

**Senate Study Bill 3157 - 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 finances by  
2 modifying sales and use taxes, the charitable conservation  
3 contribution tax credit available against individual and  
4 corporate income taxes, the automobile rental excise tax,  
5 the water service tax, and local option taxes, crediting  
6 moneys to the natural resources and outdoor recreation trust  
7 fund, making appropriations, and including effective date  
8 and applicability provisions.  
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

SALES AND USE TAX RATES AND DISTRIBUTION

Section 1. Section 423.2, subsection 1, unnumbered paragraph 1, Code 2022, is amended to read as follows:

There is imposed a tax ~~of six percent~~ at the rate specified in subsection 12 upon the sales price of all sales of tangible personal property, sold at retail in the state to consumers or users except as otherwise provided in [this subchapter](#).

Sec. 2. Section 423.2, subsections 2 and 3, Code 2022, are amended to read as follows:

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

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

Sec. 3. Section 423.2, subsection 4, paragraph a, Code 2022,

1 is amended to read as follows:

2     ~~a. A tax of six percent~~ at the rate specified in subsection  
3 12 is imposed upon the sales price derived from the operation  
4 of all forms of amusement devices and games of skill, games of  
5 chance, raffles, and bingo games as defined in [chapter 99B](#), and  
6 card game tournaments conducted under [section 99B.27](#), that are  
7 operated or conducted within the state, the tax to be collected  
8 from the operator in the same manner as for the collection of  
9 taxes upon the sales price of tickets or admission as provided  
10 in [this section](#). Nothing in [this subsection](#) shall legalize any  
11 games of skill or chance or slot-operated devices which are now  
12 prohibited by law.

13     Sec. 4. Section 423.2, subsection 5, Code 2022, is amended  
14 to read as follows:

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

18     Sec. 5. Section 423.2, subsection 7, paragraph a,  
19 unnumbered paragraph 1, Code 2022, is amended to read as  
20 follows:

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

24     Sec. 6. Section 423.2, subsection 8, paragraph a, Code 2022,  
25 is amended to read as follows:

26     ~~a. A tax of six percent~~ at the rate specified in subsection  
27 12 is imposed on the sales price from sales of bundled  
28 transactions. For the purposes of [this subsection](#), a "*bundled*  
29 *transaction*" is the retail sale of two or more distinct and  
30 identifiable products, except real property and services to  
31 real property, which are sold for one nonitemized price. A  
32 "*bundled transaction*" does not include the sale of any products  
33 in which the sales price varies, or is negotiable, based on  
34 the selection by the purchaser of the products included in the  
35 transaction.

1     Sec. 7. Section 423.2, subsection 9, Code 2022, is amended  
2 to read as follows:

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

25     Sec. 8. Section 423.2, subsection 10, paragraph a, Code  
26 2022, is amended to read as follows:

27     a. A tax ~~of six percent~~ at the rate specified in subsection  
28 12 is imposed on the sales price of specified digital products  
29 sold at retail in the state. The tax applies whether the  
30 purchaser obtains permanent use or less than permanent use of  
31 the specified digital product, whether the sale is conditioned  
32 or not conditioned upon continued payment from the purchaser,  
33 and whether the sale is on a subscription basis or is not on a  
34 subscription basis.

35     Sec. 9. Section 423.2, subsection 12, Code 2022, is amended

1 by striking the subsection and inserting in lieu thereof the  
2 following:

3 12. a. For the period beginning January 1, 2023, through  
4 December 31, 2050, the sales tax rate is seven percent.

5 b. Beginning January 1, 2051, the sales tax rate is six  
6 percent.

7 Sec. 10. Section 423.2A, subsection 2, paragraphs a, b, and  
8 c, Code 2022, are amended to read as follows:

9 a. (1) Transfer For the period beginning January 1, 2023,  
10 through December 31, 2050, transfer one-seventh of the revenues  
11 collected under deposited into the general fund of the state  
12 under subsection 1 to the appropriate county accounts under  
13 chapter 423B for the counties from which the tax was collected.

14 (2) Beginning January 1, 2051, transfer one-sixth of the  
15 revenues deposited into the general fund of the state under  
16 subsection 1 to the appropriate county accounts under chapter  
17 423B for the counties from which the tax was collected.

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

22 c. ~~Transfer one-sixth of~~ from the remaining revenues an  
23 amount equal to one-seventh of the revenues deposited into the  
24 general fund of the state under subsection 1 to the secure an  
25 advanced vision for education fund created in [section 423F.2](#).  
26 This paragraph "c" is repealed January 1, 2051.

27 Sec. 11. Section 423.5, subsection 1, unnumbered paragraph  
28 1, Code 2022, is amended to read as follows:

29 Except as provided in paragraph "b", an excise tax at the  
30 ~~rate of six percent~~ specified in subsection 4 of the purchase  
31 price or installed purchase price is imposed on the following:

32 Sec. 12. Section 423.5, subsection 4, Code 2022, is amended  
33 by striking the subsection and inserting in lieu thereof the  
34 following:

35 4. a. For the period beginning January 1, 2023, through

1 December 31, 2050, the use tax rate is seven percent.

2 *b.* Beginning January 1, 2051, the use tax rate is six  
3 percent.

4 Sec. 13. Section 423.43, subsection 1, paragraph b, Code  
5 2022, is amended by striking the paragraph and inserting in  
6 lieu thereof the following:

7 *b.* Subsequent to the deposit into the general fund of  
8 the state the department shall do the following in the order  
9 prescribed:

10 (1) (a) For the period beginning January 1, 2023, through  
11 December 31, 2042, transfer one-seventh of such revenues to the  
12 local use tax supplement fund.

13 (b) For the period beginning January 1, 2043, through  
14 December 31, 2050, transfer one-seventh of such revenues to the  
15 appropriate county accounts under chapter 423B for the counties  
16 from which the tax was paid.

17 (c) Beginning January 1, 2051, transfer one-sixth of such  
18 revenues to the appropriate county accounts under chapter 423B  
19 for the counties from which the tax was paid.

20 (2) Transfer one-sixth of such remaining revenues to the  
21 secure an advanced vision for education fund created in section  
22 423F.2. This subparagraph is repealed January 1, 2051.

23 Sec. 14. EFFECTIVE DATE. This division of this Act takes  
24 effect January 1, 2023.

25 DIVISION II

26 AUTOMOBILE RENTAL EXCISE TAX

27 Sec. 15. Section 423C.3, subsection 1, Code 2022, is amended  
28 to read as follows:

29 1. A tax of ~~five~~ seven percent is imposed upon the rental  
30 price of an automobile if the rental transaction is subject  
31 to the sales tax under [chapter 423, subchapter II](#), or the use  
32 tax under [chapter 423, subchapter III](#). The tax shall not be  
33 imposed on any rental transaction not taxable under the state  
34 sales tax, as provided in [section 423.3](#), or the state use tax,  
35 as provided in [section 423.6](#), on automobile rental receipts.



1 interests conveyed prior to January 1, 2023.

2 Sec. 24. PRESERVATION OF EXISTING RIGHTS. This division  
3 of this Act is not intended to and shall not limit, modify, or  
4 otherwise adversely affect any amount of tax credit issued,  
5 awarded, or allowed prior to January 1, 2023, nor shall it  
6 limit, modify, or otherwise adversely affect a taxpayer's right  
7 to claim or redeem a tax credit issued, awarded, or allowed  
8 prior to January 1, 2023, including but not limited to any tax  
9 credit carryforward amount.

10 Sec. 25. EFFECTIVE DATE. This division of this Act takes  
11 effect January 1, 2023.

12 Sec. 26. APPLICABILITY. This division of this Act applies  
13 to tax years beginning on or after January 1, 2023.

14 DIVISION V

15 LOCAL OPTION TAXES

16 Sec. 27. Section 15J.7, subsection 2, Code 2022, is amended  
17 to read as follows:

18 2. In addition to the moneys received pursuant to section  
19 15J.6, a municipality may deposit in the reinvestment project  
20 fund any other moneys lawfully at the municipality's disposal,  
21 including but not limited to ~~local sales and services tax~~  
22 ~~receipts collected~~ revenues received under [chapter 423B](#) if such  
23 use is a purpose authorized for the municipality under chapter  
24 423B.

25 Sec. 28. Section 28A.17, Code 2022, is amended to read as  
26 follows:

27 **28A.17 Local sales and services tax.**

28 1. If an authority is established as provided in section  
29 28A.6 and after approval of a referendum by a simple majority  
30 of votes cast in each metropolitan area in favor of the sales  
31 and services tax, the governing board of a county in this state  
32 within a metropolitan area which is part of the authority shall  
33 impose, at the request of the authority, a local sales and  
34 services tax at the rate of one-fourth of one percent on the  
35 sales price taxed by this state under [section 423.2](#), within



1 the metropolitan area located in this state. The referendum  
2 shall be called by resolution of the board and shall be held  
3 as provided in [section 28A.6](#) to the extent applicable. The  
4 ballot proposition shall contain a statement as to the specific  
5 purpose or purposes for which the revenues shall be expended  
6 and the date of expiration of the tax. The local sales and  
7 services tax shall be imposed on the same basis, with the same  
8 exceptions, and following the same administrative procedures as  
9 provided for a county under [sections 423B.5 and 423B.6, Code](#)  
10 [2022](#). The amount of the sale, for the purposes of determining  
11 the amount of the local sales and services tax under this  
12 section, does not include the amount of any local sales and  
13 services tax imposed under [sections 423B.5 and 423B.6, Code](#)  
14 [2022](#).

15 2. The treasurer of state shall credit the local sales  
16 and services tax receipts and interest and penalties to the  
17 authority's account. Moneys in this account shall be remitted  
18 quarterly to the authority. The proceeds of the tax imposed  
19 under [this section](#) shall be used only for the construction,  
20 reconstruction, or repair of metropolitan facilities as  
21 specified in the referendum. The local sales and services tax  
22 imposed under [this section](#) may be suspended for not less than  
23 a fiscal quarter or more than one year by action of the board.  
24 The suspension may be renewed or continued by the board, but  
25 the board shall act on the suspension at least annually.  
26 The local sales and services tax may also be repealed by a  
27 petition and favorable referendum following the procedures and  
28 requirements of [sections 28A.5 and 28A.6](#) as applicable. The  
29 board shall give the department of revenue at least forty days'  
30 notice of the repeal, suspension, or reinstatement of the tax  
31 and the effective dates for imposition, suspension, or repeal  
32 of the tax shall be as provided in [section 423B.6, Code 2022](#).

33 3. A local sales and services tax authorized under this  
34 section shall not be imposed or collected on or after January  
35 1, 2023.

1     Sec. 29. Section 76.4, Code 2022, is amended to read as  
2 follows:

3     **76.4 Permissive application of funds.**

4     Whenever the governing authority of such political  
5 subdivision shall have on hand funds derived from any other  
6 source than taxation which may be appropriated to the payment  
7 either of interest or principal, or both principal and interest  
8 of such bonds, such funds may be so appropriated and used  
9 and the levy for the payment of the bonds correspondingly  
10 reduced. **This section** shall not restrict the authority of a  
11 political subdivision to apply ~~sales and services~~ tax receipts  
12 ~~collected~~ received pursuant to **chapter 423B** for such purpose.  
13 Notwithstanding **section 423F.3**, a school district may apply tax  
14 receipts received pursuant to **chapter 423F** for the purposes of  
15 this section.

16     Sec. 30. Section 99B.1, subsection 23, Code 2022, is amended  
17 to read as follows:

18     23. "*Net receipts*" means gross receipts less amounts awarded  
19 as prizes and less state ~~and local~~ sales tax paid upon the  
20 gross receipts.

21     Sec. 31. Section 99B.14, subsection 1, Code 2022, is amended  
22 to read as follows:

23     1. A licensed qualified organization shall certify  
24 that the receipts from all charitable gambling conducted  
25 by the organization under **this chapter**, less reasonable  
26 expenses, charges, fees, taxes, and deductions, either will  
27 be distributed as prizes to participants or will be dedicated  
28 and distributed for educational, civic, public, charitable,  
29 patriotic, or religious uses. Reasonable expenses, charges,  
30 fees, taxes other than the state ~~and local~~ sales tax, and  
31 deductions allowed by the department shall not exceed forty  
32 percent of net receipts.

33     Sec. 32. Section 99G.4, subsection 2, Code 2022, is amended  
34 to read as follows:

35     2. The income and property of the authority shall be exempt

1 from all state and local taxes, and the sale of lottery tickets  
2 and shares issued and sold by the authority and its retail  
3 licensees shall be exempt from all state ~~and local~~ sales taxes.

4 Sec. 33. Section 99G.30A, subsection 2, paragraph a, Code  
5 2022, is amended to read as follows:

6 a. The director of revenue shall administer the monitor  
7 vending machine excise tax as nearly as possible in conjunction  
8 with the administration of state sales tax laws. ~~The director~~  
9 ~~shall provide appropriate forms or provide appropriate entries~~  
10 ~~on the regular state tax forms for reporting local sales and~~  
11 ~~services tax liability.~~

12 Sec. 34. Section 279.63, subsection 2, paragraph a, Code  
13 2022, is amended to read as follows:

14 a. All property tax levies, and income surtaxes, ~~and local~~  
15 ~~option sales taxes~~ in place in the school district, listed by  
16 type of levy, rate, amount, duration, and notification of the  
17 maximum rate and amount limitations permitted by statute.

18 Sec. 35. Section 321.40, subsection 5, Code 2022, is amended  
19 by striking the subsection.

20 Sec. 36. Section 321.130, Code 2022, is amended to read as  
21 follows:

22 **321.130 Fees in lieu of taxes.**

23 The registration fees imposed by [this chapter](#) upon private  
24 passenger motor vehicles or semitrailers are in lieu of all  
25 state and local taxes, ~~except local vehicle taxes~~, to which  
26 motor vehicles or semitrailers are subject.

27 Sec. 37. Section 418.13, subsection 2, Code 2022, is amended  
28 to read as follows:

29 2. In addition to the moneys received pursuant to section  
30 418.10 or [418.12](#), a governmental entity may deposit in the  
31 flood project fund any other moneys lawfully received by the  
32 governmental entity, including but not limited to ~~local sales~~  
33 ~~and services tax receipts collected~~ amounts received under  
34 chapter 423B.

35 Sec. 38. Section 421.26, Code 2022, is amended to read as

1 follows:

2 **421.26 Personal liability for tax due.**

3 If a licensee or other person under [section 452A.65](#), a  
4 retailer or purchaser under [chapter 423A](#), ~~423B~~, [423C](#), [423D](#),  
5 or [423E](#), or [section 423.14](#), [423.14A](#), [423.29](#), [423.31](#), [423.32](#),  
6 or [423.33](#), or a user under [section 423.34](#), or a permit holder  
7 or licensee under [section 453A.13](#), [453A.16](#), or [453A.44](#) fails  
8 to pay a tax under those sections when due, an officer of a  
9 corporation or association, notwithstanding [section 489.304](#),  
10 a member or manager of a limited liability company, or a  
11 partner of a partnership, having control or supervision of  
12 or the authority for remitting the tax payments and having  
13 a substantial legal or equitable interest in the ownership  
14 of the corporation, association, limited liability company,  
15 or partnership, who has intentionally failed to pay the tax  
16 is personally liable for the payment of the tax, interest,  
17 and penalty due and unpaid. However, [this section](#) shall  
18 not apply to taxes on accounts receivable. The dissolution  
19 of a corporation, association, limited liability company,  
20 or partnership shall not discharge a person's liability for  
21 failure to remit the tax due.

22 Sec. 39. Section 421.28, Code 2022, is amended to read as  
23 follows:

24 **421.28 Exceptions to successor liability.**

25 The immediate successor to a licensee's or retailer's  
26 business or stock of goods under [chapter 423A](#) or ~~423B~~, or  
27 [section 423.33](#) or [452A.65](#), is not personally liable for  
28 the amount of delinquent tax, interest, or penalty due and  
29 unpaid if the immediate successor shows that the purchase of  
30 the business or stock of goods was made in good faith that  
31 no delinquent tax, interest, or penalty was due and unpaid.  
32 For purposes of [this section](#) the immediate successor shows  
33 good faith by evidence that the department had provided  
34 the immediate successor with a certified statement that  
35 no delinquent tax, interest, or penalty is unpaid, or that

1 the immediate successor had taken in good faith a certified  
2 statement from the licensee, retailer, or seller that no  
3 delinquent tax, interest, or penalty is unpaid. When requested  
4 to do so by a person with whom the licensee or retailer is  
5 negotiating the sale of the business or stock of goods, the  
6 director of revenue shall, upon being satisfied that such  
7 a situation exists, inform that person as to the amount of  
8 unpaid delinquent tax, interest, or penalty due by the licensee  
9 or the retailer. The giving of the information under this  
10 circumstance is not a violation of [section 422.20](#), [422.72](#), or  
11 [452A.63](#).

12 Sec. 40. Section 421.60, subsection 2, paragraph m,  
13 subparagraphs (1) and (2), Code 2022, are amended to read as  
14 follows:

15 (1) The director may abate unpaid state sales and use  
16 ~~taxes and local sales and services taxes~~ owed by a retailer  
17 in the event that the retailer failed to collect tax from the  
18 purchaser as a result of erroneous written advice issued by  
19 the department that was specially directed to the retailer  
20 by the department and the retailer is unable to collect the  
21 tax, interest, or penalties from the purchaser. Before the  
22 tax, interest, and penalties shall be abated on the basis of  
23 erroneous written advice, the retailer must present a copy of  
24 the retailer's request for written advice to the department and  
25 a copy of the department's reply. The department shall not  
26 maintain a position against the retailer that is inconsistent  
27 with the erroneous written advice, except on the basis of  
28 subsequent written advice sent by the department to that  
29 retailer, or a change in state or federal law, a reported  
30 court case to the contrary, a contrary rule adopted by the  
31 department, a change in material facts or circumstances  
32 relating to the retailer, or the retailer's misrepresentation  
33 or incomplete or inadequate representation of material facts  
34 and circumstances in requesting the written advice.

35 (2) (a) The director shall abate the unpaid state sales

1 and use taxes ~~and any local sales and services taxes~~ owed by a  
2 retailer where the retailer failed to collect the tax from the  
3 purchaser on the charges paid for access to on-line computer  
4 services as a result of erroneous written advice issued by the  
5 department regarding the taxability of charges paid for access  
6 to on-line computer services. To qualify for the abatement  
7 under this subparagraph, the erroneous written advice shall  
8 have been issued by the department prior to July 1, 1999, and  
9 shall have been specially directed to the retailer by the  
10 department.

11 (b) If an abatement of unpaid state sales and use taxes ~~and~~  
12 ~~any local sales and services taxes~~ is granted to the retailer  
13 by the director pursuant to this subparagraph, the department  
14 is precluded from collecting from the purchaser any unpaid  
15 state sales and use taxes ~~and any local sales and services~~  
16 ~~taxes~~ which were abated.

17 Sec. 41. Section 422.72, subsection 6, paragraph a, Code  
18 2022, is amended to read as follows:

19 a. The department may enter into a written informational  
20 exchange agreement for tax administration purposes with a city  
21 or county which is entitled to receive funds due to a local  
22 hotel and motel tax ~~or a local sales and services tax~~. The  
23 written informational exchange agreement shall designate no  
24 more than two paid city or county employees that have access to  
25 actual return information relating to that city's or county's  
26 receipts from a local hotel and motel tax ~~or a local sales and~~  
27 ~~services tax~~.

28 Sec. 42. Section 423.4, subsection 2, paragraph d, Code  
29 2022, is amended by striking the paragraph.

30 Sec. 43. Section 423.4, subsection 5, paragraph f, Code  
31 2022, is amended to read as follows:

32 f. Notwithstanding the state sales tax imposed in section  
33 423.2, a rebate issued pursuant to **this subsection** shall not  
34 exceed an amount equal to five percent of the sales price  
35 of the tangible personal property or services furnished to

1 purchasers at the automobile racetrack facility. Any local  
2 option taxes paid and collected shall not be subject to rebate  
3 under ~~this subsection.~~

4 Sec. 44. Section 423.4, subsection 7, paragraph f, Code  
5 2022, is amended to read as follows:

6 ~~f. The refund in this subsection applies only to state~~  
7 ~~sales and use tax paid and does not apply to local option~~  
8 ~~sales and services taxes imposed pursuant to chapter 423B.~~  
9 Notwithstanding the state sales tax imposed in [section 423.2](#),  
10 a refund issued pursuant to [this section](#) shall not exceed  
11 an amount equal to five percent of the sales price of the  
12 fuel used to create heat, power, and steam for processing  
13 or generating electrical current or from the sale price  
14 of electricity consumed by computers, machinery, or other  
15 equipment for operation of the data center business facility.

16 Sec. 45. Section 423.4, subsection 8, paragraph g, Code  
17 2022, is amended to read as follows:

18 ~~g. The refund in this subsection applies only to state~~  
19 ~~sales and use tax paid and does not apply to local option~~  
20 ~~sales and services taxes imposed pursuant to chapter 423B.~~  
21 Notwithstanding the state sales tax imposed in [section 423.2](#),  
22 a refund issued pursuant to [this section](#) shall not exceed an  
23 amount equal to five percent of the sales price of the items  
24 listed in paragraph "a", subparagraphs (1), (2), and (3).

25 Sec. 46. Section 423.14A, subsection 2, Code 2022, is  
26 amended to read as follows:

27 2. In addition to and not in lieu of any application of  
28 this chapter to sellers who are retailers and sellers who are  
29 retailers maintaining a place of business in this state, any  
30 person described in [subsection 3](#), or the person's agents,  
31 shall be considered a retailer in this state and a retailer  
32 maintaining a place of business in this state for purposes of  
33 this chapter on or after January 1, 2019, and shall be subject  
34 to all requirements of [this chapter](#) imposed on retailers and  
35 retailers maintaining a place of business in this state,

1 including but not limited to the requirement to collect and  
2 remit sales and use taxes pursuant to [sections 423.14](#) and  
3 [423.29](#), ~~and local option taxes under [chapter 423B](#).~~

4 Sec. 47. Section 423.33, subsection 1, paragraph c, Code  
5 2022, is amended to read as follows:

6 c. If the retailer fails to collect sales tax at the time  
7 of the transaction, the retailer shall thereafter remit the  
8 applicable sales tax, or the purchaser thereafter shall remit  
9 the applicable use tax. ~~If the purchaser remits all applicable~~  
10 ~~use tax, the retailer remains liable for any local sales and~~  
11 ~~services tax under [chapter 423B](#) that the retailer failed to~~  
12 ~~collect.~~

13 Sec. 48. Section 423.34A, unnumbered paragraph 1, Code  
14 2022, is amended to read as follows:

15 A purchaser is relieved of liability for payment of state  
16 sales or use tax, ~~for payment of any local option sales tax,~~  
17 for payment of interest, or for payment of any penalty for  
18 nonpayment of tax which nonpayment is not fraudulent, willful,  
19 or intentional, under the following circumstances:

20 Sec. 49. Section 423.36, subsection 9, paragraph a, Code  
21 2022, is amended to read as follows:

22 a. Except as provided in paragraph "b", purchasers, users,  
23 and consumers of tangible personal property, specified digital  
24 products, or enumerated services taxed pursuant to subchapter  
25 II or III of [this chapter](#) ~~or [chapter 423B](#)~~ may be authorized,  
26 pursuant to rules adopted by the director, to remit tax owed  
27 directly to the department instead of the tax being collected  
28 and paid by the seller. To qualify for a direct pay tax permit,  
29 the purchaser, user, or consumer must accrue a tax liability  
30 of more than four thousand dollars in tax under subchapters  
31 II and III in a semimonthly period and make deposits and file  
32 returns pursuant to [section 423.31](#). This authority shall not  
33 be granted or exercised except upon application to the director  
34 and then only after issuance by the director of a direct pay  
35 tax permit.



1     Sec. 50. Section 423B.1, Code 2022, is amended by striking  
2 the section and inserting in lieu thereof the following:

3     **423B.1 Use of revenues deposited in the local sales and use**  
4 **tax fund — revenue purpose statement.**

5     1. *a.* Revenues credited to and deposited in each county's  
6 account within the local sales and use tax fund shall be  
7 expended by each recipient county and city as required by the  
8 revenue purpose statement, subject to the requirements of  
9 section 423B.7, subsection 7, and approved under this section  
10 for the city or for the county for the unincorporated areas of  
11 the county, or as required by subsection 3.

12     *b.* A revenue purpose statement for the use of local option  
13 sales and services tax revenue under this chapter approved at  
14 election prior to January 1, 2023, and in effect on or set  
15 to take effect on or after January 1, 2023, and the use of  
16 revenues received under this chapter for purposes authorized  
17 under section 423B.10 for ordinances in effect and approved  
18 before January 1, 2023, shall continue in effect for revenues  
19 received under this chapter until the expiration of the revenue  
20 purpose statement or ordinance, if applicable, or until the  
21 county board of supervisors or city council, as applicable,  
22 adopts a new revenue purpose statement under subsection 2 or  
23 repeals or amends the ordinance for the use of revenues under  
24 section 423B.10.

25     2. The board of supervisors of each county and the city  
26 council of each city may adopt by resolution a revenue purpose  
27 statement for the expenditure of funds received under this  
28 chapter.

29     3. Each city and county without a valid revenue purpose  
30 statement shall expend the revenues received for the following  
31 purposes in the order prescribed in this subsection, except  
32 that the payment of bonds for which the revenues have been  
33 pledged shall be paid first:

34     *a.* Reduction of the county's basic levies under section  
35 331.423 or reduction of the city general fund levy under

1 section 384.1, as applicable.

2 *b.* Reduction of any debt service levy of the county or city,  
3 as applicable.

4 *c.* Reduction of the city's additional taxes levied under  
5 section 384.12 or the county's supplemental levies under  
6 section 331.424, as applicable.

7 *d.* Reduction of any other property tax levy of the county  
8 or city, as applicable.

9 Sec. 51. NEW SECTION. **423B.1A Local use tax supplement**  
10 **fund.**

11 1. A local use tax supplement fund is created in the state  
12 treasury under the control of the department of revenue. The  
13 fund shall consist of all moneys transferred under section  
14 423.43, subsection 1, paragraph "b", subparagraph (1),  
15 subparagraph division (a), and moneys appropriated to the fund.

16 2. Moneys in the local use tax supplement fund are annually  
17 appropriated to the department of revenue and shall be used for  
18 supplement payments to cities and counties under this section.

19 3. For each year during the period beginning January 1,  
20 2023, through December 31, 2042, each city or county for the  
21 unincorporated portion of the county, shall receive a local  
22 use tax supplement payment equal to the difference, but not  
23 less than zero between the amount of revenue received by the  
24 city or county under section 423B.7, Code 2022, for the period  
25 beginning January 1, 2022, and ending December 31, 2022, minus  
26 the amount that would have been received by that city or county  
27 for that period if all cities and the county were eligible for  
28 distributions of such revenues under section 423B.7, Code 2022.  
29 If moneys in the fund are insufficient to pay all supplement  
30 amounts for the year, the director of revenue shall prorate the  
31 payment of the supplement payments and shall notify the cities  
32 and counties of the pro rata percentage.

33 4. The supplement payment calculated under subsection 3  
34 shall be paid to each city or county for the unincorporated  
35 area of the county and shall be combined with and be used in the

1 same manner and be subject to the same requirements as moneys  
2 received by the city or county under section 423B.7 for that  
3 year.

4 5. Notwithstanding section 12C.7, subsection 2, interest or  
5 earnings on moneys deposited in the local use tax supplement  
6 fund shall be credited to the local use tax supplement fund.  
7 Notwithstanding section 8.33, moneys credited to the local use  
8 tax supplement fund shall not revert at the close of a fiscal  
9 year.

10 6. This section is repealed January 1, 2043. Moneys in the  
11 fund upon the repeal of this section shall be transferred to  
12 the appropriate county accounts under section 423B.7 for the  
13 counties from which the tax was paid.

14 Sec. 52. Section 423B.7, subsection 1, Code 2022, is amended  
15 to read as follows:

16 1. *a.* Except as provided in ~~paragraphs~~ paragraph "b" and  
17 "e", the director shall credit the local sales and services tax  
18 receipts and interest and penalties from a county imposed tax  
19 as specified in section 423.2A, subsection 2, paragraph "a",  
20 including any interest and penalties, to the county's account  
21 in the local sales and services use tax fund for the county in  
22 from which the tax was collected. The director shall credit  
23 the use tax receipts as specified in section 423.43, subsection  
24 1, paragraph "b", subparagraph (1), subparagraph divisions (b)  
25 and (c), including any interest and penalties, to the county's  
26 account in the local sales and use tax fund for the county  
27 from which the use tax was paid. If the director is unable to  
28 determine from which county any of the receipts were collected  
29 or paid, as applicable, those receipts shall be allocated among  
30 the possible counties based on allocation rules adopted by the  
31 director.

32 *b.* The director shall credit the designated amount of the  
33 increase in ~~local~~ sales and services tax receipts, as computed  
34 in [section 423B.10](#), collected in an urban renewal area of an  
35 eligible city that has adopted an ordinance pursuant to section

1 423B.10, subsection 2, into a special city account in the local  
2 sales and ~~services~~ use tax fund.

3 ~~c. The director shall credit the local sales and services~~  
4 ~~tax receipts and interest and penalties from a city-imposed tax~~  
5 ~~under section 423B.1, subsection 2, to the city's account in~~  
6 ~~the local sales and services tax fund.~~

7 Sec. 53. Section 423B.7, subsection 2, paragraph a, Code  
8 2022, is amended by striking the paragraph and inserting in  
9 lieu thereof the following:

10 a. The director of revenue by the last day of each month  
11 shall transfer to each city or county the amount of tax  
12 receipts remitted to the department attributable to each city  
13 or county from the preceding month.

14 Sec. 54. Section 423B.7, subsections 3 and 4, Code 2022, are  
15 amended to read as follows:

16 3. Seventy-five percent of each county's account shall be  
17 remitted on the basis of the county's population residing in  
18 the unincorporated area ~~where the tax was imposed~~ and those the  
19 ~~incorporated areas where the tax was imposed~~ as follows:

20 a. To the board of supervisors a pro rata share based upon  
21 the percentage of the above population of the county residing  
22 in the unincorporated area of the county ~~where the tax was~~  
23 ~~imposed~~ according to the most recent certified federal census.

24 b. To each city in the county ~~where the tax was imposed~~  
25 a pro rata share based upon the percentage of the city's  
26 population residing in the county to the above population of  
27 the county according to the most recent certified federal  
28 census.

29 c. If a subsequent certified census exists which modifies  
30 that most recent certified federal census for a ~~participating~~  
31 jurisdiction under paragraphs "a" and "b", the computations  
32 under paragraphs "a" and "b" shall utilize the subsequent  
33 certified census in the distribution formula under rules  
34 established by the director of revenue.

35 4. Twenty-five percent of each county's account shall

1 be remitted based on the sum of property tax dollars levied  
2 by the board of supervisors ~~if the tax was imposed~~ in the  
3 unincorporated areas and by each city in the county ~~where the~~  
4 ~~tax was imposed~~ during the three-year period beginning July 1,  
5 1982, and ending June 30, 1985, as follows:

6     *a.* To the board of supervisors a pro rata share based upon  
7 the percentage of the total property tax dollars levied by the  
8 board of supervisors during the above three-year period.

9     *b.* To each city council ~~where the tax was imposed~~ a pro rata  
10 share based upon the percentage of property tax dollars levied  
11 by the city during the above three-year period of the above  
12 total property tax dollars levied by the board of supervisors  
13 and each city where the tax was imposed during the above  
14 three-year period.

15     Sec. 55. Section 423B.7, subsection 5, Code 2022, is amended  
16 by striking the subsection.

17     Sec. 56. Section 423B.7, subsections 6 and 7, Code 2022, are  
18 amended to read as follows:

19     6. From each special city account under subsection 1,  
20 paragraph "b", the sales and services tax revenues shall be  
21 remitted to the city council for deposit in the special fund  
22 created in [section 403.19, subsection 2](#), to be used by the city  
23 as provided in [section 423B.10](#). The distribution from the  
24 special city account is not subject to the distribution formula  
25 provided in [subsections 3, 4, and 5](#).

26     7. *a.* Subject to the requirement of paragraph "b" and the  
27 requirements under section 423B.1, subsection 3, ~~local sales~~  
28 ~~and services tax moneys~~ amounts received by a city or county  
29 under this chapter may be expended for any lawful purpose of  
30 the city or county, including but not limited to expenses  
31 related to providing emergency medical services within the  
32 applicable city or county.

33     *b.* ~~Each city located in whole or in part in a qualified~~  
34 ~~county and each qualified county for the unincorporated area~~  
35 ~~for which the imposition of the local sales and services tax~~

1 ~~in the city or portion thereof or the unincorporated area, as~~  
2 ~~applicable, was~~ revenue purpose statement approved at election  
3 on or after January 1, ~~2019~~ 2023, shall require the use of  
4 not less than fifty percent of the moneys received from the  
5 ~~qualified county's account in the local sales and services~~  
6 ~~tax fund~~ applicable county under this chapter for property  
7 tax relief. However, for a county with a population of four  
8 hundred thousand or more, a revenue purpose statement governing  
9 the use of revenues for the unincorporated area of the county  
10 approved on or after January 1, 2023, shall require the use of  
11 seventy-five percent of the moneys received by the county under  
12 this chapter for property tax relief.

13 c. For purposes of this subsection, property tax relief  
14 includes payments under a chapter 28E agreement for purposes of  
15 a regional transit district if such payments are used to reduce  
16 the regional transit district levy under section 28M.5. For a  
17 city located in whole or in part in a county with a population  
18 of four hundred thousand or more, the use of revenues received  
19 under this chapter for the purposes of this paragraph shall  
20 not exceed ten percent of the amount received and for a county  
21 with a population of four hundred thousand or more, for the  
22 unincorporated area, shall not exceed twenty-five percent of  
23 the amount received under this chapter.

24 Sec. 57. Section 423B.9, subsection 1, paragraphs b and c,  
25 Code 2022, are amended to read as follows:

26 *b. "Designated portion"* means the portion of the ~~local~~  
27 ~~option sales and services tax revenues~~ received under this  
28 chapter which is authorized to be expended for one or a  
29 combination of purposes under an adopted public measure.

30 *c. "Secondary recipient"* means a political subdivision of  
31 the state which is to receive ~~revenues~~ amounts from a ~~local~~  
32 ~~option sales and services tax revenues~~ under this chapter  
33 over a period of years pursuant to the terms of a **chapter 28E**  
34 agreement with one or more cities or counties.

35 Sec. 58. Section 423B.9, subsections 2 and 3, Code 2022, are

1 amended to read as follows:

2 2. An issuer of public bonds which is a recipient of  
3 revenues ~~from a local option sales and services tax imposed~~  
4 pursuant to [this chapter](#) may issue bonds in anticipation of  
5 the collection of one or more designated portions of the  
6 ~~local option sales and services tax~~ such revenues and may  
7 pledge irrevocably an amount of the revenue derived from the  
8 designated portions for each of the years the bonds remain  
9 outstanding to the payment of the bonds. Bonds may be issued  
10 only for one or more of the purposes set forth ~~on the ballot~~  
11 ~~proposition concerning the imposition of the local option sales~~  
12 ~~and services tax~~ in the revenue purpose statement, except bonds  
13 shall not be issued which are payable from that portion of tax  
14 revenues designated for property tax relief. The bonds may be  
15 issued in accordance with the procedures set forth in either  
16 subsection 3 or 4.

17 3. The governing body of an issuer may authorize the  
18 issuance of bonds which are payable from the designated portion  
19 of the revenues ~~of the local option sales and services tax~~  
20 received under this chapter, and not from property tax, by  
21 following the authorization procedures set forth for cities  
22 in [section 384.83](#). Bonds may be issued for the purpose of  
23 refunding outstanding and previously issued bonds under this  
24 subsection without otherwise complying with the provisions of  
25 this subsection.

26 Sec. 59. Section 423B.9, subsection 4, paragraph b, Code  
27 2022, is amended to read as follows:

28 *b.* The provisions of [chapter 76](#) apply to the bonds payable  
29 as provided in [this subsection](#), except that the mandatory levy  
30 to be assessed pursuant to [section 76.2](#) shall be at a rate  
31 to generate an amount which together with the receipts from  
32 the pledged designated portion of the ~~local option sales and~~  
33 ~~services tax~~ revenues received under this chapter is sufficient  
34 to pay the interest and principal on the bonds. All amounts  
35 collected as a result of the levy assessed pursuant to section

1 76.2 and paid out in the first instance for bond principal  
2 and interest shall be repaid to the bond issuer which levied  
3 the tax from the first available designated portion of ~~local~~  
4 ~~option sales and services tax collections~~ revenues received  
5 under this chapter in excess of the requirement for the payment  
6 of the principal and interest of the bonds and when repaid  
7 shall be applied in reduction of property taxes. The amount  
8 of bonds which may be issued under [section 76.3](#) shall be the  
9 amount which could be retired from the actual collections of  
10 the designated portions of the ~~local option sales and services~~  
11 ~~tax~~ revenues received under this chapter for the last four  
12 calendar quarters, as certified by the director of revenue.  
13 The amount of tax revenues pledged jointly by other cities or  
14 counties may be considered for the purpose of determining the  
15 amount of bonds which may be issued. If the ~~local option sales~~  
16 ~~and services tax has been in effect~~ revenues have been received  
17 under this chapter for less than four calendar quarters, the  
18 ~~tax collected~~ revenues received within the shorter period may  
19 be adjusted to project the ~~collections~~ amount of the designated  
20 portion for the full year for the purpose of determining the  
21 amount of the bonds which may be issued. The provisions of  
22 this section constitute separate authorization for the issuance  
23 of bonds and shall prevail in the event of conflict with  
24 any other provision of the Code limiting the amount of bonds  
25 which may be issued or the source of payment of the bonds.  
26 Bonds issued under [this section](#) shall not limit or restrict  
27 the authority of the bond issuer to issue bonds under other  
28 provisions of the Code.

29 Sec. 60. Section 423B.9, subsection 5, Code 2022, is amended  
30 to read as follows:

31 5. A city or county, jointly with one or more other  
32 political subdivisions as provided in [chapter 28E](#), may pledge  
33 irrevocably any amount derived from the designated portions  
34 of the revenues ~~of the local option sales and services tax~~  
35 received under this chapter to the support or payment of bonds



1 of an issuer, issued for one or more purposes set forth on  
2 ~~the ballot proposition concerning the imposition of the local~~  
3 ~~option sales and services tax in the revenue purpose statement~~  
4 or a political subdivision may apply the proceeds of its bonds  
5 to the support of any such purpose.

6 Sec. 61. Section 423B.10, subsection 1, paragraph b, Code  
7 2022, is amended to read as follows:

8 *b.* *"Eligible city"* means a city in which ~~a local sales and~~  
9 ~~services tax imposed by the county applies or a city described~~  
10 ~~in [section 423B.1, subsection 2](#), paragraph "a", and in which an~~  
11 urban renewal area has been designated.

12 Sec. 62. Section 423B.10, subsections 2, 3, 5, and 6, Code  
13 2022, are amended to read as follows:

14 2. *a.* Upon approval by the board of supervisors of each  
15 applicable county pursuant to paragraph *"b"*, an eligible city  
16 may by ordinance of the city council provide for the use of a  
17 designated amount of the increased ~~local~~ sales and services  
18 tax revenues ~~collected~~ received under [this chapter](#) which are  
19 attributable to retail establishments in an urban renewal  
20 area to fund urban renewal projects located in the area. The  
21 designated amount may be all or a portion of such increased  
22 revenues.

23 *b.* A city shall not adopt an ordinance under paragraph  
24 *"a"* unless the board of supervisors of each county where the  
25 urban renewal area from which such ~~local~~ sales and services  
26 tax revenues are to be collected and used to fund urban  
27 renewal projects is located first adopts a resolution approving  
28 the ~~collection and~~ use of such ~~local~~ sales and services tax  
29 revenues.

30 3. To determine the revenue increase for purposes of  
31 subsection 2, revenue amounts shall be calculated by the  
32 department of revenue as follows:

33 *a.* Determine the amount of ~~local~~ sales and services tax  
34 revenue collected and attributable to a one percent sales and  
35 services tax from retail establishments located in the area

1 comprising the urban renewal area during the base year.

2 *b.* Determine the current year one percent sales and services  
3 tax revenue amount for each fiscal year following the base year  
4 in the manner specified in paragraph "a".

5 *c.* The excess of the amount determined in paragraph "b" over  
6 the base year revenue amount determined in paragraph "a" is the  
7 increase in the ~~local~~ sales and services tax revenues of which  
8 the designated amount is to be deposited in the special city  
9 account created in section 423B.7, subsection 6.

10 5. In addition to the moneys received pursuant to the  
11 ordinance authorized under subsection 2, an eligible city  
12 may deposit any other ~~local~~ sales and services tax revenues  
13 received by ~~it~~ the city pursuant to the distribution formula in  
14 section 423B.7, subsections 3, 4, and 5, to the special fund  
15 described in section 403.19, subsection 2.

16 6. For purposes of this section, the eligible city shall  
17 assist the department of revenue in identifying retail  
18 establishments in the urban renewal area that are collecting  
19 the ~~local~~ sales and services tax. This process shall be  
20 ongoing until the ordinance is repealed.

21 Sec. 63. REPEAL. 2019 Iowa Acts, chapter 151, section 21,  
22 is repealed.

23 Sec. 64. REPEAL. Sections 423B.2, 423B.3, 423B.4, 423B.5,  
24 423B.6, and 423B.8, Code 2022, are repealed.

25 Sec. 65. EFFECTIVE DATE. This division of this Act takes  
26 effect January 1, 2023.

27 DIVISION VI

28 NATURAL RESOURCES AND OUTDOOR RECREATION TRUST FUND

29 Sec. 66. Section 2.45, Code 2022, is amended by adding the  
30 following new subsection:

31 NEW SUBSECTION. 5A. *a.* The legislative natural resources  
32 and outdoor recreation trust fund review committee which  
33 shall be composed of ten members of the general assembly,  
34 consisting of five members from each chamber, to be appointed  
35 by the legislative council. In appointing the five members

1 of each chamber to the committee, the council shall appoint  
2 three members from the majority party and two members from the  
3 minority party.

4 *b.* The legislative natural resources and outdoor recreation  
5 trust fund review committee shall have the powers and duties  
6 described in section 2.49.

7 *c.* This subsection is repealed December 31, 2051.

8 **Sec. 67. NEW SECTION. 2.49 Legislative natural resources**  
9 **and outdoor recreation trust fund review committee.**

10 1. The legislative natural resources and outdoor recreation  
11 trust fund review committee shall meet during the legislative  
12 interim in calendar years 2030, 2040, and 2050. The committee  
13 shall consider the most effective ways to manage trust fund  
14 moneys to further the purpose of Article VII, section 10, of  
15 the Constitution of the State of Iowa. As part of its duties,  
16 the committee may consider any of the following:

17 *a.* The administration of the trust fund, trust accounts, and  
18 designated funds as provided in chapter 461.

19 *b.* The effectiveness of initiatives supported by trust fund  
20 moneys as provided in chapter 461.

21 2. The committee shall report to the legislative council  
22 the results of its considerations, which may include  
23 recommendations and proposed legislation for consideration  
24 during the next session of the general assembly.

25 3. This section is repealed December 31, 2051.

26 **Sec. 68.** Section 8.57, subsection 5, paragraph f,  
27 subparagraph (l), subparagraph division (c), Code 2022, is  
28 amended by striking the subparagraph division.

29 **Sec. 69.** Section 8.57, subsection 5, paragraph f,  
30 subparagraph (l), subparagraph division (f), Code 2022, is  
31 amended to read as follows:

32 (f) For the fiscal year beginning July 1, 2018, and for  
33 each fiscal year thereafter, the total moneys in excess of the  
34 moneys deposited under this paragraph "f" in the revenue bonds  
35 debt service fund, the revenue bonds federal subsidy holdback

1 fund, the vision Iowa fund, ~~the water quality infrastructure~~  
2 ~~fund~~, the Iowa skilled worker and job creation fund, and the  
3 general fund of the state shall be deposited in the rebuild  
4 Iowa infrastructure fund and shall be used as provided in this  
5 section, notwithstanding [section 8.60](#).

6 Sec. 70. Section 8.57B, subsection 1, Code 2022, is amended  
7 to read as follows:

8 1. a. A water quality infrastructure fund is created within  
9 the division of soil conservation and water quality of the  
10 department of agriculture and land stewardship.

11 b. The fund shall consist of ~~moneys deposited in the~~  
12 ~~fund pursuant to [section 8.57, subsection 5](#), paragraph "f",~~  
13 ~~subparagraph (1), subparagraph division (c), moneys~~ all of the  
14 following:

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

17 (b) This subparagraph (1) is repealed December 31, 2051.

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

21 Sec. 71. Section 16.134A, subsection 2, paragraph a,  
22 subparagraphs (1) and (2), Code 2022, are amended to read as  
23 follows:

24 (1) Moneys transferred to the fund pursuant to section  
25 ~~423G.6~~ 461.34.

26 (2) This paragraph "a" is repealed on ~~January 1, 2040~~  
27 December 31, 2051.

28 Sec. 72. Section 455A.17, Code 2022, is amended by striking  
29 the section and inserting in lieu thereof the following:

30 **455A.17 Regional meetings.**

31 1. Beginning in calendar year 2023, and every four  
32 calendar years thereafter, the department shall arrange  
33 and conduct regional meetings to identify opportunities for  
34 regional resource enhancement and protection, and to review  
35 and recommend changes in resource enhancement and protection

1 policies, programs, and funding. The department shall provide  
2 outreach and educational services to those attending, which  
3 shall include the distribution of information regarding  
4 resource enhancement and protection expenditures. The  
5 department shall promote attendance of interested persons for  
6 each regional meeting.

7 2. The expenses of the department in making the arrangements  
8 for and conducting regional meetings and providing outreach and  
9 educational services shall be paid from moneys credited to the  
10 administration fund created in section 456A.17.

11 Sec. 73. Section 455A.18, subsection 1, Code 2022, is  
12 amended to read as follows:

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

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

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

18 (b) This subparagraph (1) is repealed December 31, 2051.

19 (2) Revenues and all other moneys lawfully credited or  
20 transferred to the fund. The director shall certify monthly  
21 the portions of the fund that are allocated to the various  
22 accounts as provided under [section 455A.19](#). The director shall  
23 certify before the twentieth of each month the portions of  
24 the fund resulting from the previous month's receipts to be  
25 allocated to the various accounts.

26 Sec. 74. Section 455A.18, subsection 3, paragraph a, Code  
27 2022, is amended by striking the paragraph.

28 Sec. 75. Section 455A.18, subsection 3, paragraph b, Code  
29 2022, is amended to read as follows:

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

32 Sec. 76. Section 461.2, Code 2022, is amended to read as  
33 follows:

34 **461.2 Definitions.**

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

1 requires:

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

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

8 3. "Designated fund" means the water quality infrastructure  
9 fund created in section 8.57B, the water quality financial  
10 assistance fund created in section 16.134A, or the Iowa  
11 resources enhancement and protection fund created in section  
12 455A.18.

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

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

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

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

25 8. "Point source" means the same as defined in section  
26 455B.171.

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

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

1 scenic, or scientific sites.

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

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

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

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

21 Sec. 77. Section 461.3, Code 2022, is amended to read as  
22 follows:

23 **461.3 Constitutional purpose, and implementation, and**  
24 **revenue.**

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

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

1 or transfer other moneys to support those initiatives or  
2 constitutional purposes.

3 Sec. 78. Section 461.11, subsection 2, Code 2022, is amended  
4 to read as follows:

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

12 Sec. 79. NEW SECTION. 461.20 Information regarding trust  
13 fund moneys.

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

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

25 Sec. 80. Section 461.21, Code 2022, is amended to read as  
26 follows:

27 **461.21 Audit.**

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

33 2. The auditor of state or the certified public accounting  
34 firm appointed by the auditor as provided in subsection 1  
35 shall be paid from trust fund moneys without reducing the



1 percentage of trust fund moneys ~~distributed~~ allocated to the  
2 ~~Iowa resources enhancement and protection fund or any one a~~  
3 trust account established or designated fund pursuant to ~~this~~  
4 ~~chapter~~ subchapter IV.

5 Sec. 81. Section 461.22, Code 2022, is amended to read as  
6 follows:

7 **461.22 Report Trust fund report.**

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

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

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

28 Sec. 82. Section 461.23, Code 2022, is amended to read as  
29 follows:

30 **461.23 Rules.**

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

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

2 Sec. 83. Section 461.24, Code 2022, is amended by striking  
3 the section and inserting in lieu thereof the following:

4 **461.24 Public listing.**

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

12 Sec. 84. NEW SECTION. **461.25 Use of trust fund moneys.**

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

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

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

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

35 5. When making a determination to support competing

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

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

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

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

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

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

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

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

29 Sec. 85. Section 461.31, Code 2022, is amended to read as  
30 follows:

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

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

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

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

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

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

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

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

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

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

30       *b.* Notwithstanding sections 461.32 through 461.38, for the  
31 fiscal year beginning July 1, 2023, and for each subsequent  
32 fiscal year, only that amount as authorized by an Act of  
33 the general assembly shall be allocated from the trust fund  
34 to a trust account or designated fund as provided in this  
35 subchapter. However, if for a fiscal year no Act of the

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

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

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

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

16 Sec. 86. Section 461.32, Code 2022, is amended to read as  
17 follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 Sec. 87. Section 461.33, Code 2022, is amended to read as  
20 follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 Sec. 88. Section 461.34, Code 2022, is amended to read as  
5 follows:

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

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

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

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

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

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

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

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

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

35 (1) The administration of geographic information systems



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

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

5 (3) Floodplain permitting.

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

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

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

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

32 Sec. 89. Section 461.35, Code 2022, is amended to read as  
33 follows:

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

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

5 Sec. 90. Section 461.36, Code 2022, is amended by striking  
6 the section and inserting in lieu thereof the following:

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

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

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

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

18 Sec. 91. NEW SECTION. **461.36A Local conservation**  
19 **partnership program.**

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

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

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

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

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

31 *b.* Promote wildlife diversity.

32 *c.* Further a recreational purpose.

33 *d.* Improve rivers and streams.

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

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

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

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

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

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

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

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

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

31 Sec. 92. Section 461.37, Code 2022, is amended to read as  
32 follows:

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

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

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

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

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

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

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

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

32 Sec. 93. Section 461.38, Code 2022, is amended to read as  
33 follows:

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

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

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

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

9 a. Public lake restoration initiatives as follows:

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

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

18 b. The stabilization and restoration of stream banks.

19 Sec. 94. NEW SECTION. 461.51 Repeal.

20 This chapter is repealed December 31, 2051.

21 Sec. 95. CODE EDITOR DIRECTIVE.

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

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

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

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

31 Sec. 96. REPEAL. Section 455A.20, Code 2022, is repealed.

32 Sec. 97. EFFECTIVE DATE. This division of this Act takes  
33 effect January 1, 2023.

34

#### EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

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

2       This bill relates to state and local revenue and finances  
3 and modifies sales and use taxes, the charitable conservation  
4 contribution tax credit available against individual and  
5 corporate income taxes, the automobile rental excise tax, the  
6 water service tax, the local option tax, and credits moneys to  
7 the natural resource and outdoor recreation trust fund.

8       DIVISION I — SALES AND USE TAX. An amendment to the Iowa  
9 Constitution was ratified on November 2, 2010, which created  
10 a natural resources and outdoor recreation trust fund (fund)  
11 and dedicated a portion of state revenues to the fund for  
12 the purposes of protecting and enhancing water quality and  
13 natural areas in the state including parks, trails, and fish  
14 and wildlife habitat, and conserving agricultural soils in  
15 the state (Article VII, section 10). The fund is codified in  
16 Code section 461.31. Pursuant to the amendment, the amount  
17 credited to the fund will be equal to the amount generated  
18 by an increase in the state sales tax rate occurring after  
19 the effective date of the constitutional amendment, but shall  
20 not exceed the amount that a state sales tax rate of 0.375  
21 percent would generate. The state sales tax rate has not  
22 been increased since the effective date of the constitutional  
23 amendment, so no amounts have been credited to the fund. The  
24 bill increases the sales tax rate and the use tax rate from 6  
25 percent to 7 percent beginning January 1, 2023. In lieu of the  
26 local option and sales services tax revenue repealed in another  
27 division of the bill, the bill transfers a specified amount of  
28 the state sales and use tax revenues collected to the local  
29 sales and use tax fund established under Code chapter 423B,  
30 for allocation and expenditure in a manner similar to that  
31 which was provided for local sales and services tax revenues.  
32 However, as provided in another division of the bill, amounts  
33 resulting from the increase in the use tax for the period  
34 beginning January 1, 2023, through December 31, 2042, are  
35 deposited in the local use tax supplement fund to be used for

1 purposes of that fund. The bill, as the result of Article VII,  
2 section 10, of the Constitution of the State of Iowa, also  
3 amends the transfer of sales tax revenues to the secure an  
4 advanced vision for education fund in Code section 423.2A(2).

5 DIVISION II — AUTOMOBILE RENTAL EXCISE TAX. The bill  
6 increases the automobile rental excise tax from 5 percent to 7  
7 percent on the rental of automobiles rented on or after January  
8 1, 2023.

9 DIVISION III — WATER SERVICE TAX. The bill raises the  
10 water service tax on the furnishing of water to consumers from  
11 6 percent to 7 percent.

12 Currently, one-half of the moneys collected from the water  
13 service tax are deposited into the general fund of the state  
14 and one-half of the moneys are deposited into the water quality  
15 financial assistance fund created in Code section 16.134A.  
16 The bill strikes the provision requiring one-half of the  
17 water service tax moneys be deposited into the water quality  
18 financial assistance fund and requires all moneys generated  
19 from the water service tax be deposited into the general fund  
20 of the state.

21 The bill also strikes the future repeal of the water service  
22 excise tax.

23 The division takes effect January 1, 2023.

24 DIVISION IV — CHARITABLE CONSERVATION CONTRIBUTION  
25 TAX CREDIT. The bill prohibits a charitable conservation  
26 contribution tax credit from being claimed against the  
27 individual or corporate income tax, except for qualified real  
28 property interests conveyed prior to January 1, 2023. The bill  
29 allows the credit in excess of tax liability to carry forward  
30 for qualified real property interests conveyed prior to January  
31 1, 2023. The bill preserves existing rights and is intended to  
32 not limit, modify, or otherwise adversely affect any amount of  
33 the tax credit issued, awarded, or allowed prior to the repeal  
34 date of any tax credit. The division takes effect January 1,  
35 2023, and applies to tax years beginning on or after that date.

1 DIVISION V — LOCAL OPTION TAXES. Code chapter 423B  
2 authorizes, following approval at election, the imposition of  
3 a local option sales and services tax at a rate not to exceed  
4 one percent to be administered similarly to the state sales  
5 and services tax and authorizes the imposition of a local  
6 vehicle tax. The bill strikes the authorization for the local  
7 vehicle tax and also strikes the authorization to impose the  
8 local option sales and services tax under Code chapter 423B,  
9 but instead authorizes cities and counties to expend specified  
10 state sales and use tax revenues that are deposited in the  
11 local sales and use tax fund following the increase of the  
12 state sales and use taxes rates in previous sections of the  
13 bill.

14 Under the bill, sales and services tax revenue credited to  
15 and deposited in each county's account within the local sales  
16 and use tax fund must be expended by each recipient county  
17 and city as required by the jurisdiction's revenue purpose  
18 statement, including a revenue purpose statement approved at  
19 election prior to January 1, 2023, and in effect on or set to  
20 take effect on or after January 1, 2023, for the use of local  
21 option sales and use tax revenue previously collected under  
22 Code chapter 423B, or be used to reduce specified property tax  
23 levies.

24 The bill also modifies the requirements and permissible uses  
25 of funds received under Code chapter 423B. The bill specifies  
26 that for a county with a population of 400,000 or more, a  
27 revenue purpose statement governing the use of revenues for the  
28 unincorporated area of the county approved on or after January  
29 1, 2023, shall require the use of 75 percent of such moneys  
30 for property tax relief. Additionally, the bill provides that  
31 property tax relief includes payments under a Code chapter  
32 28E agreement for purposes of a regional transit district if  
33 such payments are used to reduce the regional transit district  
34 levy. For a city located in whole or in part in a county with  
35 a population of 400,000 or more, the use of revenues received



1 under Code chapter 423B for such regional transit district  
2 purposes shall not exceed 10 percent of the amount received  
3 and for a county with a population of 400,000 or more, for the  
4 unincorporated area, shall not exceed 25 percent.

5 The board of supervisors of each county and the city  
6 council of each city may adopt by resolution a revenue purpose  
7 statement for the expenditure of funds received under Code  
8 chapter 423B.

9 The revenues transferred to the local sales and use tax fund  
10 continue to be allocated to the specific county account for  
11 the county in which the tax was collected. Additionally, all  
12 cities and counties are eligible to receive the allocation of  
13 revenues, not just those that had previously approved the local  
14 option tax.

15 As provided in another division of the bill, specified  
16 amounts of use tax revenue is transferred to the local use  
17 tax supplement fund, as created in the bill. Moneys in the  
18 local use tax supplement fund are annually appropriated to the  
19 department of revenue to be used for supplement payments to  
20 cities and counties. For each year during the period beginning  
21 January 1, 2023, through December 31, 2042, each city or county  
22 for the unincorporated portion of the county shall receive a  
23 local use tax supplement payment equal to the difference, but  
24 not less than zero, between the amount of revenue received  
25 by the city or county under Code section 423B.7, Code 2022,  
26 for the period beginning January 1, 2022, and ending December  
27 31, 2022, minus the amount that would have been received by  
28 that city or county for that period if all cities and the  
29 county were eligible for distributions of such revenues under  
30 Code section 423B.7, Code 2022. If moneys in the fund are  
31 insufficient to pay all supplement amounts for the year, the  
32 director of revenue shall prorate the payment of the supplement  
33 payments. The supplement payment is required to be combined  
34 with and be used in the same manner and be subject to the same  
35 requirements as moneys received by the city or county under

1 Code section 423B.7 for that year. The bill establishes a  
2 future repeal of the Code section establishing the supplement  
3 payments on January 1, 2043. Moneys in the fund upon the  
4 repeal shall be transferred to the appropriate county accounts  
5 for the counties from which the tax was paid.

6 Code section 423B.10 allows a city in which a local sales  
7 and services tax is imposed to, by ordinance and following  
8 approval of the board of supervisors, to provide for the use  
9 of a designated amount of increased local option sales and  
10 services tax revenue for urban renewal purposes. The bill  
11 modifies provisions governing this authorization to provide for  
12 the use of a specified amount of the applicable increased state  
13 sales tax revenues deposited in the local sales and use tax  
14 fund in lieu of the increased local option sales and services  
15 tax revenue. The bill allows city ordinances providing for the  
16 use of certain local option sales and services tax revenues for  
17 urban renewal purposes in effect on January 1, 2023, to remain  
18 in effect until expiration, amendment, or repeal.

19 The bill also eliminates the authority to impose a local  
20 sales and services tax under the quad cities interstate  
21 metropolitan authority compact under Code chapter 28A beginning  
22 on January 1, 2023.

23 The division takes effect January 1, 2023.

24 DIVISION VI — NATURAL RESOURCES AND OUTDOOR RECREATION  
25 TRUST FUND. The bill amends provisions in Code chapter 461  
26 (the natural resources and outdoor recreation Act) that is  
27 to implement Article VII, section 10, of the Constitution  
28 of the State of Iowa when the sales tax is increased. The  
29 bill increases the sales tax in division I. The Code chapter  
30 establishes the natural resources and outdoor recreation trust  
31 fund (trust fund) and associated accounts (renamed trust  
32 accounts) supported by a portion of state revenue generated  
33 by an increase in the state's sales tax. The purpose of  
34 the constitutional provision is to protect and enhance water  
35 quality and natural areas, including parks, trails, and fish

1 and wildlife habitat, and conserve agricultural soils in this  
2 state.

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

1 account to the water quality financial assistance fund upon  
2 direction by the custodial department. The bill eliminates  
3 current funding sources, including the annual appropriation  
4 to the REAP fund from the general fund which is due to expire  
5 on June 30, 2026, and both a tax on the sales price on water  
6 service, which another division of the bill repeals, and the  
7 use of wagering tax receipts, which would otherwise expire on  
8 July 1, 2039.

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

23 REPEAL. Code chapter 461 is repealed December 31, 2051.

24 EFFECTIVE DATE. The division of the bill takes effect  
25 January 1, 2023.