of revenue based on the difference between  
26 the actual value and assessed value of all commercial and  
27 industrial property in each taxing district in the state.  
28 Current law appropriates an amount necessary for the payment  
29 of all commercial and industrial property tax replacement  
30 claims for each fiscal year beginning on or after July 1,  
31 2014, subject to a maximum total appropriation for fiscal  
32 years beginning on or after July 1, 2017, of the total  
33 amount necessary for the payment of replacement claims in the  
34 fiscal year beginning July 1, 2016. The bill eliminates the  
35 appropriation for fiscal years beginning on or after July 1,

1 2027, and specifies that the maximum total appropriation for  
2 the fiscal years beginning on or after July 1, 2022, but before  
3 July 1, 2027, shall not exceed the total amount necessary for  
4 the payment of replacement claims in the fiscal year.

5 The bill modifies the methodology for calculating and  
6 apportioning commercial and industrial property tax replacement  
7 claims for fiscal years beginning on or after July 1, 2022,  
8 but before July 1, 2027. The bill requires such claims to be  
9 calculated based on and paid to taxing authorities, as defined  
10 in the bill, instead of taxing districts as is required under  
11 current law. The amount of each taxing authority's replacement  
12 claim is determined based on specified fractions of the amount  
13 received by the taxing authority under Code section 441.21A for  
14 the fiscal year beginning July 1, 2021, as calculated by the  
15 department of revenue in consultation with the department of  
16 management, and whether the taxing authority is a qualified  
17 taxing authority. The specified fractions are reduced over  
18 the period of fiscal years beginning July 1, 2022, and ending  
19 June 30, 2027, in the case of a qualified taxing authority, and  
20 ending June 30, 2025, in the case of a taxing authority that  
21 is not a qualified taxing authority. Under the bill, a taxing  
22 authority that is eligible to continue to receive commercial  
23 and industrial property tax replacement payments includes a  
24 city, county, community college, or other governmental entity  
25 or political subdivision in this state authorized to certify a  
26 levy on property located within such authority, but does not  
27 include a school district. A qualified taxing authority is  
28 either a taxing authority that is not a city or a county or a  
29 taxing authority that is a city or a county in which the total  
30 assessed value as of January 1, 2019, of specified taxable  
31 property located in the taxing authority is less than 131.14  
32 percent of the total assessed value as of January 1, 2012, of  
33 specified taxable property located in the taxing authority.

34 The bill requires each taxing authority's property tax  
35 replacement claim payment for fiscal years beginning on or

1 after July 1, 2022, but before July 1, 2027, to be apportioned  
2 and credited by the governing body of the taxing authority  
3 among the taxing authority's tax levies in the same proportion  
4 that each property tax levy bears to the total of all property  
5 tax levies imposed by the taxing authority for the fiscal year  
6 for which the payment is received. The bill also establishes  
7 requirements for the apportionment of amounts allocated to  
8 property tax levies that are subject to a division of taxes  
9 under Code section 403.19 (tax increment financing).

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

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

22 The section of division III amending Code section  
23 257.3(1)(d) takes effect July 1, 2022.

24 DIVISION IV — PUBLIC EDUCATION AND RECREATIONAL TAX LEVY.  
25 Code chapter 300 authorizes the imposition of a voter-approved  
26 property tax levy for the establishment and maintenance  
27 of public recreation places and playgrounds, and necessary  
28 accommodations for the recreation places and playgrounds, in  
29 the public school buildings and grounds of the district. Code  
30 chapter 300 also authorizes each school board to cooperate  
31 with public or private agencies having custody and management  
32 of public parks or buildings or grounds open to the public  
33 for the supervision and instruction necessary to carry on  
34 public educational and recreational activities in the parks,  
35 buildings, and grounds located within the district. Such

1 activities may be supported by imposition of a voter-approved  
2 property tax levy not to exceed \$0.13 and one-half cents per  
3 \$1,000 of assessed value. The property tax levy under Code  
4 chapter 300 also provides financial support to community  
5 education programs established under Code chapter 276,  
6 which provide educational, recreational, cultural, and other  
7 community services and programs.

8 Division IV of the bill repeals Code chapter 300 and makes  
9 corresponding amendments to other provisions of law effective  
10 July 1, 2022, and applies to fiscal years beginning on or  
11 after July 1, 2022. The bill provides that financial support  
12 for a community education program under Code chapter 276 may  
13 be provided from funds received by the school district under  
14 Code chapter 423F. By operation of the definition of "school  
15 infrastructure" under Code section 423F.3(6)(a)(1), moneys  
16 received by a school district from the secure an advanced  
17 vision for education fund may continue to be utilized for  
18 activities previously provided for under Code chapter 300 and  
19 Code chapter 276.

20 Division IV also provides that moneys available in the  
21 public education and recreation levy fund at the conclusion  
22 of the fiscal year beginning July 1, 2021, and ending June  
23 30, 2022, shall be expended by the school corporation for the  
24 purposes authorized under chapter 300, Code 2021.

25 DIVISION V — ELDERLY PROPERTY TAX CREDIT. Division V of the  
26 bill modifies the eligibility for and the calculation of the  
27 amount of the property tax credit for persons ages 70 and older  
28 under Code chapter 425, subchapter II.

29 Under the bill, a person filing a claim for the property tax  
30 credit who is at least 70 years of age and who has a household  
31 income of less than 250 percent of the federal poverty level  
32 is eligible to receive a credit against property taxes due on  
33 the claimant's homestead. For such a claimant, the tentative  
34 credit amount is equal to the greater of the following: (1)  
35 the amount of the credit as calculated under the schedule

1 of credit amounts specified in Code section 425.23(1)(a) as  
2 if the claimant was an eligible claimant for a credit under  
3 that provision; and (2) the difference between the actual  
4 amount of property taxes due on the homestead during the  
5 applicable fiscal year minus the actual amount of property  
6 taxes due on the homestead based on a full assessment during  
7 the first fiscal year for which the claimant filed for a credit  
8 calculated under the bill and if the claimant has filed for the  
9 credit for each of the subsequent fiscal years after the first  
10 credit claimed.

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

20 Division V of the bill applies to claims under Code chapter  
21 425, subchapter II, filed on or after January 1, 2022.

22 DIVISION VI — FUTURE TAX CHANGES. The bill amends 2018 Iowa  
23 Acts, chapter 1161, section 133 (trigger), by striking the two  
24 conditions necessary for the trigger to occur, and specifies  
25 the provisions in 2018 Iowa Acts, chapter 1161, sections  
26 99-132, take effect January 1, 2023.

27 Currently, the two conditions are necessary for the trigger  
28 to occur include net general fund revenues for the fiscal year  
29 ending June 30, 2022, equaling or exceeding \$8.3146 billion,  
30 and also equaling or exceeding 104 percent of the net general  
31 fund revenues for the fiscal year ending June 30, 2021. If  
32 these two conditions are not satisfied, current law institutes  
33 the changes for tax years beginning on or after the January 1  
34 following the first fiscal year for which the two conditions  
35 do occur. By striking the "trigger", the bill sets in motion

1 numerous tax changes for tax years beginning on or after  
2 January 1, 2023, described below.

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

	Income over:	But not over:	Tax Rate:
7	1) \$0	\$6,000	4.40%
8	2) \$6,000	\$30,000	4.82%
9	3) \$30,000	\$75,000	5.70%
10	4) \$75,000		6.50%

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

16 INDIVIDUAL INCOME TAX CALCULATION. Under current law, the  
17 starting point for computing the Iowa individual income tax is  
18 federal adjusted gross income before the net operating loss  
19 deduction, which is generally a taxpayer's gross income minus  
20 several deductions. From that point, Iowa requires several  
21 adjustments and then provides taxpayers with a deduction  
22 for federal income taxes paid, and the option to deduct a  
23 standard deduction or itemized deductions. The bill changes  
24 the starting point for computing the individual income tax  
25 to federal taxable income, which includes all deductions and  
26 adjustments taken at the federal level in computing tax,  
27 including a standard deduction or itemized deductions, and the  
28 qualified business income deduction allowed for certain income  
29 earned from a pass-through entity. Because the starting point  
30 changes to federal taxable income, and federal law does not  
31 provide for the filing status of married filing separately  
32 on a combined return, the bill repeals that filing status  
33 option for Iowa tax purposes. Because net operating loss is  
34 no longer calculated at the state level, the bill requires a  
35 taxpayer to add back any federal net operating loss deduction

1 carried over from a taxable year beginning prior to the 2023  
2 tax year, but allows taxpayers to deduct any remaining Iowa net  
3 operating loss from a prior taxable year. The bill repeals the  
4 individual alternative minimum tax (AMT), allows an individual  
5 to claim any remaining AMT credit against the individual's  
6 regular tax liability for the 2023 tax year, and then repeals  
7 the AMT credit in the tax year following the 2023 tax year.  
8 The bill repeals most Iowa-specific deductions, exemptions,  
9 and adjustments currently available when computing net income  
10 and taxable income under Iowa law, including the Iowa optional  
11 standard deduction and all itemized deductions, and the ability  
12 to deduct federal income taxes, except for a one-year phase  
13 out in the 2023 tax year for taxes paid, or refunds received,  
14 that relate to a prior year. The bill maintains the add-back  
15 for income from securities that are federally exempt but not  
16 state-exempt, and for bonus depreciation amounts. The bill  
17 maintains the general pension exclusion and the deduction  
18 for income from federal securities. The bill maintains the  
19 deduction for contributions to the Iowa 529 plan, the Iowa ABLE  
20 plan, a first-time homebuyer savings account, and an individual  
21 development account. The bill also maintains the deductions  
22 for military pension income, military active duty pay, social  
23 security retirement benefits, certain payments received for  
24 providing unskilled in-home health care, certain amounts  
25 received from the veterans trust fund, victim compensation  
26 awards, biodiesel production refunds, certain wages paid  
27 to individuals with disabilities or individuals previously  
28 convicted of a felony, certain organ donations, and Segal  
29 AmeriCorps education award payments. The bill modifies the  
30 existing deduction for health insurance payments in Code  
31 section 422.7(29) to make the deduction only applicable to  
32 taxpayers who are at least 65 years old and who have net  
33 income below \$100,000. The bill also modifies the existing  
34 capital gain deduction in Code section 422.7(21) to restrict  
35 the deduction to the sale of real property used in farming



1 businesses by permitting the taxpayer to take the deduction  
2 if either of the following apply: the taxpayer materially  
3 participated in the farming business for at least 10 years and  
4 held the real property for at least 10 years; or the taxpayer  
5 sold the real property to a relative. The bill expands the  
6 definition of "relative" to include an entity in which a  
7 relative of the taxpayer has a legal or equitable interest in  
8 the entity as an owner, member, partner, or beneficiary. The  
9 bill provides a new deduction for any income of an employee  
10 resulting from the payment by an employer, whether paid to  
11 the employee or a lender, of principal or interest on the  
12 employee's qualified education loan. The bill also modifies  
13 the calculation of net income for purposes of the alternate  
14 tax calculation in Code section 422.5(3) and (3B), and the tax  
15 return filing thresholds in Code section 422.13, to require  
16 that any amount of itemized deduction, standard deduction,  
17 personal exemption deduction, or qualified business income  
18 deduction that was allowed in computing federal taxable income  
19 shall be added back.

20 CORPORATE INCOME TAX AND FRANCHISE TAX CALCULATION. Under  
21 current law, the starting point for calculating the corporate  
22 income tax and franchise tax is federal taxable income before  
23 the net operating loss deduction, because net operating loss is  
24 calculated at the state level. The bill repeals the separate  
25 calculation of net operating loss at the state level. As a  
26 result, the bill requires taxpayers to add back any federal  
27 net operating loss deduction carried over from a taxable year  
28 beginning prior to the trigger year, but allows taxpayers to  
29 deduct any remaining Iowa net operating loss from a prior  
30 taxable year. The bill also repeals most Iowa-specific  
31 deductions, exemptions, and adjustments currently available  
32 when computing net income and taxable income under Iowa law.  
33 The bill maintains the add-back for income from securities  
34 that are federally exempt but not state exempt, and for bonus  
35 depreciation amounts. The bill maintains the deductions for

1 income from federal securities, for foreign dividend and  
2 subpart F income, for certain wages paid to individuals with  
3 disabilities or individuals previously convicted of a felony,  
4 and for biodiesel production refunds.

5 DIVISION VII — CHARITABLE CONSERVATION CONTRIBUTION TAX  
6 CREDIT. Division VII of the bill repeals the charitable  
7 conservation contribution tax credit available against the  
8 individual and corporate income taxes. Currently, individual  
9 and corporate income taxes are reduced by an amount equal to 50  
10 percent of the fair market value of real property located in  
11 this state that is conveyed unconditionally in perpetuity by  
12 the taxpayer for conservation purposes. Division VII of the  
13 bill applies to such conveyances occurring on or after July 1,  
14 2021.

15 DIVISION VIII — FOREST RESERVATIONS. Current Code chapter  
16 427C authorizes a property tax exemption for certain forest  
17 reservations and fruit-tree reservations.

18 The bill provides that for assessment years beginning on  
19 or after January 1, 2022, a forest reservation is allowed the  
20 exemption authorized under Code chapter 427C if the owner is  
21 actively engaged in the operation or management of the forest  
22 reservation. For each forest reservation exemption for which  
23 the application was filed on or before the effective date of  
24 division VIII of the bill, in order to receive or continue  
25 receiving the exemption, the owner must file by February  
26 1, 2022, on a form prepared by the department of natural  
27 resources, evidence that the owner meets the requirements  
28 for active engagement in the operation or management of the  
29 reservation.

30 Division VIII of the bill grants the department of natural  
31 resources the authority to adopt rules to interpret the  
32 provisions of the bill relating to the requirement that the  
33 owner be actively engaged in the operation or management  
34 of the forest reservation. If interpretive rulemaking  
35 authority is clearly vested in the discretion of an agency by

1 statute, the applicable judicial standard of review is whether  
2 the rules constitute an irrational, illogical, or wholly  
3 unjustifiable interpretation of law by the agency (Code section  
4 17A.19(10)(1)). If interpretive rulemaking authority is not  
5 clearly vested in the discretion of an agency, the applicable  
6 judicial standard of review is whether the rules constitute an  
7 erroneous interpretation of law (Code section 17A.19(10)(c)).

8 The bill limits the period of the exemption for forest  
9 reservations to five years and provides that the five-year  
10 exemption period for applications filed on or before February  
11 1, 2022, begins with the assessment year beginning January  
12 1, 2022, unless, if applicable, the owner fails to satisfy  
13 the requirement in the bill to provide evidence of being  
14 actively engaged in the operation or management of the forest  
15 reservation.

16 The bill also specifies that upon expiration of the  
17 applicable exemption period for forest reservations or  
18 fruit-tree reservations under Code chapter 427C, the owner may  
19 reapply for an exemption if the property meets all the criteria  
20 for the exemption under the chapter.

21 The bill requires the department of natural resources to  
22 review each application for a forest reservation tax exemption  
23 before the application is accepted. The bill requires the  
24 department of natural resources to use aerial photographs to  
25 determine forest reservation eligibility and authorizes an  
26 on-site review, if necessary. Additionally, an area that is a  
27 forest reservation may be inspected each year by the department  
28 of natural resources to determine if the area is maintained as  
29 forest reservation.

30 Division VIII of the bill does not affect the operation  
31 of, or prohibit the application of, prior provisions of  
32 Code chapter 427C or Code section 441.22, or rules adopted  
33 to administer prior provisions of Code chapter 427C or  
34 Code section 441.22, for assessment years beginning before  
35 January 1, 2022, and for duties, powers, protests, appeals,

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1 proceedings, actions, or remedies attributable to an assessment  
2 year beginning before January 1, 2022.

3 Division VIII of the bill takes effect upon enactment  
4 and includes applicability and retroactive applicability  
5 provisions.