

Senate Study Bill 1276 - 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 revenue and finance by
2 modifying future tax contingencies, the state inheritance
3 tax, mental health and disability services funding, school
4 district funding, commercial and industrial property tax
5 replacement payments, providing for housing incentives,
6 providing for other properly related matters, making
7 appropriations, and including effective date, applicability,
8 and retroactive applicability provisions.
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

FUTURE TAX CONTINGENCIES

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

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

DIVISION II

CHILD DEPENDENT AND DEVELOPMENT TAX CREDITS

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

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

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

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

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

Sec. 4. RETROACTIVE APPLICABILITY. This division of this

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

3 DIVISION III

4 COVID-19 RELATED GRANTS — TAXATION

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

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

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

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

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

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

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

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

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

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

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

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

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

22 DIVISION IV

23 FEDERAL PAYCHECK PROTECTION PROGRAM

24 Sec. 9. FEDERAL PAYCHECK PROTECTION PROGRAM.

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

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

33 DIVISION V

34 INSTALLMENT SALES — CAPITAL GAINS

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

1 amended to read as follows:

2 SEC. 134. APPLICABILITY.

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

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

12 DIVISION VI

13 STATE INHERITANCE TAX

14 PART I

15 EXEMPTIONS AND RATES

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

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

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

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

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

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

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

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

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

8 DIVISION VII

9 HOUSING TRUST FUND

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

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

19 DIVISION VIII

20 HIGH QUALITY JOBS PROGRAM — DAY CARE CENTERS

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

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

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

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

32 DIVISION IX

33 INVESTMENT TAX CREDITS AND INNOVATION FUND TAX CREDITS

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

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

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

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

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

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

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

1 dollars.

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

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

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

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DIVISION X

10

TELEHEALTH — MENTAL HEALTH PARITY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 DIVISION XII

22 HIGH QUALITY JOBS — ELIGIBILITY REQUIREMENTS

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

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

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

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

35 2. The economic development authority shall consider

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

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

7 DIVISION XIII

8 MANUFACTURING 4.0

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

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

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

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

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

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

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

1 recaptures, for purposes of this section.

2 *c.* Notwithstanding section 8.33, moneys appropriated in this
3 section that remain unencumbered or unobligated at the close of
4 the fiscal year shall not revert but shall remain available for
5 expenditure for the purposes designated until the close of the
6 succeeding fiscal year.

7 *d.* Notwithstanding any law to the contrary, the authority
8 may transfer any unobligated and unencumbered moneys in the
9 fund, except for moneys appropriated for purposes of this
10 section, to any fund created pursuant to section 15.106A,
11 subsection 1, paragraph "o".

12 4. The authority shall establish and administer a
13 manufacturing 4.0 technology investment program and shall use
14 moneys in the fund to award financial assistance to eligible
15 manufacturers for manufacturing 4.0 technology investments.

16 5. To be eligible for a financial assistance award under the
17 manufacturing 4.0 technology investment program, a manufacturer
18 must do all of the following:

19 *a.* Manufacture goods at a facility located in this state.

20 *b.* Have a North American industry classification system
21 number within the manufacturing sector range of 31-33.

22 *c.* Have been an established business for a minimum of three
23 years prior to the date of application to the program.

24 *d.* Derive a minimum of fifty-one percent of the
25 manufacturer's gross revenue from the sale of manufactured
26 goods.

27 *e.* Employ a minimum of three full-time employees and no
28 more than seventy-five full-time employees across all of the
29 manufacturer's locations.

30 *f.* Have an assessment of the manufacturer's proposed
31 manufacturing 4.0 technology investment completed by the center
32 for industrial research and service at Iowa state university of
33 science and technology.

34 *g.* Demonstrate the ability to provide matching financial
35 support for the manufacturer's manufacturing 4.0 technology

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

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

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

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

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

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

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

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

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

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

34 8. From moneys appropriated to the manufacturing 4.0
35 technology investment fund from the general fund of the state

1 and any other state moneys lawfully available to the authority
2 for the manufacturing 4.0 technology investment program, the
3 maximum amount of financial assistance awarded from such moneys
4 to an eligible manufacturer shall not exceed seventy-five
5 thousand dollars.

6 9. The authority shall adopt rules pursuant to chapter 17A
7 necessary to implement and administer this section.

8 DIVISION XIV

9 ENERGY INFRASTRUCTURE REVOLVING LOAN PROGRAM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 housing business. Tax incentive awards shall be approved by
2 the director of the authority.

3 Sec. 48. Section 15.355, subsection 2, Code 2021, is amended
4 to read as follows:

5 2. A housing business may claim a refund of the sales and
6 use taxes paid under [chapter 423](#) that are directly related to
7 a housing project and specified in the agreement. The refund
8 available pursuant to [this subsection](#) shall be as provided in
9 section 15.331A, excluding [subsection 2](#), paragraph "c", of
10 that section. For purposes of the program, the term "*project*
11 *completion*", as used in [section 15.331A](#), shall mean the date
12 on which the authority notifies the department of revenue that
13 all applicable requirements of ~~an~~ the agreement entered into
14 pursuant to [section 15.354](#), subsection 3, paragraph "a", and
15 all applicable requirements of this part, including the rules
16 the authority and the department of revenue adopted pursuant to
17 section 15.356, are satisfied.

18 DIVISION XVI

19 BROWNFIELDS AND GRAYFIELDS

20 Sec. 49. Section 15.119, subsection 3, Code 2021, is amended
21 to read as follows:

22 3. In allocating the amount of tax credits authorized
23 pursuant to [subsection 1](#) among the programs specified in
24 subsection 2, the authority shall not allocate more than ~~ten~~
25 fifteen million dollars for purposes of [subsection 2](#), paragraph
26 "f".

27 Sec. 50. Section 15.293A, subsection 8, Code 2021, is
28 amended to read as follows:

29 8. [This section](#) is repealed on June 30, ~~2021~~ 2031.

30 Sec. 51. Section 15.293B, Code 2021, is amended by adding
31 the following new subsection:

32 NEW SUBSECTION. 5A. a. Tax credits revoked under
33 subsection 3 including tax credits revoked up to five years
34 prior to the effective date of this division of this Act, and
35 tax credits not awarded under subsection 4 or 5, may be awarded

1 in the next annual application period established in subsection
2 1, paragraph "c".

3 b. Tax credits awarded pursuant to paragraph "a" shall not
4 be counted against the limit under section 15.119, subsection
5 3.

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

8 7. **This section** is repealed on June 30, ~~2021~~ 2031.

9 Sec. 53. EFFECTIVE DATE. The following, being deemed of
10 immediate importance, take effect upon enactment:

11 1. The section of this division of this Act amending section
12 15.293A, subsection 8.

13 2. The section of this division of this Act amending section
14 15.293B, subsection 7.

15 DIVISION XVII

16 DOWNTOWN LOAN GUARANTEE PROGRAM

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

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

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

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

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

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

33 d. The project includes a housing component.

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

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

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

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

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

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

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

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

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

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

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

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

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

33 11. Moneys for the program may consist of any moneys
34 appropriated by the general assembly for purposes of this
35 section, and any other moneys that are lawfully available

1 to the economic development authority, including moneys
2 transferred or deposited from other funds created pursuant to
3 section 15.106A, subsection 1, paragraph "o".

4 DIVISION XVIII

5 DISASTER RECOVERY HOUSING ASSISTANCE

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

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

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

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

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

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

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

1 otherwise requires:

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

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

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

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

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

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

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

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

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

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

1 in section 29C.6, subsection 1.

2 2. *Fund.*

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

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

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

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

21 3. *Program.*

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

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

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

1 administrator.

2 5. *Homeowners.*

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

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

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

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

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

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

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

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

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

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

1 C.F.R. §5.703.

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

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

10 6. *Renters.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 DIVISION XIX

27 BONUS DEPRECIATION

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

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

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

DIVISION XX

BEGINNING FARMER TAX CREDIT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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DIVISION XXI

MENTAL HEALTH FUNDING

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

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

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

218.99 Counties to be notified of patients' personal accounts.

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

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

225.24 Collection of preliminary expense.

Unless a committed private patient or those legally responsible for the patient's support offer to settle the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 for the fiscal year.

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

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

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

24 7. a. For the fiscal year beginning July 1, 2021, each
25 mental health and disability services region for which the
26 amount certified during the fiscal year under section 331.391,
27 subsection 4, paragraph "b", exceeds forty percent of the actual
28 expenditures of the region for the fiscal year preceding the
29 fiscal year in progress, the remaining quarterly payments of
30 the region's regional service payment shall be reduced by
31 an amount equal to the amount by which the region's amount
32 certified under section 331.391, subsection 4, paragraph "b",
33 exceeds forty percent of the actual expenditures of the region
34 for the fiscal year preceding the fiscal year in progress, but
35 the amount of the reduction shall not exceed the total amount

1 of the region's regional service payment for the fiscal year.
2 If the region's remaining quarterly payments are insufficient
3 to effectuate the required reductions under this paragraph, the
4 region is required to pay to the department of human services
5 any amount for which the reduction in quarterly payments could
6 not be made. The amount of reductions to quarterly payments
7 and amounts paid to the department under this paragraph shall
8 be transferred and credited to the region incentive fund under
9 subsection 8.

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

31 *c.* For the fiscal year beginning July 1, 2023, and each
32 succeeding fiscal year, each mental health and disability
33 services region for which the amount certified during the
34 fiscal year under section 331.391, subsection 4, paragraph "b",
35 exceeds five percent of the actual expenditures of the region

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 obligations in the next fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 year.

2 Sec. 98. Section 426B.4, Code 2021, is amended to read as
3 follows:

4 **426B.4 Rules.**

5 The mental health and disability services commission shall
6 consult with ~~county representatives~~ regional administrators
7 and the director of human services in prescribing forms and
8 adopting rules pursuant to **chapter 17A** to administer this
9 chapter.

10 Sec. 99. ADJUSTMENT TO PROPERTY TAXES CERTIFIED UNDER
11 SECTION 331.424A — FY 2021-2022. For each county for which
12 the amount of taxes certified for levy for the purposes
13 of section 331.424A for the fiscal year beginning July 1,
14 2021, exceeds the product of the population of the county as
15 determined under section 331.424A, subsection 1, paragraph
16 "e", multiplied by twenty-one dollars and fourteen cents,
17 the department of management shall reduce the amount of such
18 taxes certified for levy to an amount not to exceed the
19 product of the population of the county as determined under
20 section 331.424A, subsection 1, paragraph "e", multiplied by
21 twenty-one dollars and fourteen cents and shall revise the rate
22 of taxation as necessary to raise the reduced amount. The
23 department of management shall report the reduction in the
24 certified taxes and the revised rate of taxation to the county
25 auditors by June 15, 2021.

26 Sec. 100. IMPLEMENTATION OF REGION INCENTIVE FUND UNDER
27 SECTION 225C.7A — EMERGENCY RULEMAKING.

28 1. In order to timely implement the provisions of this
29 division of this Act establishing the region incentive fund
30 under section 225C.7A, subsection 8, for mental health and
31 disability services regions for funding the fiscal year
32 beginning July 1, 2021, and the fiscal year beginning July
33 1, 2022, the director of human services shall establish
34 alternative application deadlines and expedited application
35 review and approval timelines.

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

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

21

DIVISION XXII

22 COMMERCIAL AND INDUSTRIAL PROPERTY TAX REPLACEMENT PAYMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 authority:

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

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

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

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

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

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

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

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

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

33 a. The For fiscal years beginning on or after July 1, 2014,
34 but before July 1, 2022, the county auditor shall certify
35 and forward one copy of the statement to the department of

1 revenue not later than a date of each year established by the
2 department of revenue by rule.

3 Sec. 111. Section 441.21A, subsection 6, Code 2021, is
4 amended by adding the following new paragraph:

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

8 Sec. 112. Section 441.21A, Code 2021, is amended by adding
9 the following new subsections:

10 NEW SUBSECTION. 7. *a.* For fiscal years beginning on
11 or after July 1, 2022, but before July 1, 2029, each taxing
12 authority's replacement claim calculated under subsection 4A,
13 or portion thereof, shall be paid to the appropriate county
14 treasurer, as provided in subsection 2, paragraph "b", in equal
15 installments in September and March of each year.

16 *b.* After payment by the county treasurer to the taxing
17 authority, the taxing authority's replacement claim shall be
18 apportioned and credited by the governing body of the taxing
19 authority among the taxing authority's tax levies in the same
20 proportion that each property tax levy bears to the total of
21 all property tax levies imposed by the taxing authority for the
22 fiscal year for which the payment is received.

23 *c.* Of the amounts allocated and credited to each property
24 tax levy that is subject to division under section 403.19,
25 the total amount paid into the fund for the taxing authority
26 as taxes by or for the taxing authority into which all other
27 property taxes are paid and the special fund of the applicable
28 municipality under section 403.19, subsection 2, shall be an
29 amount of the replacement claim that is proportionate to the
30 amount of the total sum of the assessed value of the taxable
31 commercial and industrial property in the urban renewal area as
32 a share of total assessed value of all taxable property in the
33 taxing authority and shall be apportioned as follows:

34 (1) To the fund for the taxing authority as taxes by or for
35 the taxing authority into which all other property taxes are

1 paid, an amount proportionate to the amount of actual value of
2 the commercial and industrial property in the urban renewal
3 area as determined in section 403.19, subsection 1, that was
4 subtracted pursuant to section 403.20, as it bears to the
5 total amount of actual value of the commercial and industrial
6 property in the urban renewal area that was subtracted pursuant
7 to section 403.20 for the assessment year for property taxes
8 due and payable in the fiscal year for which the replacement
9 claim is computed.

10 (2) (a) To the special fund of the applicable municipality
11 under section 403.19, subsection 2, the remaining amount, if
12 any.

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

22 NEW SUBSECTION. 8. This section is repealed July 1, 2029.

23 Sec. 113. EFFECTIVE DATE. The following take effect July
24 1, 2029:

25 1. The section of this division of this Act amending section
26 331.512.

27 2. The section of this division of this Act amending section
28 331.559.

29 DIVISION XXIII

30 SCHOOL FOUNDATION PERCENTAGE

31 Sec. 114. Section 257.1, subsection 2, paragraph b, Code
32 2021, is amended to read as follows:

33 b. For the budget year commencing July 1, 1999, and for
34 each succeeding budget year beginning before July 1, 2022,
35 the regular program foundation base per pupil is eighty-seven

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

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

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

24 DIVISION XXIV

25 PUBLIC EDUCATION AND RECREATION TAX LEVY

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

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

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

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

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

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

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

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

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

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

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

35 c. Notwithstanding subsection 2, including a proposition

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

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

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

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

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

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

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

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

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

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

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

4 DIVISION XXV

5 ELDERLY PROPERTY TAX CREDIT

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

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

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

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

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

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

1 estate, and was not claimed as a dependent on any other
2 person's tax return for the base year.

3 (3) A person filing a claim for credit under this subchapter
4 who has attained the age of seventy years on or before December
5 31 of the base year, who has a household income of less than
6 two hundred fifty percent of the federal poverty level, as
7 defined by the most recently revised poverty income guidelines
8 published by the United States department of health and human
9 services, and is domiciled in this state at the time the claim
10 is filed or at the time of the person's death in the case of a
11 claim filed by the executor or administrator of the claimant's
12 estate.

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

25 Sec. 130. Section 425.23, subsection 1, paragraph a,
26 unnumbered paragraph 1, Code 2021, is amended to read as
27 follows:

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

33 Sec. 131. Section 425.23, subsection 1, Code 2021, is
34 amended by adding the following new paragraph:

35 NEW PARAGRAPH. c. The tentative credit for a claimant

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

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

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

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

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

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

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

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

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

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

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

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

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

31 DIVISION XXVI
32 TRANSIT FUNDING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 state-imposed tax, and from the other taxes imposed under
2 section 423A.4.

3 Sec. 146. Section 423A.6, subsections 1, 3, and 4, Code
4 2021, are amended to read as follows:

5 1. The director of revenue shall administer the state,
6 ~~and local,~~ and transit hotel and motel ~~tax~~ taxes as nearly as
7 possible in conjunction with the administration of the state
8 sales tax law, except that portion of the law which implements
9 the streamlined sales and use tax agreement. The director
10 shall provide appropriate forms, or provide on the regular
11 state tax forms, for reporting state, ~~and local,~~ and transit
12 hotel and motel tax liability. All moneys received or refunded
13 one hundred eighty days after the date on which a city, county,
14 ~~or~~ land use district, or regional transit district, terminates
15 its local hotel and motel tax or transit hotel and motel tax
16 and all moneys received from the state hotel and motel tax
17 shall be deposited in or withdrawn from the general fund of the
18 state.

19 3. The director, in consultation with local officials,
20 shall collect and account for a local hotel and motel tax and a
21 transit hotel and motel tax and shall credit all revenues to
22 the local transient guest tax fund created in [section 423A.7](#).
23 Local authorities shall not require any tax permit not required
24 by the director of revenue.

25 4. [Section 422.25, subsection 4, sections 422.30, 422.67,](#)
26 [and 422.68, section 422.69, subsection 1, sections 422.70,](#)
27 [422.71, 422.72, 422.74, and 422.75, section 423.14, subsection](#)
28 [1, and sections 423.23, 423.24, 423.25, 423.31, 423.33,](#)
29 [423.35, 423.37 through 423.42, and 423.47,](#) consistent with the
30 provisions of [this chapter](#), apply with respect to the taxes
31 authorized under [this chapter](#), in the same manner and with
32 the same effect as if the state, ~~and local,~~ and transit hotel
33 and motel taxes were retail sales taxes within the meaning of
34 those statutes. Notwithstanding [this subsection](#), the director
35 shall provide for quarterly filing of returns and for other

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 The division takes effect upon enactment.

8 DIVISION V — INSTALLMENT SALES — CAPITAL GAINS.

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

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

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

1 but before January 1, 2024.

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

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

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

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

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

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

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

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

19 This division of the bill is effective upon enactment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 directly related to the development of projects used for,
2 or useful for, electricity or gas generation, transmission,
3 storage, or distribution. "Financial assistance" is also
4 defined in the bill.

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

21 DIVISION XV — WORKFORCE HOUSING TAX INCENTIVES. Code
22 section 15.119 sets an aggregate tax credit amount limit for
23 certain economic development programs. Under current law, the
24 workforce housing tax incentives program administered under
25 Code sections 15.351 through 15.356 shall not be allocated
26 more than \$25 million in tax credits, and of the tax credits
27 allocated to this program, \$10 million is reserved for
28 allocation to qualified housing projects in small cities.
29 This division increases the workforce housing tax credit
30 allocations from \$25 million to \$40 million for FY 2021-2022.
31 Of the moneys allocated to workforce housing tax credits in
32 FY 2021-2022, the bill increases the tax credits reserved for
33 qualified housing projects in small cities from \$10 million
34 to \$12 million. The bill decreases the workforce housing tax
35 credit from \$40 million to \$35 million in FY 2022-2023. Of

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

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

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

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

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

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

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

1 used for the construction or permanent financing of a project;
2 a federally insured financial lending institution issued the
3 loan; the loan does not reimburse the borrower for working
4 capital or operations; and the project meets certain design
5 reviews.

6 The bill requires the loan to be secured by a mortgage
7 against the project property, prohibits the loan guarantee to
8 be transferred, and charges the lender an annual loan guarantee
9 fee as set forth by rule.

10 The bill limits the amount of the loan guarantee as follows:
11 for a loan amount of less than or equal to \$500,000, the loan
12 guarantee shall not exceed 50 percent of the loan; for a
13 loan amount greater than \$500,000, the economic development
14 authority may provide a maximum loan guarantee of up to
15 \$250,000.

16 The economic development authority may guarantee the loan
17 for up to five years, which may be extended by the authority
18 for an additional five years. The authority may also deny a
19 loan guarantee for any unreasonable bank loan fees or interest
20 rate.

21 In the event of a loss due to default, the bill requires the
22 loan guarantee to proportionally pay the guarantee percentage
23 of the loss to the lender.

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

29 DIVISION XVIII — DISASTER RECOVERY ASSISTANCE PROGRAM. The
30 bill creates a disaster recovery housing assistance program and
31 fund.

32 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — TRANSFERS.
33 The bill permits the authority to transfer unobligated moneys
34 in Code section 16.46 (senior living revolving loan program
35 fund), 16.47 (home and community-based services revolving loan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — RENTERS.

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

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

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

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

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

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

5 EFFECTIVE DATE. The division takes effect upon enactment.

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

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

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

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

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

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

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

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

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

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

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

1 year beginning July 1, 2024, an amount equal to the product of
2 \$42 multiplied by the sum of the region's population for the
3 fiscal year; and (5) for each fiscal year beginning on or after
4 July 1, 2025, an amount equal to the product of the sum of the
5 region's population for the fiscal year multiplied by the sum
6 of the dollar amount used to calculate the regional service
7 payments for the immediately preceding fiscal year plus the
8 regional service growth factor for the fiscal year. The bill
9 defines "regional service growth factor" for a fiscal year to
10 be an amount equal to the product of the dollar amount used to
11 calculate the regional service payments for the immediately
12 preceding fiscal year multiplied by the percent increase, if
13 any, in the amount of sales tax revenue deposited into the
14 general fund of the state between the fiscal year beginning
15 three years prior to the applicable fiscal year and the fiscal
16 year beginning two years prior to the applicable year, but not
17 to exceed 1.5 percent.

18 Regional service payments received by a region are paid in
19 quarterly installments and shall be deposited in the region's
20 combined account under Code section 331.391 and used solely
21 for providing mental health and disability services under the
22 regional service system management plan.

23 Under the bill, each mental health and disability services
24 region for which the region's cash flow amount certified
25 exceeds a specified percentage of certain actual expenditures
26 of the region, the remaining quarterly payments of the region's
27 regional service payment are reduced by an amount equal to
28 the amount by which the region's cash flow amount certified
29 exceeds the specified percentage of the actual expenditures
30 of the region, but the reduction amount shall not exceed the
31 total amount of the region's regional service payment for the
32 fiscal year. If the region's remaining quarterly payments are
33 insufficient to effectuate the required reductions, the region
34 is required to pay to the department of human services any
35 amount for which the reduction in quarterly payments could not

1 be made.

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

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

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

35 The bill specifies that incentive funding shall only be made

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

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

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

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

35 In order to timely implement the provisions of the bill

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

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

10 This division of the bill takes effect upon enactment.

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

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

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

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

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

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

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

11 The division takes effect July 1, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

1 Code section 384.12(10). The bill establishes a methodology
2 for determining a reduction in the regional transit district
3 property tax levy if the regional transit district imposes a
4 transit hotel and motel tax. The bill establishes a similar
5 methodology for determining a reduction in the city transit
6 system property tax levy under Code section 384.12(10) if the
7 city is imposing a transit hotel and motel tax.

8 The revenue derived by a regional transit district from
9 the transit hotel and motel tax shall be expended exclusively
10 for the purposes of the regional transit district and shall
11 result in a reduction in the maximum levy rate for the regional
12 transit district, as provided in the bill. However, the
13 amount of revenue derived by the regional transit district
14 in the second calendar year that transit hotel and motel
15 tax is imposed that exceeds the amount of revenue derived
16 by the regional transit district in the first calendar year
17 that transit hotel and motel tax is imposed shall be used
18 for property tax relief in addition to the reduction to the
19 levy rate as the result of the revenue derived in the first
20 calendar year that the transit hotel and motel tax is imposed.
21 Similarly, the revenue derived by a city from the transit hotel
22 and motel tax shall be expended exclusively for the operation
23 and maintenance of a municipal transit system and shall result
24 in a reduction in the maximum transit system levy rate for the
25 city under Code section 384.12(10). However, the amount of
26 revenue derived by the city in the second calendar year that
27 transit hotel and motel tax is imposed that exceeds the amount
28 of revenue derived by the city in the first calendar year
29 that transit hotel and motel tax is imposed shall be used for
30 property tax relief for the levy under Code section 384.12(10),
31 in addition to the reduction to the levy rate as the result of
32 the revenue derived in the first calendar year that the transit
33 hotel and motel tax is imposed.