

**House File 2692 - Introduced**

HOUSE FILE 2692

BY ISENHART

**A BILL FOR**

1 An Act providing for a surface water protection user fee  
2 assessed and imposed on the sale of nitrogen-based  
3 fertilizer and making appropriations.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. LEGISLATIVE DECLARATION. The general assembly  
2 finds and declares all of the following:

3 1. The Iowa nutrient reduction strategy represents a water  
4 quality initiative developed and updated in order to assess  
5 and reduce nutrients in this state's watersheds based on  
6 the science-based determination that ninety-five percent of  
7 nitrogen and phosphorus pollution stems from nonpoint sources,  
8 a majority of which originates from agricultural field runoff  
9 of nitrogen fertilizers.

10 2. Waters of the state are being used to collect and  
11 transport contamination throughout Iowa, damaging lakes and  
12 streams and infiltrating groundwater aquifers, putting drinking  
13 water sources and public health at risk.

14 3. Since the publication of the Iowa nutrient reduction  
15 strategy in 2013, significant public resources have been  
16 expended to support demonstration projects in attempts to show  
17 how the volume of nutrients reaching waters of the state can  
18 be reduced.

19 4. Users depending on the state's hydrological systems to  
20 dispose of pollutants should be assessed user fees to protect,  
21 maintain, and restore water resources most important to human  
22 and ecosystem health, with such funds dedicated to making  
23 watershed-scale investments to prevent further degradation of  
24 the state's natural wealth.

25 Sec. 2. Section 200.8, Code 2024, is amended by adding the  
26 following new subsection:

27 NEW SUBSECTION. 5. In addition to the fees imposed under  
28 subsections 1 and 4, a surface water protection user fee  
29 shall be assessed and imposed upon nitrogen-based fertilizer.  
30 The user fee shall be based upon the percentage of actual  
31 nitrogen contained in the product. An eighty-two percent  
32 nitrogen solution shall be subject to a rate of eight dollars  
33 and seventy cents per ton. The user fee amount for other  
34 nitrogen-based product formulations shall be based on the  
35 percentage of actual nitrogen contained in the formulations

1 with the eighty-two percent nitrogen solution serving as the  
2 base. The user fee shall be paid by each licensee registering  
3 to sell fertilizer to the secretary of agriculture. The  
4 user fees collected shall be deposited in the water quality  
5 initiative fund created in section 466B.45. The secretary  
6 of agriculture shall adopt rules for the payment, filing,  
7 and collection of the user fees. The secretary shall, by  
8 rule, allow an exemption to the payment of the user fee for  
9 fertilizers which contain trace amounts of nitrogen.

10 Sec. 3. Section 466B.45, subsection 3, Code 2024, is amended  
11 to read as follows:

12 3. a. Moneys Except as provided in paragraph "b", moneys  
13 in the fund are appropriated to the division and shall be used  
14 exclusively to carry out the provisions of this subchapter  
15 as determined by the division, and shall not require further  
16 special authorization by the general assembly.

17 b. (1) Moneys contributed to the fund from surface water  
18 protection user fees collected pursuant to section 200.8 are  
19 appropriated to the division and shall be expended according to  
20 the following allocation schedule:

21 (a) At least ten percent shall be allocated to the IIHR —  
22 hydroscience and engineering within the college of engineering  
23 of the state university of Iowa for water quality monitoring,  
24 measuring, and reporting in priority watersheds or in support  
25 of projects conducted or approved by a watershed management  
26 authority benefiting that watershed.

27 (b) At least twenty-five percent shall be allocated  
28 to support projects conducted or approved by a watershed  
29 management authority in the benefited watershed.

30 (c) Any remaining moneys shall be expended as provided in  
31 paragraph "a".

32 (2) All moneys contributed to the fund from surface water  
33 protection fees shall be expended to support a project in a  
34 manner consistent with the source water protection plans of  
35 public and private water utilities in the benefited watershed.

1

EXPLANATION

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

3

4 This bill includes a provision finding and declaring that  
5 waters of the state are being used to collect and transport  
6 contamination throughout Iowa, damaging lakes and streams and  
7 infiltrating groundwater aquifers. The bill imposes a surface  
8 water protection user fee on the sale of fertilizer based on  
9 the percentage of nitrogen contained in the fertilizer. An  
10 82 percent solution is assessed a rate of \$.70 per ton (Code  
11 section 200.8). The bill requires that the collected user fees  
12 be deposited in the water quality initiative fund administered  
13 by the division of soil conservation and water quality of  
14 the department of agriculture and land stewardship (Code  
15 section 466B.45). The bill provides for the expenditure of  
16 moneys collected from user fees to support clean water efforts  
17 administered by the division. A portion of the user fees are  
18 allocated to support the IIHR — hydroscience and engineering  
19 within the college of engineering of the state university  
20 of Iowa and to support projects conducted or approved by a  
21 watershed management authority in a benefited watershed.