

Senate File 550 - Introduced

SENATE FILE 550

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1125)

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 water service tax, property
5 taxes, transit funding, and local option taxes, crediting
6 moneys to the natural resources and outdoor recreation
7 trust fund, modifying allocations of road use tax fund
8 moneys, making appropriations, and including effective date,
9 retroactive applicability, and applicability provisions.
10 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 2023, 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 2023, 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 2023,

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 2023, 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 2023, 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 2023,
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 2023, 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 2023, 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 2023, is amended

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

3 12. *a.* For the period beginning January 1, 2025, 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 2023, are amended to read as follows:

9 *a.* (1) Transfer For the period beginning January 1,
10 2025, through December 31, 2027, transfer twenty-eight
11 one-hundred-fortieths of the revenues collected under deposited
12 into the general fund of the state under subsection 1 to the
13 appropriate county accounts under chapter 423B for the counties
14 from which the tax was collected.

15 (2) For the period beginning January 1, 2028, through
16 December 31, 2028, transfer twenty-seven one-hundred-fortieths
17 of the revenues deposited into the general fund of the state
18 under subsection 1 to the appropriate county accounts under
19 chapter 423B for the counties from which the tax was collected.

20 (3) For the period beginning January 1, 2029, through
21 December 31, 2029, transfer twenty-six one-hundred-fortieths of
22 the revenues deposited into the general fund of the state under
23 subsection 1 to the appropriate county accounts under chapter
24 423B for the counties from which the tax was collected.

25 (4) For the period beginning January 1, 2030, through
26 December 31, 2050, transfer twenty-five one-hundred-fortieths
27 of the revenues deposited into the general fund of the state
28 under subsection 1 to the appropriate county accounts under
29 chapter 423B for the counties from which the tax was collected.

30 (5) Beginning January 1, 2051, transfer five twenty-fourths
31 of the revenues deposited into the general fund of the state
32 under subsection 1 to the appropriate county accounts under
33 chapter 423B for the counties from which the tax was collected.

34 *b.* Transfer from the remaining revenues the amounts required
35 under Article VII, section 10, of the Constitution of the State

1 of Iowa to the natural resources and outdoor recreation trust
2 fund created in [section 461.31](#), ~~if applicable~~.

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

8 Sec. 11. Section 423.5, subsection 1, unnumbered paragraph
9 1, Code 2023, is amended to read as follows:

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

13 Sec. 12. Section 423.5, subsection 4, Code 2023, is amended
14 by striking the subsection and inserting in lieu thereof the
15 following:

16 4. *a.* For the period beginning January 1, 2025, through
17 December 31, 2050, the use tax rate is seven percent.

18 *b.* Beginning January 1, 2051, the use tax rate is six
19 percent.

20 Sec. 13. Section 423.43, subsection 1, paragraph b, Code
21 2023, is amended by striking the paragraph and inserting in
22 lieu thereof the following:

23 *b.* Subsequent to the deposit into the general fund of
24 the state the department shall do the following in the order
25 prescribed:

26 (1) (a) For the period beginning January 1, 2025, through
27 December 31, 2043, transfer one-seventh of such revenues to the
28 local use tax supplement fund, under section 423B.1A.

29 (b) For the period beginning January 1, 2044, through
30 December 31, 2050, transfer one-seventh of such revenues to the
31 appropriate county accounts under chapter 423B for the counties
32 from which the tax was paid.

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

1 (2) Transfer one-sixth of such remaining revenues to the
2 secure an advanced vision for education fund created in section
3 423F.2. This subparagraph is repealed January 1, 2051.

4 Sec. 14. EFFECTIVE DATE. This division of this Act takes
5 effect January 1, 2025.

6 DIVISION II

7 WATER SERVICE TAX

8 Sec. 15. Section 423G.3, Code 2023, is amended to read as
9 follows:

10 **423G.3 Water service tax.**

11 An excise tax at ~~the a rate of six percent~~ equal to the rate
12 being imposed under section 423.2, subsection 12, is imposed on
13 the sales price from the sale or furnishing by a water utility
14 of a water service in the state to consumers or users.

15 Sec. 16. Section 423G.6, subsection 2, Code 2023, is amended
16 by striking the subsection.

17 Sec. 17. REPEAL. Section 423G.7, Code 2023, is repealed.

18 Sec. 18. EFFECTIVE DATE. This division of this Act takes
19 effect January 1, 2025.

20 DIVISION III

21 LOCAL OPTION TAXES

22 Sec. 19. Section 15J.7, subsection 2, Code 2023, is amended
23 to read as follows:

24 2. In addition to the moneys received pursuant to section
25 15J.6, a municipality may deposit in the reinvestment project
26 fund any other moneys lawfully at the municipality's disposal,
27 including but not limited to ~~local sales and services tax~~
28 ~~receipts collected~~ revenues received under [chapter 423B](#) if such
29 use is a purpose authorized for the municipality under chapter
30 423B.

31 Sec. 20. Section 28A.17, Code 2023, is amended to read as
32 follows:

33 **28A.17 Local sales and services tax.**

34 1. If an authority is established as provided in section
35 28A.6 and after approval of a referendum by a simple majority

1 of votes cast in each metropolitan area in favor of the sales
2 and services tax, the governing board of a county in this state
3 within a metropolitan area which is part of the authority shall
4 impose, at the request of the authority, a local sales and
5 services tax at the rate of one-fourth of one percent on the
6 sales price taxed by this state under [section 423.2](#), within
7 the metropolitan area located in this state. The referendum
8 shall be called by resolution of the board and shall be held
9 as provided in [section 28A.6](#) to the extent applicable. The
10 ballot proposition shall contain a statement as to the specific
11 purpose or purposes for which the revenues shall be expended
12 and the date of expiration of the tax. The local sales and
13 services tax shall be imposed on the same basis, with the same
14 exceptions, and following the same administrative procedures as
15 provided for a county under [sections 423B.5 and 423B.6, Code](#)
16 [2023](#). The amount of the sale, for the purposes of determining
17 the amount of the local sales and services tax under this
18 section, does not include the amount of any local sales and
19 services tax imposed under [sections 423B.5 and 423B.6, Code](#)
20 [2023](#).

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

1 notice of the repeal, suspension, or reinstatement of the tax
2 and the effective dates for imposition, suspension, or repeal
3 of the tax shall be as provided in [section 423B.6](#), Code 2023.

4 3. A local sales and services tax authorized under this
5 section shall not be imposed or collected on or after January
6 1, 2025.

7 Sec. 21. Section 76.4, Code 2023, is amended to read as
8 follows:

9 **76.4 Permissive application of funds.**

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

22 Sec. 22. Section 99B.1, subsection 23, Code 2023, is amended
23 to read as follows:

24 23. "*Net receipts*" means gross receipts less amounts awarded
25 as prizes and less state ~~and local~~ sales tax paid upon the
26 gross receipts.

27 Sec. 23. Section 99B.14, subsection 1, Code 2023, is amended
28 to read as follows:

29 1. A licensed qualified organization shall certify
30 that the receipts from all charitable gambling conducted
31 by the organization under [this chapter](#), less reasonable
32 expenses, charges, fees, taxes, and deductions, either will
33 be distributed as prizes to participants or will be dedicated
34 and distributed for educational, civic, public, charitable,
35 patriotic, or religious uses. Reasonable expenses, charges,

1 fees, taxes other than the state ~~and local~~ sales tax, and
2 deductions allowed by the department shall not exceed forty
3 percent of net receipts.

4 Sec. 24. Section 99G.4, subsection 2, Code 2023, is amended
5 to read as follows:

6 2. The income and property of the authority shall be exempt
7 from all state and local taxes, and the sale of lottery tickets
8 and shares issued and sold by the authority and its retail
9 licensees shall be exempt from all state ~~and local~~ sales taxes.

10 Sec. 25. Section 99G.30A, subsection 2, paragraph a, Code
11 2023, is amended to read as follows:

12 a. The director of revenue shall administer the monitor
13 vending machine excise tax as nearly as possible in conjunction
14 with the administration of state sales tax laws. ~~The director~~
15 ~~shall provide appropriate forms or provide appropriate entries~~
16 ~~on the regular state tax forms for reporting local sales and~~
17 ~~services tax liability.~~

18 Sec. 26. Section 279.63, subsection 2, paragraph a, Code
19 2023, is amended to read as follows:

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

24 Sec. 27. Section 321.40, subsection 5, Code 2023, is amended
25 by striking the subsection.

26 Sec. 28. Section 321.130, Code 2023, is amended to read as
27 follows:

28 **321.130 Fees in lieu of taxes.**

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

33 Sec. 29. Section 418.13, subsection 2, Code 2023, is amended
34 to read as follows:

35 2. In addition to the moneys received pursuant to section

1 418.10 or 418.12, a governmental entity may deposit in the
2 flood project fund any other moneys lawfully received by the
3 governmental entity, including but not limited to ~~local sales~~
4 ~~and services tax receipts collected~~ amounts received under
5 chapter 423B.

6 Sec. 30. Section 421.26, Code 2023, is amended to read as
7 follows:

8 **421.26 Personal liability for tax due.**

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

27 Sec. 31. Section 421.28, Code 2023, is amended to read as
28 follows:

29 **421.28 Exceptions to successor liability.**

30 The immediate successor to a licensee's or retailer's
31 business or stock of goods under chapter 423A ~~or 423B~~, or
32 section 423.33 or 452A.65, is not personally liable for
33 the amount of delinquent tax, interest, or penalty due and
34 unpaid if the immediate successor shows that the purchase of
35 the business or stock of goods was made in good faith that

1 no delinquent tax, interest, or penalty was due and unpaid.
2 For purposes of [this section](#) the immediate successor shows
3 good faith by evidence that the department had provided
4 the immediate successor with a certified statement that
5 no delinquent tax, interest, or penalty is unpaid, or that
6 the immediate successor had taken in good faith a certified
7 statement from the licensee, retailer, or seller that no
8 delinquent tax, interest, or penalty is unpaid. When requested
9 to do so by a person with whom the licensee or retailer is
10 negotiating the sale of the business or stock of goods, the
11 director of revenue shall, upon being satisfied that such
12 a situation exists, inform that person as to the amount of
13 unpaid delinquent tax, interest, or penalty due by the licensee
14 or the retailer. The giving of the information under this
15 circumstance is not a violation of [section 422.20](#), [422.72](#), or
16 [452A.63](#).

17 Sec. 32. Section 421.60, subsection 2, paragraph m,
18 subparagraphs (1) and (2), Code 2023, are amended to read as
19 follows:

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

1 department, a change in material facts or circumstances
2 relating to the retailer, or the retailer's misrepresentation
3 or incomplete or inadequate representation of material facts
4 and circumstances in requesting the written advice.

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

16 (b) If an abatement of unpaid state sales and use taxes ~~and~~
17 ~~any local sales and services taxes~~ is granted to the retailer
18 by the director pursuant to this subparagraph, the department
19 is precluded from collecting from the purchaser any unpaid
20 state sales and use taxes ~~and any local sales and services~~
21 ~~taxes~~ which were abated.

22 Sec. 33. Section 422.72, subsection 6, paragraph a, Code
23 2023, is amended to read as follows:

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

33 Sec. 34. Section 423.4, subsection 2, paragraph d, Code
34 2023, is amended by striking the paragraph.

35 Sec. 35. Section 423.4, subsection 5, paragraph f, Code

1 2023, is amended to read as follows:

2 *f.* Notwithstanding the state sales tax imposed in section
3 423.2, a rebate issued pursuant to [this subsection](#) shall not
4 exceed an amount equal to five percent of the sales price
5 of the tangible personal property or services furnished to
6 purchasers at the automobile racetrack facility. ~~Any local
7 option taxes paid and collected shall not be subject to rebate
8 under [this subsection](#).~~

9 Sec. 36. Section 423.4, subsection 7, paragraph f, Code
10 2023, is amended to read as follows:

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

21 Sec. 37. Section 423.4, subsection 8, paragraph g, Code
22 2023, is amended to read as follows:

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

30 Sec. 38. Section 423.14A, subsection 2, Code 2023, is
31 amended to read as follows:

32 2. In addition to and not in lieu of any application of
33 this chapter to sellers who are retailers and sellers who are
34 retailers maintaining a place of business in this state, any
35 person described in [subsection 3](#), or the person's agents,

1 shall be considered a retailer in this state and a retailer
2 maintaining a place of business in this state for purposes of
3 this chapter on or after January 1, 2019, and shall be subject
4 to all requirements of [this chapter](#) imposed on retailers and
5 retailers maintaining a place of business in this state,
6 including but not limited to the requirement to collect and
7 remit sales and use taxes pursuant to [sections 423.14](#) and
8 [423.29](#), ~~and local option taxes under [chapter 423B](#).~~

9 Sec. 39. Section 423.33, subsection 1, paragraph c, Code
10 2023, is amended to read as follows:

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

18 Sec. 40. Section 423.34A, unnumbered paragraph 1, Code
19 2023, is amended to read as follows:

20 A purchaser is relieved of liability for payment of state
21 sales or use tax, ~~for payment of any local option sales tax,~~
22 for payment of interest, or for payment of any penalty for
23 nonpayment of tax which nonpayment is not fraudulent, willful,
24 or intentional, under the following circumstances:

25 Sec. 41. Section 423.36, subsection 9, paragraph a, Code
26 2023, is amended to read as follows:

27 a. Except as provided in paragraph "b", purchasers, users,
28 and consumers of tangible personal property, specified digital
29 products, or enumerated services taxed pursuant to subchapter
30 II or III of [this chapter](#) ~~or [chapter 423B](#)~~ may be authorized,
31 pursuant to rules adopted by the director, to remit tax owed
32 directly to the department instead of the tax being collected
33 and paid by the seller. To qualify for a direct pay tax permit,
34 the purchaser, user, or consumer must accrue a tax liability
35 of more than four thousand dollars in tax under subchapters

1 II and III in a semimonthly period and make deposits and file
2 returns pursuant to section 423.31. This authority shall not
3 be granted or exercised except upon application to the director
4 and then only after issuance by the director of a direct pay
5 tax permit.

6 Sec. 42. Section 423B.1, Code 2023, is amended by striking
7 the section and inserting in lieu thereof the following:

8 **423B.1 Use of revenues deposited in the local sales and use**
9 **tax fund — revenue purpose statement.**

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

17 *b.* A revenue purpose statement for the use of local option
18 sales and services tax revenue under this chapter approved at
19 election prior to January 1, 2025, and in effect on or set
20 to take effect on or after January 1, 2025, and the use of
21 revenues received under this chapter for purposes authorized
22 under section 423B.10 for ordinances in effect and approved
23 before January 1, 2025, shall continue in effect for revenues
24 received under this chapter until the expiration of the revenue
25 purpose statement or ordinance, if applicable, or until the
26 county board of supervisors or city council, as applicable,
27 adopts a new revenue purpose statement under subsection 2 or
28 repeals or amends the ordinance for the use of revenues under
29 section 423B.10.

30 2. The board of supervisors of each county and the city
31 council of each city may adopt by resolution a revenue purpose
32 statement for the expenditure of funds received under this
33 chapter.

34 3. Each city and county without a valid revenue purpose
35 statement shall expend the revenues received for the following

1 purposes in the order prescribed in this subsection, except
2 that the payment of bonds for which the revenues have been
3 pledged shall be paid first:

4 a. Reduction of the county's basic levies under section
5 331.423 or reduction of the city general fund levy under
6 section 384.1, as applicable.

7 b. Reduction of any debt service levy of the county or city,
8 as applicable.

9 c. Reduction of the city's additional taxes levied under
10 section 384.12 or the county's supplemental levies under
11 section 331.424, as applicable.

12 d. Reduction of any other property tax levy of the county
13 or city, as applicable.

14 Sec. 43. NEW SECTION. **423B.1A Local use tax supplement**
15 **fund.**

16 1. A local use tax supplement fund is created in the state
17 treasury under the control of the department of revenue. The
18 fund shall consist of all moneys transferred under section
19 423.43, subsection 1, paragraph "b", subparagraph (1),
20 subparagraph division (a), and moneys appropriated to the fund.

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

24 3. For each year during the period beginning January 1,
25 2025, through December 31, 2043, each city or county for the
26 unincorporated portion of the county, shall receive a local
27 use tax supplement payment equal to the difference, but not
28 less than zero between the amount of revenue received by the
29 city or county under section 423B.7, Code 2023, for the period
30 beginning January 1, 2024, and ending December 31, 2024, minus
31 the amount that would have been received by that city or county
32 for that period if all cities and the county were eligible for
33 distributions of such revenues under section 423B.7, Code 2023.
34 If moneys in the fund are insufficient to pay all supplement
35 amounts for the year, the director of revenue shall prorate the

1 payment of the supplement payments and shall notify the cities
2 and counties of the pro rata percentage.

3 4. The supplement payment calculated under subsection 3
4 shall be paid to each city or county for the unincorporated
5 area of the county and shall be combined with and be used in the
6 same manner and be subject to the same requirements as moneys
7 received by the city or county under section 423B.7 for that
8 year.

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

15 6. This section is repealed January 1, 2044. Moneys in the
16 fund upon the repeal of this section shall be transferred to
17 the appropriate county accounts under section 423B.7 for the
18 counties from which the tax was paid.

19 Sec. 44. Section 423B.7, subsection 1, Code 2023, is amended
20 to read as follows:

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

1 director.

2 *b.* The director shall credit the designated amount of the
3 increase in ~~local~~ sales and services tax receipts, as computed
4 in [section 423B.10](#), collected in an urban renewal area of an
5 eligible city that has adopted an ordinance pursuant to section
6 423B.10, subsection 2, into a special city account in the local
7 sales and ~~services~~ use tax fund.

8 ~~*c.* The director shall credit the local sales and services~~
9 ~~tax receipts and interest and penalties from a city-imposed tax~~
10 ~~under [section 423B.1, subsection 2](#), to the city's account in~~
11 ~~the local sales and services tax fund.~~

12 Sec. 45. Section 423B.7, subsections 2, 3, and 4, Code 2023,
13 are amended to read as follows:

14 2. The director of revenue by the last day of each
15 month shall transfer to each city or county ~~where the local~~
16 ~~option tax is imposed~~ the amount of tax moneys remitted to
17 the department attributable to each city or county from the
18 preceding month.

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

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

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

32 *c.* If a subsequent certified census exists which modifies
33 that most recent certified federal census for a ~~participating~~
34 jurisdiction under paragraphs "a" and "b", the computations
35 under paragraphs "a" and "b" shall utilize the subsequent

1 certified census in the distribution formula under rules
2 established by the director of revenue.

3 4. Twenty-five percent of each county's account shall
4 be remitted based on the sum of property tax dollars levied
5 by the board of supervisors ~~if the tax was imposed~~ in the
6 unincorporated areas and by each city in the county ~~where the~~
7 ~~tax was imposed~~ during the three-year period beginning July 1,
8 1982, and ending June 30, 1985, as follows:

9 a. To the board of supervisors a pro rata share based upon
10 the percentage of the total property tax dollars levied by the
11 board of supervisors during the above three-year period.

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

18 Sec. 46. Section 423B.7, subsection 5, Code 2023, is amended
19 by striking the subsection.

20 Sec. 47. Section 423B.7, subsections 6 and 7, Code 2023, are
21 amended to read as follows:

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

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

1 ~~b. Each city located in whole or in part in a qualified~~
2 ~~county and each qualified county for the unincorporated area~~
3 ~~for which the imposition of the local sales and services tax~~
4 ~~in the city or portion thereof or the unincorporated area, as~~
5 ~~applicable, was revenue purpose statement approved at election~~
6 ~~on or after January 1, 2019~~ 2025, shall require the use of
7 not less than fifty percent of the moneys received from the
8 qualified county's account in the local sales and services
9 tax fund applicable county under this chapter for property
10 tax relief. However, for a county with a population of four
11 hundred thousand or more, a revenue purpose statement governing
12 the use of revenues for the unincorporated area of the county
13 approved on or after January 1, 2025, shall require the use of
14 seventy-five percent of the moneys received by the county under
15 this chapter for property tax relief.

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

27 Sec. 48. Section 423B.9, subsection 1, paragraphs b and c,
28 Code 2023, are amended to read as follows:

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

33 c. "Secondary recipient" means a political subdivision of
34 the state which is to receive revenues amounts from a local
35 option sales and services tax revenues under this chapter

1 over a period of years pursuant to the terms of a [chapter 28E](#)
2 agreement with one or more cities or counties.

3 Sec. 49. Section 423B.9, subsections 2 and 3, Code 2023, are
4 amended to read as follows:

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

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

29 Sec. 50. Section 423B.9, subsection 4, paragraph b, Code
30 2023, is amended to read as follows:

31 *b.* The provisions of [chapter 76](#) apply to the bonds payable
32 as provided in [this subsection](#), except that the mandatory levy
33 to be assessed pursuant to [section 76.2](#) shall be at a rate
34 to generate an amount which together with the receipts from
35 the pledged designated portion of the ~~local option sales and~~

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

32 Sec. 51. Section 423B.9, subsection 5, Code 2023, is amended
33 to read as follows:

34 5. A city or county, jointly with one or more other
35 political subdivisions as provided in [chapter 28E](#), may pledge

1 irrevocably any amount derived from the designated portions
2 of the revenues ~~of the local option sales and services tax~~
3 received under this chapter to the support or payment of bonds
4 of an issuer, issued for one or more purposes set forth ~~on~~
5 ~~the ballot proposition concerning the imposition of the local~~
6 ~~option sales and services tax~~ in the revenue purpose statement
7 or a political subdivision may apply the proceeds of its bonds
8 to the support of any such purpose.

9 Sec. 52. Section 423B.10, subsection 1, paragraph b, Code
10 2023, is amended to read as follows:

11 *b.* *"Eligible city"* means a city in which a ~~local sales and~~
12 ~~services tax imposed by the county applies or a city described~~
13 ~~in section 423B.1, subsection 2, paragraph "a", and in which an~~
14 urban renewal area has been designated.

15 Sec. 53. Section 423B.10, subsections 2, 3, 5, and 6, Code
16 2023, are amended to read as follows:

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

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

33 3. To determine the revenue increase for purposes of
34 subsection 2, revenue amounts shall be calculated by the
35 department of revenue as follows:

1 a. Determine the amount of ~~local~~ sales and services tax
2 revenue collected and attributable to a one percent sales and
3 services tax from retail establishments located in the area
4 comprising the urban renewal area during the base year.

5 b. Determine the current year one percent sales and services
6 tax revenue amount for each fiscal year following the base year
7 in the manner specified in paragraph "a".

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

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

19 6. For purposes of [this section](#), the eligible city shall
20 assist the department of revenue in identifying retail
21 establishments in the urban renewal area that are collecting
22 the ~~local~~ sales and services tax. This process shall be
23 ongoing until the ordinance is repealed.

24 Sec. 54. REPEAL. Sections 423B.2, 423B.3, 423B.4, 423B.5,
25 423B.6, and 423B.8, Code 2023, are repealed.

26 Sec. 55. EFFECTIVE DATE. This division of this Act takes
27 effect January 1, 2025.

28 DIVISION IV

29 HOMESTEAD PROPERTY TAX CREDIT

30 Sec. 56. Section 2.48, subsection 3, paragraph f,
31 subparagraph (1), Code 2023, is amended to read as follows:

32 (1) The homestead tax exemption and credit under chapter
33 425.

34 Sec. 57. Section 25B.7, subsection 2, paragraph a, Code
35 2023, is amended by striking the paragraph.

1 Sec. 58. Section 100.18, subsection 2, paragraph b, Code
2 2023, is amended to read as follows:

3 **b.** The rules shall require the installation of smoke
4 detectors in existing single-family rental units and
5 multiple-unit residential buildings. Existing single-family
6 dwelling units shall be equipped with approved smoke detectors.
7 A person who files for a homestead tax exemption and credit
8 pursuant to [chapter 425](#) shall certify that the single-family
9 dwelling unit for which the credit is filed has a smoke
10 detector installed in compliance with [this section](#), or that one
11 will be installed within thirty days of the date the filing
12 for the credit is made. The state fire marshal shall adopt
13 rules and establish appropriate procedures to administer this
14 subsection.

15 Sec. 59. Section 100.18, subsection 3, paragraph b, Code
16 2023, is amended to read as follows:

17 **b.** The rules shall require the installation of carbon
18 monoxide alarms in existing single-family rental units and
19 multiple-unit residential buildings that have a fuel-fired
20 heater or appliance, a fireplace, or an attached garage.
21 Existing single-family dwellings that have a fuel-fired heater
22 or appliance, a fireplace, or an attached garage shall be
23 equipped with approved carbon monoxide alarms. For purposes
24 of this paragraph, "*approved carbon monoxide alarm*" means a
25 carbon monoxide alarm that meets the standards established by
26 the underwriters' laboratories or is approved by the state fire
27 marshal as established by rule under [subsection 5](#). A person
28 who files for a homestead tax exemption and credit pursuant
29 to [chapter 425](#) shall certify that the single-family dwelling
30 for which the credit is filed and that has a fuel-fired heater
31 or appliance, a fireplace, or an attached garage, has carbon
32 monoxide alarms installed in compliance with [this section](#),
33 or that such alarms will be installed within thirty days of
34 the date the filing for the credit is made. The state fire
35 marshal shall adopt rules and establish appropriate procedures

1 to administer [this subsection](#).

2 Sec. 60. Section 103.22, subsection 7, Code 2023, is amended
3 to read as follows:

4 7. Prohibit an owner of property from performing work on the
5 owner's principal residence, if such residence is an existing
6 dwelling rather than new construction and is not an apartment
7 that is attached to any other apartment or building, as those
8 terms are defined in [section 499B.2](#), and is not larger than a
9 single-family dwelling, or require such owner to be licensed
10 under [this chapter](#). In order to qualify for inapplicability
11 pursuant to [this subsection](#), a residence shall qualify for the
12 homestead tax exemption and credit.

13 Sec. 61. Section 105.11, subsection 3, Code 2023, is amended
14 to read as follows:

15 3. Prohibit an owner of property from performing work on the
16 owner's principal residence, if such residence is an existing
17 dwelling rather than new construction and is not larger than a
18 single-family dwelling, or farm property, excluding commercial
19 or industrial installations or installations in public use
20 buildings or facilities, or require such owner to be licensed
21 under [this chapter](#). In order to qualify for inapplicability
22 pursuant to [this subsection](#), a residence shall qualify for the
23 homestead tax exemption and credit.

24 Sec. 62. Section 216.12, subsection 1, paragraph e, Code
25 2023, is amended to read as follows:

26 e. The rental or leasing of a housing accommodation in a
27 building which contains housing accommodations for not more
28 than four families living independently of each other, if the
29 owner resides in one of the housing accommodations for which
30 the owner qualifies for the homestead tax exemption and credit
31 under [section 425.1](#).

32 Sec. 63. Section 321.1, subsection 6C, Code 2023, is amended
33 to read as follows:

34 6C. "*Bona fide residence*" or "*bona fide address*" means the
35 current street or highway address of an individual's residence.

1 The bona fide residence of a person with more than one dwelling
2 is the dwelling for which the person claims a homestead tax
3 exemption and credit under [chapter 425](#), if applicable. The
4 bona fide residence of a homeless person is a primary nighttime
5 residence meeting one of the criteria listed in section 48A.2,
6 subsection 3.

7 Sec. 64. Section 321.1A, subsection 1, paragraph a, Code
8 2023, is amended to read as follows:

9 a. The person has filed for a homestead tax exemption and
10 credit on property in this state.

11 Sec. 65. Section 331.401, subsection 1, paragraphs e and f,
12 Code 2023, are amended to read as follows:

13 e. Adopt resolutions authorizing the county assessor
14 to provide forms for homestead tax exemption and credit
15 claimants as provided in [section 425.2](#) and military service tax
16 exemptions as provided in [section 426A.14](#).

17 f. Examine and allow or disallow claims for homestead tax
18 exemption and credit in accordance with [section 425.3](#) and
19 claims for military service tax exemption in accordance with
20 chapter 426A. The board, by a single resolution, may allow or
21 disallow the exemptions recommended by the assessor.

22 Sec. 66. Section 331.512, subsection 3, Code 2023, is
23 amended to read as follows:

24 3. Carry out duties relating to the homestead tax exemption
25 and credit and agricultural land tax credit as provided in
26 chapters 425 and [426](#).

27 Sec. 67. Section 331.559, subsection 12, Code 2023, is
28 amended to read as follows:

29 12. Carry out duties relating to the administration of
30 the homestead tax exemption and credit and other credits as
31 provided in [sections 425.4, 425.5, 425.7, 425.9, 425.10, and](#)
32 [425.25](#).

33 Sec. 68. Section 404.3, subsection 1, Code 2023, is amended
34 to read as follows:

35 1. All qualified real estate assessed as residential

1 property is eligible to receive an exemption from taxation
2 based on the actual value added by the improvements. The
3 exemption is for a period of ten years. The amount of the
4 exemption is equal to a percent of the actual value added by
5 the improvements, determined as follows: One hundred fifteen
6 percent of the value added by the improvements. However, the
7 amount of the actual value added by the improvements which
8 shall be used to compute the exemption shall not exceed twenty
9 thousand dollars and the granting of the exemption shall not
10 result in the actual value of the qualified real estate being
11 reduced below the actual value on which the homestead ~~credit~~
12 exemption is computed under [section 425.1](#).

13 Sec. 69. Section 425.1, subsection 1, paragraph a, Code
14 2023, is amended to read as follows:

15 a. A homestead credit fund is created. There For fiscal
16 years beginning before July 1, 2028, there is appropriated
17 annually from the general fund of the state to the department
18 of revenue to be credited to the homestead credit fund, an
19 amount sufficient to implement [this subchapter](#).

20 Sec. 70. Section 425.1, subsection 1, Code 2023, is amended
21 by adding the following new paragraph:

22 NEW PARAGRAPH. c. All moneys in the homestead credit fund
23 at the end of the fiscal year beginning July 1, 2028, shall be
24 transferred by the department of revenue for deposit in the
25 general fund of the state.

26 Sec. 71. Section 425.1, subsections 2, 4, and 5, Code 2023,
27 are amended to read as follows:

28 2. a. For fiscal years beginning before July 1, 2028, the
29 moneys in the homestead credit fund shall be apportioned each
30 year so as to give a credit against the tax on each eligible
31 homestead in the state, but not more than the amount under
32 paragraph "b".

33 b. (1) The For assessment years beginning before July
34 1, 2025, the homestead credit fund shall be apportioned each
35 year so as to give a credit against the tax on each eligible

1 homestead in the state in an amount equal to the actual levy on
2 the first four thousand eight hundred fifty dollars of actual
3 value for each homestead.

4 (2) For property taxes due and payable in the fiscal year
5 beginning July 1, 2025, the homestead credit fund shall be
6 apportioned each year so as to give a credit against the tax
7 on each eligible homestead in the state in an amount equal
8 to the actual levy on the first three thousand six hundred
9 forty dollars of actual value for each homestead exempted under
10 section 425.1A.

11 (3) For property taxes due and payable in the fiscal year
12 beginning July 1, 2026, the homestead credit fund shall be
13 apportioned each year so as to give a credit against the tax
14 on each eligible homestead in the state in an amount equal to
15 the actual levy on the first two thousand four hundred thirty
16 dollars of actual value for each homestead exempted under
17 section 425.1A.

18 (4) For property taxes due and payable in the fiscal year
19 beginning July 1, 2027, the homestead credit fund shall be
20 apportioned each year so as to give a credit against the tax
21 on each eligible homestead in the state in an amount equal to
22 the actual levy on the first one thousand two hundred twenty
23 dollars of actual value for each homestead exempted under
24 section 425.1A.

25 4. Annually For fiscal years beginning before July 1, 2028,
26 annually the department of revenue shall certify to the county
27 auditor of each county the credit and its amount in dollars.
28 Each county auditor shall then enter the credit against the
29 tax levied on each eligible homestead in each county payable
30 during the ensuing year, designating on the tax lists the
31 credit as being from the homestead credit fund, and credit
32 shall then be given to the several taxing districts in which
33 eligible homesteads are located in an amount equal to the
34 credits allowed on the taxes of the homesteads. The amount of
35 credits shall be apportioned by each county treasurer to the

1 several taxing districts as provided by law, in the same manner
2 as though the amount of the credit had been paid by the owners
3 of the homesteads. However, the several taxing districts shall
4 not draw the funds so credited until after the semiannual
5 allocations have been received by the county treasurer, as
6 provided in [this subchapter](#). Each county treasurer shall show
7 on each tax receipt the amount of credit received from the
8 homestead credit fund.

9 5. If For property taxes due and payable in fiscal years
10 beginning before July 1, 2028, if the homestead tax credit
11 computed under [this section](#) is less than sixty-two dollars
12 and fifty cents, the amount of homestead tax credit on that
13 eligible homestead shall be sixty-two dollars and fifty cents
14 subject to the limitation imposed in [this section](#).

15 Sec. 72. NEW SECTION. 425.1A Homestead tax exemption.

16 The following exemptions from taxation shall be allowed:

17 1. *a.* Except as provided in paragraph “*b*”, for the
18 assessment year beginning January 1, 2024, the eligible
19 homestead, not to exceed two thousand five hundred dollars in
20 taxable value.

21 *b.* If the owner of the homestead has attained the age of
22 sixty-five years by January 1 of the assessment year, the
23 eligible homestead, not to exceed four thousand one hundred
24 twenty-five dollars in taxable value.

25 2. *a.* Except as provided in paragraph “*b*”, for the
26 assessment year beginning January 1, 2025, the eligible
27 homestead, not to exceed five thousand dollars in taxable
28 value.

29 *b.* If the owner of the homestead has attained the age of
30 sixty-five years by January 1 of the assessment year, the
31 eligible homestead, not to exceed eight thousand two hundred
32 fifty dollars in taxable value.

33 3. *a.* Except as provided in paragraph “*b*”, for the
34 assessment year beginning January 1, 2026, the eligible
35 homestead, not to exceed seven thousand five hundred dollars

1 in taxable value.

2 *b.* If the owner of the homestead has attained the age of
3 sixty-five years by January 1 of the assessment year, the
4 eligible homestead, not to exceed twelve thousand three hundred
5 seventy-five dollars in taxable value.

6 4. *a.* Except as provided in paragraph “*b*”, for the
7 assessment year beginning January 1, 2027, and each succeeding
8 assessment year, the eligible homestead, not to exceed ten
9 thousand dollars in taxable value.

10 *b.* If the owner of the homestead has attained the age of
11 sixty-five years by January 1 of the assessment year, the
12 eligible homestead, not to exceed sixteen thousand five hundred
13 dollars in taxable value.

14 Sec. 73. Section 425.2, subsections 1, 2, 4, and 5, Code
15 2023, are amended to read as follows:

16 1. A person who wishes to qualify for the homestead
17 exemption and credit allowed under this subchapter shall
18 obtain the appropriate forms for filing for the exemption and
19 credit from the assessor. The person claiming the exemption
20 and credit shall file a verified statement and designation of
21 homestead with the assessor for the year for which the person
22 is first claiming the exemption and credit. The claim shall be
23 filed not later than July 1 of the year for which the person is
24 claiming the exemption and credit. A claim filed after July 1
25 of the year for which the person is claiming the exemption and
26 credit shall be considered as a claim filed for the following
27 year.

28 2. Upon the filing and allowance of the claim, the claim
29 shall be allowed on that homestead for successive years without
30 further filing as long as the property is legally or equitably
31 owned and used as a homestead by that person or that person’s
32 spouse on July 1 of each of those successive years, and the
33 owner of the property being claimed as a homestead declares
34 residency in Iowa for purposes of income taxation, and the
35 property is occupied by that person or that person’s spouse

1 for at least six months in each of those calendar years in
2 which the fiscal year begins. When the property is sold or
3 transferred, the buyer or transferee who wishes to qualify
4 shall refile for the exemption and credit. However, when the
5 property is transferred as part of a distribution made pursuant
6 to [chapter 598](#), the transferee who is the spouse retaining
7 ownership of the property is not required to refile for the
8 exemption and credit. Property divided pursuant to [chapter 598](#)
9 shall not be modified following the division of the property.
10 An owner who ceases to use a property for a homestead or
11 intends not to use it as a homestead for at least six months in
12 a calendar year shall provide written notice to the assessor
13 by July 1 following the date on which the use is changed. A
14 person who sells or transfers a homestead or the personal
15 representative of a deceased person who had a homestead at the
16 time of death, shall provide written notice to the assessor
17 that the property is no longer the homestead of the former
18 claimant.

19 4. Any person sixty-five years of age or older or any person
20 who is disabled may request, in writing, from the appropriate
21 assessor forms for filing for homestead tax exemption and
22 credit. Any person sixty-five years of age or older or who is
23 disabled may complete the form, which shall include a statement
24 of homestead, and mail or return it to the appropriate
25 assessor. The signature of the claimant on the statement shall
26 be considered the claimant's acknowledgment that all statements
27 and facts entered on the form are correct to the best of the
28 claimant's knowledge.

29 5. Upon adoption of a resolution by the county board of
30 supervisors, any person may request, in writing, from the
31 appropriate assessor forms for the filing for homestead tax
32 exemption and credit. The person may complete the form, which
33 shall include a statement of homestead, and mail or return it
34 to the appropriate assessor. The signature of the claimant on
35 the statement of homestead shall be considered the claimant's

1 acknowledgment that all statements and facts entered on the
2 form are correct to the best of the claimant's knowledge.

3 Sec. 74. Section 425.3, subsection 4, Code 2023, is amended
4 to read as follows:

5 4. The county auditor shall forward the claims to the board
6 of supervisors. The board shall allow or disallow the claims.
7 If the board disallows a claim, it shall send written notice,
8 by mail, to the claimant at the claimant's last known address.
9 The notice shall state the reasons for disallowing the claim
10 ~~for the credit~~. The board is not required to send notice that
11 a claim is disallowed if the claimant voluntarily withdraws the
12 claim.

13 Sec. 75. Section 425.4, Code 2023, is amended to read as
14 follows:

15 **425.4 Certification to treasurer.**

16 All claims which have been allowed by the board of
17 supervisors shall be certified on or before August 1, in each
18 year, by the county auditor to the county treasurer, which
19 certificates shall list the total amount of dollars, listed by
20 taxing district in the county, due for homestead tax exemptions
21 and credits claimed and allowed. The county treasurer shall
22 ~~forthwith~~ then certify to the department of revenue the total
23 amount of dollars, listed by taxing district in the county, due
24 for homestead tax exemptions and credits claimed and allowed.

25 Sec. 76. Section 425.6, Code 2023, is amended to read as
26 follows:

27 **425.6 Waiver by neglect.**

28 If a person fails to file a claim or to have a claim on file
29 with the assessor for the credits provided in [this subchapter](#),
30 the person is deemed to have waived the homestead exemption
31 and credit for the year in which the person failed to file the
32 claim or to have a claim on file with the assessor.

33 Sec. 77. Section 425.7, subsection 3, Code 2023, is amended
34 to read as follows:

35 3. a. If the department of revenue determines that a claim

1 for homestead exemption and credit has been allowed by the
2 board of supervisors which is not justifiable under the law
3 and not substantiated by proper facts, the department may, at
4 any time within thirty-six months from July 1 of the year in
5 which the claim is allowed, set aside the allowance. Notice
6 of the disallowance shall be given to the county auditor of
7 the county in which the claim has been improperly granted and
8 a written notice of the disallowance shall also be addressed
9 to the claimant at the claimant's last known address. The
10 claimant or board of supervisors may appeal to the director
11 of revenue within thirty days from the date of the notice of
12 disallowance. The director shall grant a hearing and if, upon
13 the hearing, the director determines that the disallowance was
14 incorrect, the director shall set aside the disallowance. The
15 director shall notify the claimant and the board of supervisors
16 of the result of the hearing. The claimant or the board of
17 supervisors may seek judicial review of the action of the
18 director of revenue in accordance with [chapter 17A](#).

19 *b.* If a claim is disallowed by the department of revenue
20 and not appealed to the director of revenue or appealed to
21 the director of revenue and thereafter upheld upon final
22 resolution, including any judicial review, any amounts of
23 exemptions allowed and credits allowed and paid from the
24 homestead credit fund including the penalty, if any, become a
25 lien upon the property on which the exemption and credit was
26 originally granted, if still in the hands of the claimant,
27 and not in the hands of a bona fide purchaser, and any amount
28 so erroneously paid including the penalty, if any, shall be
29 collected by the county treasurer in the same manner as other
30 taxes and the collections shall be returned to the department
31 of revenue and credited to the homestead credit fund. The
32 director of revenue may institute legal proceedings against a
33 homestead credit claimant for the collection of payments made
34 on disallowed credits and the penalty, if any. If a person
35 makes a false claim or affidavit with fraudulent intent to

1 obtain the homestead exemption and credit, the person is guilty
2 of a fraudulent practice and the claim shall be disallowed in
3 full. If the credit has been paid, the amount of the credit
4 plus a penalty equal to twenty-five percent of the amount of
5 credit plus interest, at the rate in effect under section
6 421.7, from the time of payment shall be collected by the
7 county treasurer in the same manner as other property taxes,
8 penalty, and interest are collected and when collected shall
9 be paid to the director of revenue. If a homestead exemption
10 and credit is disallowed and the claimant failed to give
11 written notice to the assessor as required by [section 425.2](#)
12 when the property ceased to be used as a homestead by the
13 claimant, a civil penalty equal to five percent of the amount
14 of the disallowed exemption or credit is assessed against the
15 claimant.

16 Sec. 78. Section 425.8, subsection 1, Code 2023, is amended
17 to read as follows:

18 1. The director of revenue shall prescribe the form
19 for the making of a verified statement and designation of
20 homestead, the form for the supporting affidavits required
21 herein, and such other forms as may be necessary for the proper
22 administration of [this subchapter](#). Whenever necessary, the
23 department of revenue shall forward to the county auditors of
24 the several counties in the state the prescribed sample forms,
25 and the county auditors shall furnish blank forms prepared
26 in accordance therewith with the assessment rolls, books,
27 and supplies delivered to the assessors. The department of
28 revenue shall prescribe and the county auditors shall provide
29 on the forms for claiming the homestead exemption and credit a
30 statement to the effect that the owner realizes that the owner
31 must give written notice to the assessor when the owner changes
32 the use of the property.

33 Sec. 79. Section 425.9, subsections 2, 3, and 4, Code 2023,
34 are amended to read as follows:

35 2. If any claim for exemption and credit ~~made hereunder~~

1 has been denied by the board of supervisors, and such action
2 is subsequently reversed on appeal, the exemption and credit
3 shall be allowed on the homestead involved in said appeal, and
4 the director of revenue, the county auditor, and the county
5 treasurer shall make such exemption and credit and change their
6 books and records accordingly.

7 3. In the event the appealing taxpayer has paid one or both
8 of the installments of the tax payable in the year or years in
9 question on such homestead valuation, remittance shall be made
10 to such taxpayer of the amount of such credit or exemption.

11 4. The amount of such credit shall be allocated and paid
12 from the surplus redeposited in the homestead credit fund
13 provided for in [subsection 1](#). The amount of such exemption not
14 covered by the credit shall be allowed as a credit on future
15 taxes due and payable.

16 Sec. 80. Section 425.10, Code 2023, is amended to read as
17 follows:

18 **425.10 Reversal of allowed claim.**

19 In the event any claim is allowed, and subsequently reversed
20 on appeal, any exemption and credit made under the claim
21 shall be void. The amount of the erroneous exemption and
22 credit shall be charged against the property in question, and
23 the director of revenue, the county auditor, and the county
24 treasurer are authorized and directed to correct their books
25 and records accordingly. The amount of the erroneous credit,
26 when collected, shall be returned by the county treasurer to
27 the homestead credit fund to be reallocated the following year
28 as provided in [this subchapter](#).

29 Sec. 81. Section 425.11, subsection 1, paragraph d,
30 subparagraph (1), unnumbered paragraph 1, Code 2023, is amended
31 to read as follows:

32 The homestead includes the dwelling house which the owner,
33 in good faith, is occupying as a home on July 1 of the year for
34 which the exemption and credit is claimed and occupies as a
35 home for at least six months during the calendar year in which

1 the fiscal year begins, except as otherwise provided.

2 Sec. 82. Section 425.11, subsection 1, paragraph d,
3 subparagraph (3), Code 2023, is amended to read as follows:

4 (3) It must not embrace more than one dwelling house, but
5 where a homestead has more than one dwelling house situated
6 thereon, the exemption and credit provided for in this
7 subchapter shall apply to the home and buildings used by the
8 owner, but shall not apply to any other dwelling house and
9 buildings appurtenant.

10 Sec. 83. Section 425.11, subsection 1, paragraph e, Code
11 2023, is amended to read as follows:

12 e. "Owner" means the person who holds the fee simple
13 title to the homestead, and in addition shall mean the person
14 occupying as a surviving spouse or the person occupying under
15 a contract of purchase which contract has been recorded in
16 the office of the county recorder of the county in which the
17 property is located; or the person occupying the homestead
18 under devise or by operation of the inheritance laws where
19 the whole interest passes or where the divided interest is
20 shared only by persons related or formerly related to each
21 other by blood, marriage or adoption; or the person occupying
22 the homestead is a shareholder of a family farm corporation
23 that owns the property; or the person occupying the homestead
24 under a deed which conveys a divided interest where the divided
25 interest is shared only by persons related or formerly related
26 to each other by blood, marriage or adoption; or where the
27 person occupying the homestead holds a life estate with the
28 reversion interest held by a nonprofit corporation organized
29 under [chapter 504](#), provided that the holder of the life estate
30 is liable for and pays property tax on the homestead; or where
31 the person occupying the homestead holds an interest in a
32 horizontal property regime under [chapter 499B](#), regardless
33 of whether the underlying land committed to the horizontal
34 property regime is in fee or as a leasehold interest, provided
35 that the holder of the interest in the horizontal property

1 regime is liable for and pays property tax on the homestead;
2 or where the person occupying the homestead is a member of a
3 community land trust as defined in 42 U.S.C. §12773, regardless
4 of whether the underlying land is in fee or as a leasehold
5 interest, provided that the member of the community land trust
6 is occupying the homestead and is liable for and pays property
7 tax on the homestead. For the purpose of **this subchapter**,
8 the word "owner" shall be construed to mean a bona fide owner
9 and not one for the purpose only of availing the person of
10 the benefits of **this subchapter**. In order to qualify for the
11 homestead tax exemption and credit, evidence of ownership shall
12 be on file in the office of the clerk of the district court
13 or recorded in the office of the county recorder at the time
14 the owner files with the assessor a verified statement of the
15 homestead claimed by the owner as provided in **section 425.2**.

16 Sec. 84. Section 425.12, Code 2023, is amended to read as
17 follows:

18 **425.12 Indian land.**

19 Each forty acres of land, or fraction thereof, occupied by
20 a member or members of the Sac and Fox Indians in Tama county,
21 which land is held in trust by the secretary of the interior of
22 the United States for said Indians, shall be given a homestead
23 tax exemption and credit within the meaning and under the
24 provisions of **this subchapter**. Application for such homestead
25 tax exemption and credit shall be made to the county auditor of
26 Tama county and may be made by a representative of the tribal
27 council.

28 Sec. 85. Section 425.13, Code 2023, is amended to read as
29 follows:

30 **425.13 Conspiracy to defraud.**

31 If any two or more persons conspire and confederate together
32 with fraudulent intent to obtain the exemption and credit
33 provided for under the terms of **this subchapter** by making a
34 false deed, or a false contract of purchase, they are guilty of
35 a fraudulent practice.

1 Sec. 86. Section 425.15, subsection 1, unnumbered paragraph
2 1, Code 2023, is amended to read as follows:

3 If the owner of a homestead allowed a an exemption and credit
4 under this subchapter is any of the following, the exemption
5 shall be the total actual value of the homestead and, for
6 fiscal years for which credits are paid, the credit allowed
7 on the homestead from the homestead credit fund shall be the
8 entire amount of the tax levied on the homestead:

9 Sec. 87. Section 425.15, subsections 2, 3, and 4, Code 2023,
10 are amended to read as follows:

11 2. *a.* For an owner described in subsection 1, paragraph
12 "*a*", "*b*", or "*c*", the exemption and credit allowed shall be
13 continued to the estate of an owner who is deceased or the
14 surviving spouse and any child, as defined in section 234.1,
15 who are the beneficiaries of a deceased owner, so long as the
16 surviving spouse remains unmarried.

17 *b.* An individual described in subsection 1, paragraph
18 "*d*", is no longer eligible for the exemption and credit upon
19 termination of dependency and indemnity compensation under 38
20 U.S.C. §1301 et seq.

21 3. An owner or a beneficiary of an owner who elects to
22 secure the exemption and credit provided in this section is not
23 eligible for any other real property tax exemption provided by
24 law for veterans of military service.

25 4. If an owner acquires a different homestead, the exemption
26 and credit allowed under this section may be claimed on the new
27 homestead unless the owner fails to meet the other requirements
28 of this section.

29 Sec. 88. Section 425.15, subsection 5, paragraph a, Code
30 2023, is amended to read as follows:

31 *a.* Except as provided in paragraph "*b*", the list of the
32 names and addresses of individuals allowed a an exemption
33 and credit under this section and maintained by the county
34 recorder, county treasurer, county assessor, city assessor, or
35 other government body is confidential information and shall

1 not be disseminated to any person unless otherwise ordered by
2 a court or released by the lawful custodian of the records
3 pursuant to state or federal law. The county recorder, county
4 treasurer, county assessor, city assessor, or other government
5 body responsible for maintaining the names and addresses of
6 individuals allowed a an exemption and credit under this
7 section may display such exemption and credit on individual
8 paper records and individual electronic records, including
9 display on an internet site.

10 Sec. 89. Section 425.16, subsection 1, Code 2023, is amended
11 to read as follows:

12 1. In addition to the homestead tax credit allowed under
13 section 425.1, subsections 1 through 4, and the homestead
14 exemption under section 425.1A, persons who own or rent their
15 homesteads and who meet the qualifications provided in this
16 subchapter are eligible for a property tax credit for property
17 taxes due or reimbursement of rent constituting property taxes
18 paid.

19 Sec. 90. Section 425.17, subsection 8, Code 2023, is amended
20 to read as follows:

21 8. "*Property taxes due*" means property taxes including any
22 special assessments, but exclusive of delinquent interest and
23 charges for services, due on a claimant's homestead in this
24 state, but includes only property taxes for which the claimant
25 is liable and which will actually be paid by the claimant.
26 However, if the claimant is a person whose property taxes have
27 been suspended under [sections 427.8](#) and [427.9](#), "*property taxes*
28 *due*" means property taxes including any special assessments,
29 but exclusive of delinquent interest and charges for services,
30 due on a claimant's homestead in this state, but includes only
31 property taxes for which the claimant is liable and which
32 would have to be paid by the claimant if the payment of the
33 taxes has not been suspended pursuant to [sections 427.8](#) and
34 [427.9](#). "*Property taxes due*" shall be computed with no deduction
35 for any credit under [this subchapter](#) or for any homestead

1 exemption or credit allowed under [section 425.1](#). Each claim
 2 shall be based upon the taxes due during the fiscal year next
 3 following the base year. If a homestead is owned by two or
 4 more persons as joint tenants or tenants in common, and one or
 5 more persons are not members of claimant's household, "*property*
 6 *taxes due*" is that part of property taxes due on the homestead
 7 which equals the ownership percentage of the claimant and the
 8 claimant's household. The county treasurer shall include with
 9 the tax receipt a statement that if the owner of the property
 10 is eighteen years of age or over, the person may be eligible
 11 for the credit allowed under [this subchapter](#). If a homestead
 12 is an integral part of a farm, the claimant may use the total
 13 property taxes due for the larger unit. If a homestead is an
 14 integral part of a multidwelling or multipurpose building the
 15 property taxes due for the purpose of [this subsection](#) shall be
 16 prorated to reflect the portion which the value of the property
 17 that the household occupies as its homestead is to the value
 18 of the entire structure. For purposes of [this subsection](#),
 19 "*unit*" refers to that parcel of property covered by a single tax
 20 statement of which the homestead is a part.

21 Sec. 91. Section 435.26, subsection 1, paragraph a, Code
 22 2023, is amended to read as follows:

23 *a.* A mobile home or manufactured home which is located
 24 outside a manufactured home community or mobile home park shall
 25 be converted to real estate by being placed on a permanent
 26 foundation and shall be assessed for real estate taxes. A
 27 home, after conversion to real estate, is eligible for the
 28 homestead tax exemption and credit and the military service tax
 29 exemption as provided in [sections 425.2](#) and [426A.11](#). A taxable
 30 mobile home or manufactured home which is located outside
 31 of a manufactured home community or mobile home park as of
 32 January 1, 1995, is also exempt from the permanent foundation
 33 requirements of [this chapter](#) until the home is relocated.

34 Sec. 92. Section 435.26A, subsection 3, Code 2023, is
 35 amended to read as follows:

1 3. After the surrender of a manufactured home's certificate
2 of title under [this section](#), the manufactured home shall
3 continue to be taxed under [section 435.22](#) and is not eligible
4 for the homestead tax exemption and credit or the military
5 service tax exemption and credit. A foreclosure action on a
6 manufactured home whose title has been surrendered under this
7 section shall be conducted as a real estate foreclosure. A tax
8 lien and its priority shall remain the same on a manufactured
9 home after its certificate of title has been surrendered.

10 Sec. 93. Section 483A.24, subsection 19, Code 2023, is
11 amended to read as follows:

12 19. Upon payment of a fee established by rules adopted
13 pursuant to [section 483A.1](#) for a lifetime trout fishing
14 license, the department shall issue a lifetime trout fishing
15 license to a person who is at least sixty-five years of age or
16 to a person who qualifies for the disabled veteran homestead
17 exemption and credit under [section 425.15](#). The department
18 shall prepare an application to be used by a person requesting
19 a lifetime trout fishing license under [this subsection](#).

20 Sec. 94. Section 499A.14, Code 2023, is amended to read as
21 follows:

22 **499A.14 Taxation.**

23 The real estate shall be taxed in the name of the
24 cooperative, and each member of the cooperative shall pay
25 that member's proportionate share of the tax in accordance
26 with the proration formula set forth in the bylaws, and each
27 member occupying an apartment as a residence shall receive
28 that member's proportionate homestead tax exemption and credit
29 and each veteran of the military services of the United States
30 identified as such under the laws of the state of Iowa or the
31 United States shall receive as a credit that member's veterans
32 tax benefit as prescribed by the laws of the state of Iowa.

33 Sec. 95. EXISTING HOMESTEAD CLAIMS. Homestead credit
34 claims approved under chapter 425, subchapter I, prior to and
35 valid on the effective date of this division of this Act shall

1 result in a homestead exemption under chapter 425, subchapter
2 I, as enacted in this division of this Act, without further
3 filing by the claimant.

4 Sec. 96. IMPLEMENTATION. Section 25B.7, subsection 1,
5 shall not apply to the property tax exemption provided in this
6 division of this Act.

7 Sec. 97. APPLICABILITY. This division of this Act applies
8 to assessment years beginning on or after January 1, 2024.

9 DIVISION V

10 ELDERLY PROPERTY TAX CREDIT

11 Sec. 98. Section 425.23, subsection 1, paragraph c,
12 subparagraph (2), Code 2023, is amended to read as follows:

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

23 Sec. 99. Section 425.23, subsection 2, Code 2023, is amended
24 to read as follows:

25 2. a. The Except as provided in paragraph "b", the
26 actual credit for property taxes due shall be determined
27 by subtracting from the tentative credit the amount of the
28 homestead credit under [section 425.1](#) which is allowed as a
29 credit against property taxes due in the fiscal year next
30 following the base year by the claimant or any person of
31 the claimant's household. If the subtraction produces a
32 negative amount, there shall be no credit but no refund shall
33 be required. The actual reimbursement for rent constituting
34 property taxes paid shall be equal to the tentative
35 reimbursement.

1 b. If the claimant's tentative credit is the amount
2 determined under subsection 1, paragraph "c", subparagraph (2),
3 the actual credit amount shall be equal to the tentative credit
4 amount.

5 Sec. 100. EFFECTIVE DATE. This division of this Act, being
6 deemed of immediate importance, takes effect upon enactment.

7 Sec. 101. RETROACTIVE APPLICABILITY. This division of
8 this Act applies retroactively to claims under chapter 425,
9 subchapter II, filed on or after January 1, 2022.

10 DIVISION VI

11 MILITARY SERVICE PROPERTY TAX EXEMPTION AND CREDIT

12 Sec. 102. Section 25B.7, subsection 2, paragraph c, Code
13 2023, is amended by striking the paragraph.

14 Sec. 103. Section 426A.1A, Code 2023, is amended to read as
15 follows:

16 **426A.1A Appropriation.**

17 ~~There~~ For each fiscal year beginning before July 1, 2026,
18 there is appropriated from the general fund of the state the
19 amounts necessary to fund the credits provided under this
20 chapter.

21 Sec. 104. Section 426A.2, Code 2023, is amended to read as
22 follows:

23 **426A.2 Military service tax credit.**

24 ~~The~~ For each fiscal year beginning before July 1, 2026, the
25 moneys appropriated under section 426A.1A shall be apportioned
26 each year so as to replace all or a portion of the tax which
27 would be due on property eligible for military service tax
28 exemption in the state, if the property were subject to
29 taxation, the amount of the credit to be not more than six
30 dollars and ninety-two cents per thousand dollars of assessed
31 value of property, not to exceed nine hundred forty-five
32 dollars, which would be subject to the tax, except for the
33 military service tax exemption.

34 Sec. 105. Section 426A.11, subsections 1 and 2, Code 2023,
35 are amended to read as follows:

1 1. The property, not to exceed two thousand seven hundred
2 seventy-eight dollars in taxable value for assessment years
3 beginning before January 1, 2024, of any veteran, as defined in
4 section 35.1, of World War I.

5 2. a. The property, not to exceed one thousand eight
6 hundred fifty-two dollars in taxable value for assessment years
7 beginning before January 1, 2024, of an honorably separated,
8 retired, furloughed to a reserve, placed on inactive status,
9 or discharged veteran, as defined in section 35.1, subsection
10 2, paragraph "a" or "b".

11 b. The property, not to exceed two thousand fifty-five
12 dollars in taxable value for the assessment year beginning
13 January 1, 2024, of an honorably separated, retired, furloughed
14 to a reserve, placed on inactive status, or discharged veteran,
15 as defined in section 35.1, subsection 2, paragraph "a" or "b".

16 c. The property, not to exceed four thousand dollars in
17 taxable value for assessment years beginning on or after
18 January 1, 2025, of an honorably separated, retired, furloughed
19 to a reserve, placed on inactive status, or discharged veteran,
20 as defined in section 35.1, subsection 2, paragraph "a" or "b".

21 Sec. 106. IMPLEMENTATION. Section 25B.7, subsection 1,
22 shall not apply to the property tax exemption provided in this
23 Act.

24 Sec. 107. APPLICABILITY. This division of this Act applies
25 to assessment years beginning on or after January 1, 2024.

26 DIVISION VII

27 PROPERTY TAX ASSESSMENT LIMITATIONS

28 Sec. 108. Section 441.21, subsections 5, 9, and 10, Code
29 2023, are amended to read as follows:

30 5. a. (1) For valuations established as of January 1,
31 1979, property valued by the department of revenue pursuant
32 to chapters 428, 433, and 437, and ~~438~~ shall be considered as
33 one class of property and shall be assessed as a percentage
34 of its actual value. The percentage shall be determined by
35 the director of revenue in accordance with the provisions of

1 this section. For valuations established as of January 1,
2 1979, the percentage shall be the quotient of the dividend and
3 divisor as defined in [this section](#). The dividend shall be the
4 total actual valuation established for 1978 by the department
5 of revenue, plus ten percent of the amount so determined.
6 The divisor for property valued by the department of revenue
7 pursuant to [chapters 428, 433, and 437](#), ~~and 438~~ shall be the
8 valuation established for 1978, plus the amount of value added
9 to the total actual value by the revaluation of the property
10 by the department of revenue as of January 1, 1979. For
11 valuations established as of January 1, 1980, property valued
12 by the department of revenue pursuant to [chapters 428, 433, and](#)
13 [437](#), ~~and 438~~ shall be assessed at a percentage of its actual
14 value. The percentage shall be determined by the director of
15 revenue in accordance with the provisions of [this section](#). For
16 valuations established as of January 1, 1980, the percentage
17 shall be the quotient of the dividend and divisor as defined in
18 this section. The dividend shall be the total actual valuation
19 established for 1979 by the department of revenue, plus eight
20 percent of the amount so determined. The divisor for property
21 valued by the department of revenue pursuant to [chapters 428,](#)
22 [433, and 437](#), ~~and 438~~ shall be the valuation established for
23 1979, plus the amount of value added to the total actual
24 value by the revaluation of the property by the department of
25 revenue as of January 1, 1980. For valuations established
26 as of January 1, 1981, and each year thereafter beginning
27 before January 1, 2025, the percentage of actual value at
28 which property valued by the department of revenue pursuant to
29 [chapters 428, 433, and 437](#), ~~and 438~~ shall be assessed shall
30 be calculated in accordance with the methods provided herein,
31 except that any references to ten percent in [this subsection](#)
32 shall be eight percent. ~~For valuations established on or after~~
33 ~~January 1, 2013, property valued by the department of revenue~~
34 ~~pursuant to [chapter 434](#) shall be assessed at a portion of its~~
35 ~~actual value determined in the same manner at which property~~

1 ~~assessed as commercial property is assessed under paragraph "b"~~
2 ~~for the same assessment year.~~ For valuations established for
3 the assessment year beginning January 1, 2025, the percentage
4 of actual value at which property valued by the department of
5 revenue pursuant to chapter 438 shall be assessed shall be
6 ninety-five percent. For valuations established for assessment
7 years beginning on or after January 1, 2026, the percentage
8 of actual value at which property valued by the department of
9 revenue pursuant to chapter 438 shall be assessed shall be
10 ninety percent.

11 (2) (a) For valuations established for the assessment year
12 beginning January 1, 2025, the percentage of actual value at
13 which property valued by the department of revenue pursuant to
14 chapters 428 and 437 shall be assessed shall be ninety-seven
15 and one-half percent.

16 (b) For valuations established for the assessment year
17 beginning January 1, 2026, the percentage of actual value at
18 which property valued by the department of revenue pursuant to
19 chapters 428 and 437 shall be assessed shall be ninety-five
20 percent.

21 (c) For valuations established for the assessment year
22 beginning January 1, 2027, the percentage of actual value at
23 which property valued by the department of revenue pursuant to
24 chapters 428 and 437 shall be assessed shall be ninety-two and
25 one-half percent.

26 (d) For valuations established for the assessment year
27 beginning January 1, 2028, and each assessment year thereafter,
28 the percentage of actual value at which property valued by the
29 department of revenue pursuant to chapters 428 and 437 shall be
30 assessed shall be ninety percent.

31 *b.* For valuations established on or after January 1, 2013,
32 commercial property, excluding properties referred to in
33 section 427A.1, subsection 9, shall be assessed at a portion
34 of its actual value, as determined in this paragraph "b". For
35 valuations established on or after January 1, 2013, property

1 valued by the department of revenue pursuant to chapter 434
2 shall be assessed at a portion of its actual value determined
3 in the same manner at which property assessed as commercial
4 property is assessed for the same assessment year.

5 (1) For valuations established for the assessment year
6 beginning January 1, 2013, the percentage of actual value
7 as equalized by the department of revenue as provided in
8 section 441.49 at which commercial property shall be assessed
9 shall be ninety-five percent. For valuations established
10 for the assessment year beginning January 1, 2014, and each
11 assessment year thereafter beginning before January 1, 2022,
12 the percentage of actual value as equalized by the department
13 of revenue as provided in [section 441.49](#) at which commercial
14 property shall be assessed shall be ninety percent.

15 (2) For valuations established for the assessment year
16 beginning January 1, 2022, and each assessment year thereafter,
17 the portion of actual value at which each property unit of
18 commercial property shall be assessed shall be the sum of the
19 following:

20 (a) An amount equal to the product of the assessment
21 limitation percentage applicable to residential property under
22 subsection 4 for that assessment year multiplied by the actual
23 value of the property that exceeds zero dollars but does not
24 exceed one hundred fifty thousand dollars.

25 (b) (i) An For the assessment years beginning January 1,
26 2022, January 1, 2023, and January 1, 2024, an amount equal
27 to ninety percent of the actual value of the property for
28 that assessment year that exceeds one hundred fifty thousand
29 dollars.

30 (ii) For the assessment year beginning January 1, 2025,
31 an amount equal to eighty-five percent of the actual value of
32 the property for that assessment year that exceeds one hundred
33 fifty thousand dollars.

34 (iii) For the assessment year beginning January 1, 2026,
35 and each assessment year thereafter, an amount equal to eighty

1 percent of the actual value of the property for that assessment
2 year that exceeds one hundred fifty thousand dollars.

3 c. For valuations established on or after January 1, 2013,
4 industrial property, excluding properties referred to in
5 section 427A.1, subsection 9, shall be assessed at a portion of
6 its actual value, as determined in this paragraph "c".

7 (1) For valuations established for the assessment year
8 beginning January 1, 2013, the percentage of actual value
9 as equalized by the department of revenue as provided in
10 section 441.49 at which industrial property shall be assessed
11 shall be ninety-five percent. For valuations established
12 for the assessment year beginning January 1, 2014, and each
13 assessment year thereafter beginning before January 1, 2022,
14 the percentage of actual value as equalized by the department
15 of revenue as provided in [section 441.49](#) at which industrial
16 property shall be assessed shall be ninety percent.

17 (2) For valuations established for the assessment year
18 beginning January 1, 2022, and each assessment year thereafter,
19 the portion of actual value at which each property unit of
20 industrial property shall be assessed shall be the sum of the
21 following:

22 (a) An amount equal to the product of the assessment
23 limitation percentage applicable to residential property under
24 subsection 4 for that assessment year multiplied by the actual
25 value of the property that exceeds zero dollars but does not
26 exceed one hundred fifty thousand dollars.

27 (b) (i) An For the assessment years beginning January 1,
28 2022, January 1, 2023, and January 1, 2024, an amount equal
29 to ninety percent of the actual value of the property for
30 that assessment year that exceeds one hundred fifty thousand
31 dollars.

32 (ii) For the assessment year beginning January 1, 2025,
33 an amount equal to eighty-five percent of the actual value of
34 the property for that assessment year that exceeds one hundred
35 fifty thousand dollars.

1 (iii) For the assessment year beginning January 1, 2026,
2 and each assessment year thereafter, an amount equal to eighty
3 percent of the actual value of the property for that assessment
4 year that exceeds one hundred fifty thousand dollars.

5 *d.* For valuations established for the assessment year
6 beginning January 1, 2019, and each assessment year thereafter,
7 the percentages or portions of actual value at which property
8 is assessed, as determined under [this subsection](#), shall not be
9 applied to the value of wind energy conversion property valued
10 under [section 427B.26](#) the construction of which is approved by
11 the Iowa utilities board on or after July 1, 2018.

12 *e.* (1) For each fiscal year beginning on or after July 1,
13 2023, there is appropriated from the general fund of the state
14 to the department of revenue the sum of one hundred twenty-five
15 million dollars to be used for payments under this paragraph
16 calculated as a result of the assessment limitations imposed
17 under paragraph "b", subparagraph (2), subparagraph division
18 (a), and paragraph "c", subparagraph (2), subparagraph division
19 (a).

20 (2) For fiscal years beginning on or after July 1, 2023,
21 each county treasurer shall be paid by the department of
22 revenue an amount calculated under subparagraph (4). If an
23 amount appropriated for the fiscal year is insufficient to make
24 all payments as calculated under subparagraph (4), the director
25 of revenue shall prorate the payments to the county treasurers
26 and shall notify the county auditors of the pro rata percentage
27 on or before September 30.

28 (3) On or before July 1 of each fiscal year, the assessor
29 shall report to the county auditor that portion of the total
30 actual value of all commercial property and industrial property
31 in the county that is subject to the assessment limitations
32 imposed under paragraph "b", subparagraph (2), subparagraph
33 division (a), and paragraph "c", subparagraph (2), subparagraph
34 division (a), for the assessment year used to calculate the
35 taxes due and payable in that fiscal year.

1 (4) On or before September 1 of each fiscal year, the county
2 auditor shall prepare a statement, based on the report received
3 in subparagraph (3) and information transmitted to the county
4 auditor under [chapter 434](#), listing for each taxing district in
5 the county:

6 (a) The product of the portion of the total actual value
7 of all commercial property, industrial property, and property
8 valued by the department under [chapter 434](#) in the county
9 that is subject to the assessment limitations imposed under
10 paragraph "b", subparagraph (2), subparagraph division (a),
11 and paragraph "c", subparagraph (2), subparagraph division
12 (a), for the applicable assessment year used to calculate
13 taxes which are due and payable in the applicable fiscal year
14 multiplied by the difference, stated as a percentage, between
15 ~~ninety percent~~ the percentage under paragraph "b", subparagraph
16 (2), subparagraph division (b), for the applicable assessment
17 year and the assessment limitation percentage applicable to
18 residential property under [subsection 4](#) for the applicable
19 assessment year.

20 (b) The tax levy rate per one thousand dollars of assessed
21 value for each taxing district for the applicable fiscal year.

22 (c) The amount of the payment for each county is equal to
23 the amount determined pursuant to subparagraph division (a),
24 multiplied by the tax rate specified in subparagraph division
25 (b), and then divided by one thousand dollars.

26 (5) The county auditor shall certify and forward one copy of
27 the statement described in subparagraph (4) to the department
28 of revenue not later than September 1 of each fiscal year.

29 (6) The amounts determined under this paragraph shall
30 be paid by the department to the county treasurers in equal
31 installments in September and March of each year. The county
32 treasurer shall apportion the payments among the eligible
33 taxing districts in the county and the amounts received by each
34 taxing authority shall be treated the same as property taxes
35 paid.

1 f. For the purposes of [this subsection](#), unless the context
2 otherwise requires:

3 (1) "*Contiguous parcels*" means any of the following:

4 (a) Parcels that share a common boundary.

5 (b) Parcels within the same building or structure
6 regardless of whether the parcels share a common boundary.

7 (c) Permanent improvements to the land that are situated
8 on one or more parcels of land that are assessed and taxed
9 separately from the permanent improvements if the parcels of
10 land upon which the permanent improvements are situated share
11 a common boundary.

12 (2) "*Parcel*" means the same as defined in [section 445.1](#).

13 "*Parcel*" also means that portion of a parcel assigned a
14 classification of commercial property or industrial property
15 pursuant to [section 441.21, subsection 14](#), paragraph "b".

16 (3) "*Property unit*" means a parcel or contiguous parcels
17 all of which are located within the same county, with the same
18 property tax classification, are owned by the same person, and
19 are operated by that person for a common use and purpose.

20 9. Not later than November 1, 1979, and November 1 of each
21 subsequent year, the director shall certify to the county
22 auditor of each county the percentages of actual value at
23 which residential property, agricultural property, commercial
24 property, industrial property, property valued by the
25 department of revenue pursuant to [chapter 434](#), property valued
26 by the department pursuant to chapter 438, and property valued
27 by the department of revenue pursuant to [chapters 428, 433](#),
28 and 437, ~~and 438~~ in each assessing jurisdiction in the county
29 shall be assessed for taxation, including for assessment years
30 beginning on or after January 1, 2022, the percentages used to
31 apply the assessment limitations under [subsection 5](#), paragraphs
32 "b" and "c". The county auditor shall proceed to determine the
33 assessed values of agricultural property, residential property,
34 commercial property, industrial property, property valued by
35 the department of revenue pursuant to [chapter 434](#), property

1 valued by the department pursuant to chapter 438, and property
2 valued by the department of revenue pursuant to chapters 428,
3 433, and 437, and ~~438~~ by applying such percentages to the
4 current actual value of such property, as reported to the
5 county auditor by the assessor, and the assessed values so
6 determined shall be the taxable values of such properties upon
7 which the levy shall be made.

8 10. The percentages of actual value computed by the
9 department of revenue for agricultural property, residential
10 property, commercial property, industrial property, property
11 valued by the department of revenue pursuant to chapter 434,
12 property valued by the department pursuant to chapter 438,
13 and property valued by the department of revenue pursuant to
14 chapters 428, 433, and 437, and ~~438,~~ including for assessment
15 years beginning on or after January 1, 2022, the percentages
16 used to apply the assessment limitations under subsection 5,
17 paragraphs "b" and "c", and used to determine assessed values of
18 those classes of property do not constitute a rule as defined
19 in section 17A.2, subsection 11.

20 Sec. 109. EFFECTIVE DATE. This division of this Act takes
21 effect July 1, 2024.

22 DIVISION VIII

23 NATURAL RESOURCES AND OUTDOOR RECREATION TRUST FUND

24 Sec. 110. Section 2.45, Code 2023, is amended by adding the
25 following new subsection:

26 NEW SUBSECTION. 6. a. The legislative natural resources
27 and outdoor recreation trust fund review committee which
28 shall be composed of ten members of the general assembly,
29 consisting of five members from each chamber, to be appointed
30 by the legislative council. In appointing the five members
31 of each chamber to the committee, the council shall appoint
32 three members from the majority party and two members from the
33 minority party.

34 b. The legislative natural resources and outdoor recreation
35 trust fund review committee shall have the powers and duties

1 described in section 2.49.

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

3 Sec. 111. NEW SECTION. **2.49 Legislative natural resources**
4 **and outdoor recreation trust fund review committee.**

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

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

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

16 2. The committee shall report to the legislative council
17 the results of its considerations, which may include
18 recommendations and proposed legislation for consideration
19 during the next session of the general assembly.

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

21 Sec. 112. Section 8.57, subsection 5, paragraph f,
22 subparagraph (1), subparagraph division (c), Code 2023, is
23 amended by striking the subparagraph division.

24 Sec. 113. Section 8.57, subsection 5, paragraph f,
25 subparagraph (1), subparagraph division (f), Code 2023, is
26 amended to read as follows:

27 (f) For the fiscal year beginning July 1, 2018, and for
28 each fiscal year thereafter, the total moneys in excess of the
29 moneys deposited under this paragraph "f" in the revenue bonds
30 debt service fund, the revenue bonds federal subsidy holdback
31 fund, the vision Iowa fund, ~~the water quality infrastructure~~
32 ~~fund~~, the Iowa skilled worker and job creation fund, and the
33 general fund of the state shall be deposited in the rebuild
34 Iowa infrastructure fund and shall be used as provided in this
35 section, notwithstanding [section 8.60](#).

1 Sec. 114. Section 8.57B, subsection 1, Code 2023, is amended
2 to read as follows:

3 1. a. A water quality infrastructure fund is created within
4 the division of soil conservation and water quality of the
5 department of agriculture and land stewardship.

6 b. The fund shall consist of ~~moneys deposited in the~~
7 ~~fund pursuant to section 8.57, subsection 5, paragraph "f",~~
8 ~~subparagraph (1), subparagraph division (c), moneys~~ all of the
9 following:

10 (1) (a) Moneys transferred to the fund pursuant to section
11 423G.6, and 461.33.

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

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

16 Sec. 115. Section 16.134A, subsection 2, paragraph a,
17 subparagraphs (1) and (2), Code 2023, are amended to read as
18 follows:

19 (1) Moneys transferred to the fund pursuant to section
20 ~~423G.6~~ 461.34.

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

23 Sec. 116. Section 307.24, subsection 5, paragraphs a, b, c,
24 d, e, f, g, and h, Code 2023, are amended to read as follows:

25 ~~a. For department of natural resources facility roads,~~
26 ~~forty-five and one-half percent.~~

27 ~~b. a.~~ For department of human services facility roads, ~~six~~
28 ~~and one-half~~ twelve percent.

29 ~~c. b.~~ For department of corrections facility roads, ~~five~~
30 ~~and one-half~~ ten percent.

31 ~~d. c.~~ For national guard facility roads, ~~four~~ seven and
32 one-third percent.

33 ~~e. d.~~ For state board of regents facility roads, ~~thirty~~
34 fifty-five percent.

35 ~~f. e.~~ For state fair board facility roads, ~~two~~ three and

1 two-thirds percent.

2 ~~g.~~ f. For department of administrative services facility
3 roads, ~~one-half~~ one percent.

4 ~~h.~~ g. For department of education facility roads, ~~six~~
5 eleven percent.

6 Sec. 117. Section 455A.17, Code 2023, is amended by striking
7 the section and inserting in lieu thereof the following:

8 **455A.17 Regional meetings.**

9 1. Beginning in calendar year 2024, and every four
10 calendar years thereafter, the department shall arrange
11 and conduct regional meetings to identify opportunities for
12 regional resource enhancement and protection, and to review
13 and recommend changes in resource enhancement and protection
14 policies, programs, and funding. The department shall provide
15 outreach and educational services to those attending, which
16 shall include the distribution of information regarding
17 resource enhancement and protection expenditures. The
18 department shall promote attendance of interested persons for
19 each regional meeting.

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

24 Sec. 118. Section 455A.18, subsection 1, Code 2023, is
25 amended to read as follows:

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

28 b. The fund consists of all ~~revenues~~ of the following:

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

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

32 (2) Revenues and ~~all~~ other moneys lawfully credited or
33 transferred to the fund. The director shall certify monthly
34 the portions of the fund that are allocated to the various
35 accounts as provided under section 455A.19. The director shall

1 certify before the twentieth of each month the portions of
2 the fund resulting from the previous month's receipts to be
3 allocated to the various accounts.

4 Sec. 119. Section 455A.18, subsection 3, paragraph a, Code
5 2023, is amended by striking the paragraph.

6 Sec. 120. Section 455A.18, subsection 3, paragraph b, Code
7 2023, is amended to read as follows:

8 *b.* Section 8.33 does not apply to moneys ~~appropriated under~~
9 ~~this subsection~~ credited to the fund.

10 Sec. 121. Section 461.2, Code 2023, is amended to read as
11 follows:

12 **461.2 Definitions.**

13 As used in this chapter, unless the context otherwise
14 requires:

15 1. "Authority" means the economic development authority
16 created in section 15.105.

17 2. "Department" "Custodial department" means the department
18 of agriculture and land stewardship, the department of
19 management, the department of natural resources, or the
20 department of transportation.

21 3. "Designated fund" means the water quality infrastructure
22 fund created in section 8.57B, the water quality financial
23 assistance fund created in section 16.134A, or the Iowa
24 resources enhancement and protection fund created in section
25 455A.18.

26 ~~2-~~ 4. "Fiscal year" means the state fiscal year effective
27 as provided in section 3.12.

28 ~~3-~~ 5. "Initiative" includes a program, project, practice,
29 strategy, or plan established or administered by ~~an agency that~~
30 further, or under the supervision or oversight of, a custodial
31 department or the Iowa finance authority, if the initiative is
32 supported in whole or in part by trust fund moneys to further a
33 constitutional purpose as provided in section 461.3.

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

1 7. "Nonpoint source" means a source of pollution other than
2 a point source.

3 8. "Point source" means the same as defined in section
4 455B.171.

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

8 ~~4.~~ 10. "Recreational purpose" includes means only hunting_T;
9 trapping_T; angling_T; horseback riding_T; swimming_T; boating_T;
10 camping_T; picnicking_T; hiking_T; biking; recreational shooting;
11 archery; using land or water trails; bird watching_T; nature
12 study_T; water skiing_T; snowmobiling_T; ~~other summer and winter~~
13 ~~sports,~~ and viewing or enjoying historical, archaeological,
14 scenic, or scientific sites.

15 11. "Trust account" means the natural resources trust
16 account created in section 461.32, the soil conservation and
17 nonpoint source water protection trust account created in
18 section 461.33, the watershed protection trust account created
19 in section 461.34, the local conservation partnership trust
20 account created in section 461.36, the water and land trails
21 trust account created in section 461.37, or the lake and stream
22 restoration trust account created in section 461.38.

23 ~~5.~~ 12. "Trust fund" means the natural resources and outdoor
24 recreation trust fund created in [section 461.31](#).

25 ~~6.~~ 13. "Trust fund moneys" means moneys originating from
26 credited to the natural resources and outdoor recreation trust
27 fund or moneys allocated from the trust fund, including but not
28 limited to moneys allocated to a trust account or allocated or
29 transferred to a designated fund.

30 14. "Water trail" means a point-to-point travel system on a
31 navigable water body capable of supporting a floating vessel
32 capable of carrying one or more persons on a recommended route
33 connecting the points.

34 Sec. 122. Section 461.3, Code 2023, is amended to read as
35 follows:

1 **461.3 Constitutional purpose, and implementation, and**
2 **revenue.**

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

7 2. **This chapter** is intended to implement Article VII,
8 section 10, of the Constitution of the State of Iowa by
9 establishing the natural resources and outdoor recreation
10 trust fund, ~~accounts in the~~ including trust fund accounts,
11 and appropriating or allocating trust fund moneys to support
12 initiatives specified in **subchapter IV**. This chapter shall not
13 be construed to require the state to appropriate, allocate,
14 or transfer other moneys to support those initiatives or
15 constitutional purposes.

16 Sec. 123. Section 461.11, subsection 2, Code 2023, is
17 amended to read as follows:

18 2. The heads of ~~each department receiving trust fund moneys~~
19 the custodial departments and the director of the authority
20 shall regularly meet and whenever practicable collaborate in
21 decision making including by ~~adopting rules~~ providing for
22 the administration of the trust fund and trust accounts,
23 establishing funding priorities, and determining when it is
24 beneficial to provide joint funding of initiatives.

25 Sec. 124. NEW SECTION. **461.20 Information regarding trust**
26 **fund moneys.**

27 1. Each year the department of revenue shall calculate
28 an estimate of the total revenue to be transferred to the
29 trust fund during the following fiscal year as required
30 pursuant to section 423.2A. Not later than May 1 of each
31 year, the department of revenue shall submit the estimate to
32 each custodial department, the authority, and the legislative
33 services agency.

34 2. A custodial department shall at least annually notify the
35 legislative services agency of transfers of trust fund moneys

1 from a trust account to another trust account or designated
2 fund as authorized in this chapter.

3 Sec. 125. Section 461.21, Code 2023, is amended to read as
4 follows:

5 **461.21 Audit.**

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

11 2. The auditor of state or the certified public accounting
12 firm appointed by the auditor as provided in subsection 1
13 shall be paid from trust fund moneys without reducing the
14 percentage of trust fund moneys ~~distributed~~ allocated to the
15 ~~Iowa resources enhancement and protection fund or any one a~~
16 trust account established or designated fund pursuant to ~~this~~
17 chapter subchapter IV.

18 Sec. 126. Section 461.22, Code 2023, is amended to read as
19 follows:

20 **461.22 ~~Report~~ Trust fund report.**

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

25 1. The receipts and expenditures of the trust fund and its
26 trust accounts, a summary of initiatives supported by trust
27 fund moneys, the results of those expenditures, any performance
28 goals or measurements, and plans for future short-term or
29 long-term expenditures.

30 2. ~~Recommendations~~ An evaluation of the use of trust fund
31 moneys to further progress in achieving the goals of the Iowa
32 nutrient reduction strategy as prepared by the department of
33 agriculture and land stewardship, the department of natural
34 resources, and the college of agriculture and life sciences
35 of the Iowa state university of science and technology. The

1 evaluation shall be based on the latest credible findings and
2 recommendations recognized by those entities. The evaluation
3 may include recommendations to the governor and general
4 assembly, including legislation proposed by one or more of the
5 departments entities.

6 Sec. 127. Section 461.23, Code 2023, is amended to read as
7 follows:

8 **461.23 Rules.**

9 The department of revenue, the department of agriculture and
10 land stewardship, the department of management, the department
11 of natural resources, and the department of transportation, the
12 Iowa finance authority, and the economic development authority
13 shall adopt rules separately or jointly as necessary in order
14 to implement and administer **this chapter.**

15 Sec. 128. Section 461.24, Code 2023, is amended by striking
16 the section and inserting in lieu thereof the following:

17 **461.24 Public listing.**

18 The department of management shall publish and maintain a
19 public listing of moneys credited to and allocated from the
20 trust fund, trust fund moneys allocated or transferred from
21 trust accounts, and trust fund moneys allocated or transferred
22 to designated funds to support initiatives. This section does
23 not require the disclosure of information that is confidential
24 as provided by rules adopted pursuant to section 461.23.

25 Sec. 129. NEW SECTION. **461.25 Use of trust fund moneys.**

26 1. A custodial department shall not appropriate, allocate,
27 or transfer trust fund moneys except as provided in this
28 chapter. However, this subsection shall not be construed to
29 limit a custodial department from using trust fund moneys with
30 another person, including a custodial department, when engaging
31 in a joint initiative as authorized by law.

32 2. During any fiscal year, a custodial department shall not
33 use more than five percent of trust fund moneys allocated to
34 a trust account to pay for expenses incurred in administering
35 trust fund moneys allocated to that trust account.

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

5 4. A custodial department shall administer the use of
6 trust fund moneys to support an initiative having primarily
7 a recreational purpose only if such use is in cooperation
8 with the authority. The authority shall review, score, and
9 rank applications to support such initiatives as part of a
10 competitive evaluation process. The scoring criteria must
11 further the economic development policy of the state as
12 provided in chapter 15.

13 5. When making a determination to support competing
14 proposed initiatives relating to a public use area that
15 benefits a locality, a custodial department or the authority
16 shall provide a higher priority to supporting an initiative to
17 improve an existing public use area.

18 6. When making a determination to support a proposed
19 initiative to establish, improve, or expand a land trail,
20 the proposal shall not be approved unless the sponsor of the
21 proposal demonstrates to the custodial department or other
22 entity making the funding decision how the trail is to be
23 maintained by other sources of revenue.

24 7. In administering the use of trust fund moneys allocated
25 to a trust account to support an initiative relating to
26 the management of land, this chapter does not do any of the
27 following:

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

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

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

35 a. An initiative that establishes, improves, or expands a

1 single or multipurpose athletic field, baseball or softball
2 diamond, tennis court, golf course, swimming pool, or other
3 group or organized sport facility.

4 *b.* The taking of property by exercising the power of eminent
5 domain, including by acquiring property as provided in chapters
6 6A and 6B.

7 Sec. 130. Section 461.31, Code 2023, is amended to read as
8 follows:

9 **461.31 Natural resources and outdoor recreation trust fund**
10 **— creation.**

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

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

16 (1) Moneys transferred to the trust fund pursuant to section
17 423.2A.

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

22 *b.* Trust fund moneys are exclusively appropriated by law
23 to carry out the constitutional purposes ~~provided~~ described in
24 section 461.3.

25 *c.* Trust fund moneys shall supplement and not replace
26 moneys appropriated by the general assembly to support the
27 constitutional purposes provided in [section 461.3](#).

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

31 3. In administering a trust fund account, a custodial
32 department may contract, sue and be sued, and authorize payment
33 for costs, fees, commissions, and other reasonable expenses
34 from the trust account. However, a custodial department shall
35 not in any manner directly or indirectly pledge the credit of

1 this state.

2 4. a. Except as provided in paragraph "b", the treasurer
3 of state shall, each month as directed by the department of
4 management, allocate all trust fund moneys that have been
5 credited to the trust fund, including moneys transferred to the
6 trust fund as provided in section 423.2A, to each trust account
7 and designated fund as provided in this subchapter.

8 b. Notwithstanding sections 461.32 through 461.38, for the
9 fiscal year beginning July 1, 2025, and for each subsequent
10 fiscal year, only that amount as authorized by an Act of
11 the general assembly shall be allocated from the trust fund
12 to a trust account or designated fund as provided in this
13 subchapter. However, if for a fiscal year no Act of the
14 general assembly authorizes trust fund moneys to be allocated
15 from the trust fund, the trust fund moneys shall be allocated
16 from the trust fund to the trust accounts and designated funds
17 as provided in this subchapter by operation of law.

18 5. a. Notwithstanding [section 8.33](#), any unexpended balance
19 in the trust fund or in an a trust account ~~created within the~~
20 ~~trust fund~~ at the end of each fiscal year shall be retained in
21 the trust fund or ~~the respective~~ trust account.

22 b. Notwithstanding [section 12C.7, subsection 2](#), interest or
23 earnings on investments or time deposits of the moneys in the
24 trust fund and ~~its respective~~ trust accounts shall be credited
25 to the trust fund and ~~its respective~~ trust accounts.

26 c. The recapture of awards originating from an a trust
27 account and other repayments to an a trust account shall be
28 retained in that trust account.

29 Sec. 131. Section 461.32, Code 2023, is amended to read as
30 follows:

31 **461.32 Natural resources trust account — allocations.**

32 1. A natural resources trust account is created in the trust
33 fund. ~~Twenty-three~~ The trust account shall be administered by
34 the department of natural resources.

35 2. Eighteen percent of ~~the~~ moneys credited to the trust fund

1 shall be allocated to the trust account.

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

4 a. The establishment, restoration, ~~or~~ enhancement, and
5 management of state parks, state preserves, state forests,
6 wildlife areas, wildlife habitats, native prairies, and
7 wetlands.

8 (1) A higher priority shall be provided to supporting
9 initiatives for the maintenance, preservation, or restoration
10 of land and a lower priority shall be provided to supporting
11 initiatives for the purchase or acquisition of land.

12 (2) The department shall utilize an index that includes a
13 comprehensive assessment mechanism to produce a statistically
14 verifiable basis for determining whether to approve or
15 disapprove the purchase or acquisition of the land. The
16 department shall establish index criteria that justifies the
17 land's removal from private ownership and use.

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

20 ~~b.~~ c. Wildlife diversity.

21 ~~c.~~ d. Recreational purposes.

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

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

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

30 h. The construction, maintenance, or expansion of roads on
31 state-owned land under the jurisdiction of the department of
32 natural resources.

33 ~~3.~~ ~~The department of natural resources shall to every extent~~
34 ~~possible consider its comprehensive plan provided in section~~
35 ~~456A.31 when making funding decisions.~~

1 Sec. 132. Section 461.33, Code 2023, is amended to read as
2 follows:

3 **461.33 Soil conservation and nonpoint source water protection**
4 **trust account — allocations.**

5 1. A soil conservation and nonpoint source water protection
6 trust account is created in the trust fund. ~~Twenty~~ The trust
7 account shall be administered by the department of agriculture
8 and land stewardship.

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

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

14 a. The water quality infrastructure fund created in section
15 8.57B to support water quality agriculture infrastructure
16 programs created in section 466B.43 in order to reduce nutrient
17 loads from nonpoint sources.

18 b. The water quality financial assistance fund created
19 in section 16.134A to support the water quality urban
20 infrastructure program created in section 466B.44.

21 4. Each fiscal year, at least ten percent of the moneys
22 allocated to the account shall be used to support the planting
23 and maintenance of cover crops as provided in section 161A.73.

24 ~~2.~~ 5. a. The account shall be used by the department of
25 agriculture and land stewardship remaining trust fund moneys
26 allocated to the trust account shall be used by the department
27 to support all of the following initiatives:

28 ~~a.~~ (1) Soil conservation and watershed protection,
29 including by supporting the department's division of
30 soil conservation and water quality within the department
31 of agriculture and land stewardship and soil and water
32 conservation district commissioners. The department and
33 commissioners may provide for the installation establishment
34 of conservation practices, management practices to control
35 soil erosion on row-cropped land, and watershed protection

1 improvements as provided in chapters 161A, 161C, ~~461A,~~ and 466,
2 and 466B.

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

8 ~~c.~~ (3) Soil conservation or crop management practices
9 used on land producing biomass for biorefineries, including
10 cellulosic ethanol production.

11 ~~3. b.~~ The department ~~of agriculture and land stewardship~~
12 may use unencumbered or unobligated trust fund moneys allocated
13 to the trust account to provide financial incentives or
14 technical assistance to landowners.

15 6. During a fiscal year, the department may transfer
16 unencumbered or unobligated trust fund moneys allocated to
17 the trust account for use by the department as is provided in
18 subsection 5 to any of the following:

19 a. The water quality infrastructure fund created in section
20 8.57B to support water quality agriculture infrastructure
21 programs created in section 466B.43 in order to reduce nutrient
22 loads from nonpoint sources.

23 b. The water quality financial assistance fund created
24 in section 16.134A to support the water quality urban
25 infrastructure program created in section 466B.44.

26 Sec. 133. Section 461.34, Code 2023, is amended to read as
27 follows:

28 **461.34 Watershed protection trust account — allocations.**

29 1. A watershed protection trust account is created in the
30 trust fund. ~~Fourteen~~ The trust account shall be administered
31 by the department of natural resources.

32 2. Fifteen percent of the moneys credited to the trust fund
33 shall be allocated to the trust account.

34 3. Forty-seven percent of trust fund moneys allocated
35 to the trust account shall first be transferred to the water

1 quality financial assistance fund created in section 16.134A
2 for appropriation as provided in that section.

3 ~~2.~~ 4. The account Of the remaining trust fund moneys
4 allocated to the trust account, fifty percent shall be used
5 cooperatively distributed for use by the department of
6 natural resources and the department of agriculture and land
7 stewardship to support all of the following initiatives:

8 ~~a.~~ Water water quality resource projects administered by
9 the department of natural resources to preserve watersheds,
10 including but not limited to all of the following:

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

17 ~~(2)~~ b. Regional and community watershed assessment,
18 planning, and prioritization efforts, including as provided in
19 chapter 466B.

20 c. Water quality protection programs provided in section
21 466.7 that relate to any of the following:

22 (1) The administration of geographic information systems
23 for use in developing, monitoring, and displaying local
24 watershed information.

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

27 (3) Floodplain permitting.

28 (4) Flood protection education to provide information to
29 local officials regarding floodplain management.

30 ~~b.~~ 5. Surface Of the remaining trust fund moneys allocated
31 to the trust account, fifty percent shall be distributed for
32 use by the department of agriculture and land stewardship
33 to support surface water protection projects and practices
34 administered by the department of agriculture and land
35 stewardship or the department of natural resources, as

1 described in the Iowa nutrient reduction strategy including but
2 not limited to the installation of permanent vegetation cover,
3 filter strips, grass waterways, edge-of-field practices, and
4 riparian forest buffers; dredging; and bank stabilization. The
5 ~~departments of agriculture and land stewardship and natural~~
6 ~~resources department~~ may use the account trust fund moneys
7 to support the conservation buffer strip program provided in
8 section 466.4 and the conservation reserve enhancement program
9 as provided in [section 466.5](#).

10 ~~3. 6. The departments' A decision by a department to~~
11 ~~prioritize initiatives may be based on the priority list of~~
12 ~~watersheds provided in section 456A.33A.~~

13 7. During a fiscal year, the department of natural
14 resources or the department of agriculture and land stewardship
15 may transfer unencumbered or unobligated trust fund moneys
16 distributed to the custodial department pursuant to subsection
17 4 or 5 to the water quality financial assistance fund created
18 in section 16.134A.

19 Sec. 134. Section 461.35, Code 2023, is amended to read as
20 follows:

21 **461.35 Iowa resources enhancement and protection fund —**
22 **allocation.**

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

27 Sec. 135. Section 461.36, Code 2023, is amended by striking
28 the section and inserting in lieu thereof the following:

29 **461.36 Local conservation partnership trust account —**
30 **allocations.**

31 1. A local conservation partnership trust account is
32 created in the trust fund. The trust account shall be
33 administered by the department of natural resources.

34 2. Nine percent of the moneys credited to the trust fund
35 shall be allocated to the trust account.

1 3. The department shall allocate the trust fund moneys
2 credited to the account to local communities participating
3 in the local conservation partnership program as provided in
4 section 461.36A.

5 Sec. 136. NEW SECTION. 461.36A Local conservation
6 partnership program.

7 1. As used in this section, unless the context otherwise
8 requires:

9 a. "Department" means the department of natural resources.

10 b. "Local community" includes a political subdivision or
11 a watershed management authority created pursuant to section
12 466B.22.

13 2. The department shall establish and administer a local
14 conservation partnership program to provide financing to local
15 communities to do any of the following:

16 a. Maintain and improve parks, preserves, wildlife areas,
17 wildlife habitats, native prairies, forests, or wetlands.

18 b. Promote wildlife diversity.

19 c. Further a recreational purpose.

20 d. Improve rivers and streams.

21 e. Sponsor education and outreach programs and projects that
22 provide instruction regarding natural history and the outdoors.

23 The subjects of such instruction may relate to opportunities
24 involving a recreational purpose, outdoor safety, or ethics.

25 The programs and projects may assist Iowa students studying in
26 fields of science, technology, engineering, and mathematics.

27 f. Further any other purpose described in section 350.1.

28 3. As part of a local conservation partnership under the
29 program, two or more local communities may enter into chapter
30 28E agreements, and a local community may cooperate with
31 the federal government or a nongovernmental organization.
32 A nongovernmental organization shall not be eligible to
33 participate in a local community partnership under the program
34 unless the nongovernmental organization submits an application
35 in association with a political subdivision or county

1 conservation board and enters into a chapter 28E agreement with
2 the political subdivision or county conservation board.

3 4. a. A local community is not eligible to receive moneys
4 from the department under the program to support a local
5 conservation partnership, unless the local community finances
6 a minimum percentage of the estimated or total cost of the
7 initiative, whichever is less.

8 b. The minimum amount of the cost-share contribution by a
9 local community, as described in paragraph "a", shall be as
10 follows:

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

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

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

18 Sec. 137. Section 461.37, Code 2023, is amended to read as
19 follows:

20 **461.37 Trails Water and land trails trust account —**
21 **allocations.**

22 1. A water and land trails trust account is created in the
23 trust fund. ~~Ten~~ The trust account shall be administered by the
24 department of transportation.

25 2. Four percent of the moneys credited to the trust fund
26 shall be allocated to the trust account.

27 ~~2.~~ 3. The Of the amount of trust fund moneys allocated
28 to the trust account, fifty percent shall be distributed for
29 use by the department of transportation ~~and the department of~~
30 ~~natural resources shall use moneys in the account~~ to support
31 initiatives related to the design, establishment, maintenance,
32 improvement, and expansion of land trails.

33 ~~3.~~ 4. The Of the amount of trust fund moneys allocated to
34 the trust account, fifty percent shall be distributed for use
35 by the department of natural resources ~~may use the account to~~

1 support the design, establishment, maintenance, improvement,
2 and expansion of water trails. The department shall provide
3 priority to stream restoration.

4 5. a. During a fiscal year, and pursuant to an agreement
5 between the department of transportation and the department
6 of natural resources, either custodial department that is
7 distributed trust fund moneys for use under this section may
8 transfer unencumbered or unobligated trust fund moneys to the
9 other custodial department for use by the other custodial
10 department as provided in this section.

11 b. During a fiscal year, and pursuant to an agreement
12 between the department of transportation and the department
13 of natural resources, the department of transportation
14 may transfer unencumbered or unobligated trust fund moneys
15 allocated to the trust account and distributed for use by
16 the department of transportation to another trust account
17 administered by the department of natural resources for use by
18 the department of natural resources.

19 Sec. 138. Section 461.38, Code 2023, is amended to read as
20 follows:

21 **461.38 Lake and stream restoration trust account —**
22 **allocations.**

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

26 2. Ten percent of the moneys credited to the trust fund
27 shall be allocated to the trust account.

28 ~~2.~~ 3. The department of natural resources shall use moneys
29 in allocated to the trust account to support public all of the
30 following:

31 a. Public lake restoration initiatives as follows:

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

1 ~~b.~~ (2) ~~The department's~~ A decision by the department to
2 prioritize an initiative may be based on the department's lake
3 restoration plan and report as provided in section 456A.33B and
4 the Iowa nutrient reduction strategy.

5 b. The stabilization and restoration of stream banks.

6 Sec. 139. NEW SECTION. 461.51 Repeal.

7 This chapter is repealed December 31, 2051.

8 Sec. 140. REPEAL. Section 455A.20, Code 2023, is repealed.

9 Sec. 141. CODE EDITOR DIRECTIVE.

10 1. The Code editor is directed to make the following
11 transfers:

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

14 b. Section 461.35, as amended in this division of this Act,
15 to section 461.41.

16 2. The Code editor shall correct internal references in the
17 Code and in any enacted legislation as necessary due to the
18 enactment of this section.

19 Sec. 142. EFFECTIVE DATE. This division of this Act takes
20 effect January 1, 2025.

21 DIVISION IX

22 CHARITABLE CONSERVATION CONTRIBUTION TAX CREDIT

23 Sec. 143. Section 2.48, subsection 3, paragraph e,
24 subparagraph (6), Code 2023, is amended by striking the
25 subparagraph.

26 Sec. 144. Section 422.11W, Code 2023, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 5. Commencing with tax years beginning
29 on or after January 1, 2025, a charitable conservation
30 contribution tax credit shall not be claimed against taxes as
31 provided in this section, except for tax credits claimed for
32 qualified real property interests conveyed prior to January 1,
33 2025.

34 Sec. 145. Section 422.33, subsection 25, Code 2023, is
35 amended by striking the subsection and inserting in lieu

1 thereof the following:

2 25. The taxes imposed under this subchapter shall be reduced
3 by a charitable conservation contribution tax credit as allowed
4 under section 422.11W for each tax year the taxpayer has
5 credit, in excess of tax liability, for qualified real property
6 interests conveyed prior to January 1, 2025.

7 Sec. 146. PRESERVATION OF EXISTING RIGHTS. This division
8 of this Act is not intended to and shall not limit, modify, or
9 otherwise adversely affect any amount of tax credit issued,
10 awarded, or allowed prior to January 1, 2025, nor shall it
11 limit, modify, or otherwise adversely affect a taxpayer's right
12 to claim or redeem a tax credit issued, awarded, or allowed
13 prior to January 1, 2025, including but not limited to any tax
14 credit carryforward amount.

15 Sec. 147. EFFECTIVE DATE. This division of this Act takes
16 effect January 1, 2025.

17 Sec. 148. APPLICABILITY. This division of this Act applies
18 to tax years beginning on or after January 1, 2025.

19 DIVISION X

20 PROPERTY TAX BENEFITS AND INCENTIVES

21 Sec. 149. NEW SECTION. 404.3C Assessment agreements —
22 commercial property.

23 1. For revitalization areas established under this chapter
24 on or after the effective date of this division of this Act
25 and for first-year exemption applications for property located
26 in a revitalization area in existence on the effective date
27 of this division of this Act filed on or after the effective
28 date of this division of this Act, commercial property shall
29 not receive a tax exemption under this chapter unless the city
30 or county, as applicable, and the owner of the qualified real
31 estate enter into a written assessment agreement specifying a
32 minimum actual value until a specified termination date for the
33 duration of the exemption period.

34 2. a. The assessment agreement shall be presented to the
35 appropriate assessor. The assessor shall review the plans and

1 specifications for the improvements to be made to the property
2 and if the minimum actual value contained in the assessment
3 agreement appears to be reasonable, the assessor shall execute
4 the following certification upon the agreement:

5 The undersigned assessor, being legally responsible for the
6 assessment of the above described property upon completion of
7 the improvements to be made on it, certifies that the actual
8 value assigned to that land and improvements upon completion
9 shall not be less than \$.....

10 *b.* The assessment agreement with the certification of
11 the assessor and a copy of this subsection shall be filed in
12 the office of the county recorder of the county where the
13 property is located. Upon completion of the improvements,
14 the assessor shall value the property as required by law,
15 except that the actual value shall not be less than the minimum
16 actual value contained in the assessment agreement. This
17 subsection does not prohibit the assessor from assigning a
18 higher actual value to the property or prohibit the owner
19 from seeking administrative or legal remedies to reduce the
20 actual value assigned except that the actual value shall not
21 be reduced below the minimum actual value contained in the
22 assessment agreement. An assessor, county auditor, board of
23 review, director of revenue, or court of this state shall not
24 reduce or order the reduction of the actual value below the
25 minimum actual value in the agreement during the term of the
26 agreement regardless of the actual value which may result from
27 the incomplete construction of improvements, destruction or
28 diminution by any cause, insured or uninsured, except in the
29 case of acquisition or reacquisition of the property by a
30 public entity. Recording of an assessment agreement complying
31 with this subsection constitutes notice of the assessment
32 agreement to a subsequent purchaser or encumbrancer of the land
33 or any part of it, whether voluntary or involuntary, and is
34 binding upon a subsequent purchaser or encumbrancer.

35 Sec. 150. NEW SECTION. **404.3D Exemptions for residential**

1 **property.**

2 For revitalization areas established under this chapter on
3 or after the effective date of this division of this Act and
4 for first-year exemption applications for property located in a
5 revitalization area in existence on the effective date of this
6 division of this Act filed on or after the effective date of
7 this division of this Act, an exemption otherwise authorized
8 under this chapter shall not be authorized for or approved by a
9 city or county, as applicable, for property that is residential
10 property.

11 Sec. 151. EFFECTIVE DATE. This division of this Act takes
12 effect July 1, 2024.

13 DIVISION XI

14 TAX INCREMENT FINANCING

15 Sec. 152. Section 403.19, subsection 2, paragraph a, Code
16 2023, is amended to read as follows:

17 a. That portion of the taxes each year in excess of such
18 amount shall be allocated to and when collected be paid into
19 a special fund of the municipality to pay the principal of
20 and interest on loans, moneys advanced to, or indebtedness,
21 whether funded, refunded, assumed, or otherwise, including
22 bonds issued under the authority of section 403.9, subsection
23 1, incurred by the municipality to finance or refinance, in
24 whole or in part, an urban renewal project within the area,
25 and to provide assistance for low and moderate income family
26 housing as provided in [section 403.22](#). However, except
27 as provided in paragraph "b", taxes for the regular and
28 voter-approved physical plant and equipment levy of a school
29 district imposed pursuant to [section 298.2](#) and taxes for the
30 instructional support program of a school district imposed
31 pursuant to [section 257.19](#), taxes for the payment of bonds
32 and interest of each taxing district, and taxes imposed under
33 section 346.27, subsection 22, related to joint county-city
34 buildings shall be collected against all taxable property
35 within the taxing district without limitation by the provisions

1 of this subsection. Additionally, for property taxes due and
2 payable in fiscal years beginning on or after July 1, 2025,
3 if the portion of the urban renewal area that is subject to a
4 division of revenue under this section contains wind energy
5 conversion property that is subject to special valuation under
6 section 427B.26, foundation property taxes of a school district
7 imposed under section 257.3 shall be collected against all
8 taxable property within that portion of the urban renewal area
9 without limitation by the provisions of this subsection and
10 when collected be paid into the fund of the school district
11 into which all other property taxes are paid.

12 DIVISION XII

13 TRANSIT FUNDING

14 Sec. 153. Section 364.2, subsection 4, paragraph f,
15 subparagraph (1), subparagraph division (b), Code 2023, is
16 amended to read as follows:

17 (b) For franchise fees assessed and collected during fiscal
18 years beginning on or after July 1, ~~2013~~ 2024, but before
19 ~~July 1, 2030~~, by a city that is the subject of a judgment,
20 ~~court-approved settlement, or court-approved compromise~~
21 ~~providing for payment of restitution, a refund, or a return~~
22 ~~described in section 384.3A, subsection 3, paragraph "j" with~~
23 a population exceeding two hundred thousand, the rate of the
24 franchise fee shall not exceed seven and one-half percent
25 of gross revenues generated from sales of the franchisee in
26 the city, and franchise fee amounts assessed and collected
27 ~~during such fiscal years in excess of five percent of gross~~
28 ~~revenues generated from sales shall be used solely for the~~
29 ~~purpose specified in section 384.3A, subsection 3, paragraph~~
30 ~~"j". A city may assess and collect a franchise fee in excess~~
31 ~~of five percent of gross revenues generated from the sales~~
32 ~~of the franchisee pursuant to this subparagraph division (b)~~
33 ~~for a period not to exceed seven consecutive fiscal years~~
34 ~~once the franchise fee is first imposed at a rate in excess~~
35 ~~of five percent. An ordinance increasing the franchise fee~~

1 ~~rate to greater than five percent pursuant to this subparagraph~~
2 ~~division (b) shall not become effective unless approved at~~
3 ~~an election. After passage of the ordinance, the council~~
4 ~~shall submit the proposal at a special election held on a date~~
5 ~~specified in section 39.2, subsection 4, paragraph "b". If a~~
6 ~~majority of those voting on the proposal approves the proposal,~~
7 ~~the city may proceed as proposed. The complete text of the~~
8 ~~ordinance shall be included on the ballot and the full text~~
9 ~~of the ordinance posted for the voters pursuant to section~~
10 ~~52.25. All absentee voters shall receive the full text of the~~
11 ~~ordinance along with the absentee ballot. This subparagraph~~
12 ~~division (b) is repealed July 1, 2030.~~

13 Sec. 154. Section 384.3A, subsection 3, paragraph j, Code
14 2023, is amended to read as follows:

15 *j.* For franchise fees assessed and collected by a city in
16 excess of five percent of gross revenues generated from sales
17 of the franchisee within the city pursuant to section 364.2,
18 subsection 4, paragraph "f", subparagraph (1), subparagraph
19 division (b), during fiscal years beginning on or after July 1,
20 ~~2013~~ 2024, but before July 1, 2030, the adjustment, renewal,
21 ~~or extension of any part or all of the legal indebtedness of~~
22 ~~a city, whether evidenced by bonds, warrants, court-approved~~
23 ~~settlements, court-approved compromises, or judgments, or the~~
24 ~~funding or refunding of the same, if such legal indebtedness~~
25 ~~relates to restitution, a refund, or a return ordered by a~~
26 ~~court of competent jurisdiction for franchise fees assessed~~
27 ~~and collected by the city before June 20, 2013~~ solely for the
28 reduction of property tax levies that support the operation and
29 maintenance of a municipal transit system or a regional transit
30 district or to maintain transportation service levels of a
31 municipal transit system or a regional transit district. This
32 paragraph "j" is repealed July 1, 2030.

33 Sec. 155. EFFECTIVE DATE. This division of this Act takes
34 effect July 1, 2024.

35

EXPLANATION

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

3 This bill relates to state and local revenue and finances.
4 DIVISION I — SALES AND USE TAX RATES AND DISTRIBUTION. An
5 amendment to the Iowa Constitution was ratified on November 2,
6 2010, which created a natural resources and outdoor recreation
7 trust fund (fund) and dedicated a portion of state revenues to
8 the fund for the purposes of protecting and enhancing water
9 quality and natural areas in the state including parks, trails,
10 and fish and wildlife habitat, and conserving agricultural
11 soils in the state (Article VII, section 10). The fund is
12 codified in Code section 461.31. Pursuant to the amendment,
13 the amount credited to the fund will be equal to the amount
14 generated by an increase in the state sales tax rate occurring
15 after the effective date of the constitutional amendment, but
16 shall not exceed the amount that a state sales tax rate of
17 0.375 percent would generate. The state sales tax rate has not
18 been increased since the effective date of the constitutional
19 amendment, so no amounts have been credited to the fund. The
20 bill increases the sales tax rate and the use tax rate from 6
21 percent to 7 percent beginning January 1, 2025. In lieu of the
22 local option and sales services tax revenue repealed in another
23 division of the bill, the bill transfers a specified amount of
24 the state sales and use tax revenues collected to the local
25 sales and use tax fund established under Code chapter 423B,
26 for allocation and expenditure in a manner similar to that
27 which was provided for local sales and services tax revenues.
28 However, as provided in another division of the bill, amounts
29 resulting from the increase in the use tax for the period
30 beginning January 1, 2025, through December 31, 2043, are
31 deposited in the local use tax supplement fund to be used
32 for purposes of that fund. The amount of sales tax revenues
33 transferred to the local sales and use tax fund under Code
34 chapter 423B for the period beginning January 1, 2025, through
35 December 31, 2027, is an amount equating to a tax of 1.4

1 percent. The amount transferred is then reduced each year by
2 an amount equating to a 0.05 percent tax until January 1, 2030.
3 The amount of sales tax revenues transferred to the local sales
4 and use tax fund under Code chapter 423B beginning January 1,
5 2030, is an amount equating to a tax of 1.25 percent. The bill,
6 as the result of Article VII, section 10, of the Constitution
7 of the State of Iowa, also amends the transfer of sales tax
8 revenues to the secure an advanced vision for education fund in
9 Code section 423.2A(2).

10 DIVISION II — WATER SERVICE TAX. The bill changes the water
11 service tax on the furnishing of water to consumers so that the
12 rate is equal to the rate of the sales tax that is being imposed
13 under Code chapter 423.

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

23 The bill also strikes the future repeal of the water service
24 excise tax.

25 The division takes effect January 1, 2025.

26 DIVISION III — LOCAL OPTION TAXES. Code chapter 423B
27 authorizes, following approval at election, the imposition of
28 a local option sales and services tax at a rate not to exceed
29 one percent to be administered similarly to the state sales
30 and services tax and authorizes the imposition of a local
31 vehicle tax. The bill strikes the authorization for the local
32 vehicle tax and also strikes the authorization to impose the
33 local option sales and services tax under Code chapter 423B,
34 but instead authorizes cities and counties to expend specified
35 state sales and use tax revenues that are deposited in the

1 local sales and use tax fund following the increase of the
2 state sales and use taxes rates in previous sections of the
3 bill.

4 Under the bill, sales and services tax revenue credited to
5 and deposited in each county's account within the local sales
6 and use tax fund must be expended by each recipient county
7 and city as required by the jurisdiction's revenue purpose
8 statement, including a revenue purpose statement approved at
9 election prior to January 1, 2025, and in effect on or set to
10 take effect on or after January 1, 2025, for the use of local
11 option sales and use tax revenue previously collected under
12 Code chapter 423B, or be used to reduce specified property tax
13 levies.

14 The bill also modifies the requirements and permissible uses
15 of funds received under Code chapter 423B. The bill specifies
16 that for a county with a population of 400,000 or more, a
17 revenue purpose statement governing the use of revenues for the
18 unincorporated area of the county approved on or after January
19 1, 2025, shall require the use of 75 percent of such moneys
20 for property tax relief. Additionally, the bill provides that
21 property tax relief includes payments under a Code chapter
22 28E agreement for purposes of a regional transit district if
23 such payments are used to reduce the regional transit district
24 levy. For a city located in whole or in part in a county with
25 a population of 400,000 or more, the use of revenues received
26 under Code chapter 423B for such regional transit district
27 purposes shall not exceed 10 percent of the amount received
28 and for a county with a population of 400,000 or more, for the
29 unincorporated area, shall not exceed 25 percent.

30 The board of supervisors of each county and the city
31 council of each city may adopt by resolution a revenue purpose
32 statement for the expenditure of funds received under Code
33 chapter 423B.

34 The revenues transferred to the local sales and use tax fund
35 continue to be allocated to the specific county account for

1 the county in which the tax was collected. Additionally, all
2 cities and counties are eligible to receive the allocation of
3 revenues, not just those that had previously approved the local
4 option tax.

5 As provided in another division of the bill, specified
6 amounts of use tax revenue is transferred to the local use
7 tax supplement fund, as created in the bill. Moneys in the
8 local use tax supplement fund are annually appropriated to the
9 department of revenue to be used for supplement payments to
10 cities and counties. For each year during the period beginning
11 January 1, 2025, through December 31, 2043, each city or county
12 for the unincorporated portion of the county shall receive a
13 local use tax supplement payment equal to the difference, but
14 not less than zero, between the amount of revenue received
15 by the city or county under Code section 423B.7, Code 2023,
16 for the period beginning January 1, 2024, and ending December
17 31, 2024, minus the amount that would have been received by
18 that city or county for that period if all cities and the
19 county were eligible for distributions of such revenues under
20 Code section 423B.7, Code 2023. If moneys in the fund are
21 insufficient to pay all supplement amounts for the year, the
22 director of revenue shall prorate the payment of the supplement
23 payments. The supplement payment is required to be combined
24 with and be used in the same manner and be subject to the same
25 requirements as moneys received by the city or county under
26 Code section 423B.7 for that year. The bill establishes a
27 future repeal of the Code section establishing the supplement
28 payments on January 1, 2044. Moneys in the fund upon the
29 repeal shall be transferred to the appropriate county accounts
30 for the counties from which the tax was paid.

31 Code section 423B.10 allows a city in which a local sales
32 and services tax is imposed to, by ordinance and following
33 approval of the board of supervisors, to provide for the use
34 of a designated amount of increased local option sales and
35 services tax revenue for urban renewal purposes. The bill

1 modifies provisions governing this authorization to provide for
2 the use of a specified amount of the applicable increased state
3 sales tax revenues deposited in the local sales and use tax
4 fund in lieu of the increased local option sales and services
5 tax revenue. The bill allows city ordinances providing for the
6 use of certain local option sales and services tax revenues for
7 urban renewal purposes in effect on January 1, 2025, to remain
8 in effect until expiration, amendment, or repeal.

9 The bill also eliminates the authority to impose a local
10 sales and services tax under the quad cities interstate
11 metropolitan authority compact under Code chapter 28A beginning
12 on January 1, 2025.

13 The division takes effect January 1, 2025.

14 DIVISION IV — HOMESTEAD PROPERTY TAX CREDIT. Code chapter
15 425 establishes a homestead property tax credit in an amount
16 equal to the property tax levy on the first \$4,850 of actual
17 value. The homestead credit is paid for from the homestead
18 credit fund under Code section 425.1 for which there is an
19 annual appropriation for an amount sufficient to implement the
20 credit.

21 The bill reduces the amount of the homestead credit over a
22 period beginning with the fiscal year beginning July 1, 2025,
23 until the credit is ended in the fiscal year beginning July
24 1, 2028, at which time the remaining moneys in the homestead
25 credit fund are transferred for deposit in the general fund
26 of the state. During the same period, the bill establishes
27 a homestead property tax exemption. For the assessment year
28 beginning January 1, 2024, the exemption amount is \$2,500,
29 but \$4,125 for owners 65 or older. For the assessment year
30 beginning January 1, 2025, the exemption amount is \$5,000,
31 but \$8,250 for owners 65 or older. For the assessment year
32 beginning January 1, 2026, the exemption amount is \$7,500,
33 but \$12,375 for owners 65 or older. For the assessment year
34 beginning January 1, 2027, and each succeeding assessment year,
35 the exemption amount is \$10,000, but \$16,500 for owners 65 or

1 older.

2 Code section 25B.7 provides that if a state appropriation
3 made to fund a credit or exemption is not sufficient to fully
4 fund the credit or exemption, the political subdivision shall
5 be required to extend to the taxpayer only that portion of the
6 credit or exemption estimated by the department of revenue to
7 be funded by the state appropriation. The requirement for
8 fully funding and the consequences of not fully funding under
9 Code section 25B.7 applies to the homestead credit under Code
10 chapter 425. The bill strikes the portion of Code section
11 25B.7 that makes the requirement for fully funding and the
12 consequences of not fully funding applicable to the homestead
13 property tax credit and provides that the general requirement
14 of Code section 25B.7 for property tax credits and exemptions
15 on or after January 1, 1997, does not apply to the homestead
16 property tax exemption established in the bill.

17 The bill makes corresponding changes to various other
18 provisions of the Code relating to and referencing the
19 homestead property tax credit.

20 The bill provides that homestead credit claims approved
21 prior to and valid on the effective date of the division shall
22 result in a homestead tax exemption under Code chapter 425,
23 subchapter I, as enacted in the division, without further
24 filing by the claimant.

25 Division IV applies to assessment years beginning on or
26 after January 1, 2024.

27 DIVISION V — ELDERLY PROPERTY TAX CREDIT. The bill amends
28 Code section 423.23 to modify part of the calculation for the
29 elderly property tax credit to account for the homestead credit
30 for the property under Code section 425.1. The division takes
31 effect upon enactment and applies retroactively to claims for
32 the credit filed on or after January 1, 2022.

33 DIVISION VI — MILITARY SERVICE PROPERTY TAX EXEMPTION AND
34 CREDIT. Division VII relates to the military service property
35 tax exemption and credit. Under current law, veterans of World

1 War I are entitled to a property tax exemption of \$2,778 in
2 taxable value and honorably discharged veterans who served
3 during other specific time periods are entitled to a property
4 tax exemption of \$1,852 in taxable value. The bill increases
5 the exemption amount for all eligible veterans to \$2,055 for
6 the assessment year beginning January 1, 2024, and to \$4,000
7 for assessment years beginning on or after January 1, 2025.

8 Under current law, the state provides funding to local
9 governments for the military service property tax exemption
10 and credit up to \$6.92 per \$1,000 of assessed value of the
11 exempt property. The bill reduces the amount of the credit for
12 the fiscal year beginning July 1, 2025, to \$6.92 per \$1,000
13 of assessed value of the exempt property, but not to exceed
14 \$945 of assessed value and eliminates funding for the credit
15 starting with the fiscal year beginning July 1, 2026.

16 Code section 25B.7 provides that if a state appropriation
17 made to fund a credit or exemption is not sufficient to fully
18 fund the credit or exemption, the political subdivision shall
19 be required to extend to the taxpayer only that portion of the
20 credit or exemption estimated by the department of revenue to
21 be funded by the state appropriation. The requirement for
22 fully funding and the consequences of not fully funding under
23 Code section 25B.7 applies to the military service property
24 tax credit and exemption to the extent of \$6.92 per \$1,000
25 of assessed value of the exempt property. The bill strikes
26 the portion of Code section 25B.7 that makes the requirement
27 for fully funding and the consequences of not fully funding
28 applicable to the military service property tax credit and
29 exemption and provides that the general requirement of Code
30 section 25B.7 for property tax credits and exemptions on or
31 after January 1, 1997, does not apply to the military property
32 tax exemption established in the bill.

33 The division applies to assessment years beginning on or
34 after January 1, 2024.

35 DIVISION VII — PROPERTY TAX ASSESSMENT LIMITATIONS. Code

1 section 441.21 establishes assessment limitations for various
2 classifications of property. The bill reduces the percentage
3 of actual value at which property valued by the department
4 of revenue pursuant to Code chapter 438 (pipelines) shall
5 be assessed by 5 percent each year from 100 percent for the
6 assessment year beginning January 1, 2024, to 90 percent for
7 assessment years beginning on or after January 1, 2025.

8 The bill also reduces the percentage of actual value at
9 which the portion of commercial, industrial, and railway
10 properties that exceeds \$150,000 is assessed by 5 percent each
11 year from 90 percent for the assessment year beginning January
12 1, 2024, to 80 percent for assessment years beginning on or
13 after January 1, 2026. Accordingly, the bill makes a change
14 to the payments made to local governments under Code section
15 441.21(5)(e) that are in part calculated using the assessment
16 limitation applied to commercial and industrial property.

17 2018 Iowa Acts, chapter 1158, changed the assessment of
18 telephone and telegraph company property under Code chapter
19 433. Code chapter 433 applies to the assessment and taxation
20 of telephone and telegraph company property for assessment
21 years beginning before January 1, 2022. Starting with the
22 assessment year beginning January 1, 2022, such property is
23 assessed locally in the same manner as commercial property.
24 References to Code chapter 433 are not included in the
25 applicable Code section as amended in the bill for assessment
26 years beginning on or after January 1, 2025.

27 This division of the bill takes effect July 1, 2024.

28 DIVISION VIII — NATURAL RESOURCES AND OUTDOOR RECREATION
29 TRUST FUND. The bill amends provisions in Code chapter 461
30 (the natural resources and outdoor recreation Act) that is
31 to implement Article VII, section 10, of the Constitution
32 of the State of Iowa when the sales tax is increased. The
33 bill increases the sales tax in division I. The Code chapter
34 establishes the natural resources and outdoor recreation trust
35 fund (trust fund) and associated accounts (renamed trust

1 accounts) supported by a portion of state revenue generated
2 by an increase in the state's sales tax. The purpose of
3 the constitutional provision is to protect and enhance water
4 quality and natural areas, including parks, trails, and fish
5 and wildlife habitat, and conserve agricultural soils in this
6 state.

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

1 by DNR. The bill provides that trust fund moneys may be
2 transferred from the renamed soil conservation and nonpoint
3 source water protection trust account to the water quality
4 infrastructure fund and from the watershed protection trust
5 account to the water quality financial assistance fund upon
6 direction by the custodial department. The bill eliminates
7 current funding sources, including the annual appropriation
8 to the REAP fund from the general fund which is due to expire
9 on June 30, 2026, and both a tax on the sales price on water
10 service, which another division of the bill repeals, and the
11 use of wagering tax receipts, which would otherwise expire on
12 July 1, 2039.

13 Code section 312.2(2) requires the treasurer of state
14 to allocate from the road use tax fund an amount equal to
15 sixty-five hundredths of one percent of all road use tax funds
16 for the purposes of carrying out Code section 307.24(5). Code
17 section 307.24(5) requires such funds to be used to construct,
18 reconstruct, improve, and maintain state institutional roads
19 and state park roads which are part of the state park, state
20 institution, and other specified state land road systems, and
21 bridges on such roads, roads located on state fairgrounds,
22 and the roads and bridges located on property of community
23 colleges, upon the request of the state board, department,
24 or commission which has jurisdiction over such roads. The
25 bill strikes the statutory allocation of such funding for
26 department of natural resources facility roads and reallocates
27 that portion of the funding to the remaining entities that
28 receive allocations under Code section 307.24(5). The bill
29 authorizes the department of natural resources to use moneys in
30 the natural resources trust account created within the natural
31 resources trust fund under Code section 461.32, as amended
32 in the bill, to support the construction, maintenance, or
33 expansion of roads on state-owned land under the jurisdiction
34 of the department of natural resources.

35 ADMINISTRATION. The bill provides that the legislative

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

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

15 EFFECTIVE DATE. The division of the bill takes effect
16 January 1, 2025.

17 DIVISION IX — CHARITABLE CONSERVATION CONTRIBUTION

18 TAX CREDIT. The bill prohibits a charitable conservation
19 contribution tax credit from being claimed against the
20 individual or corporate income tax, except for qualified real
21 property interests conveyed prior to January 1, 2025. The bill
22 allows the credit in excess of tax liability to carry forward
23 for qualified real property interests conveyed prior to January
24 1, 2025. The bill preserves existing rights and is intended to
25 not limit, modify, or otherwise adversely affect any amount of
26 the tax credit issued, awarded, or allowed prior to the repeal
27 date of any tax credit. The division takes effect January 1,
28 2025, and applies to tax years beginning on or after that date.

29 DIVISION X — PROPERTY TAX BENEFITS AND INCENTIVES. The bill
30 amends Code chapter 404 (urban revitalization areas) to provide
31 that for revitalization areas established on or after the
32 effective date of the division and for first-year property tax
33 exemption applications for property located in a revitalization
34 area in existence on the effective date of the division filed
35 on or after the effective date of the division, commercial

1 property shall not receive a tax exemption under Code chapter
2 404 unless the city or county, as applicable, and the owner
3 of the qualified real estate enter into a written assessment
4 agreement specifying a minimum actual value until a specified
5 termination date for the duration of the exemption period.

6 The bill also establishes limitations on exemptions for
7 residential property within revitalization areas. For
8 revitalization areas established on or after the effective date
9 of the division and for first-year exemption applications for
10 property located in a revitalization area in existence on the
11 effective date of the division filed on or after the effective
12 date of the division, an exemption otherwise authorized under
13 Code chapter 404 shall not be authorized for or approved by a
14 city or county, as applicable, for property that is residential
15 property.

16 Division X of the bill takes effect July 1, 2024.

17 DIVISION XI — TAX INCREMENT FINANCING. Code section 403.19
18 authorizes municipalities to provide by ordinance for the
19 division of property tax revenue (tax increment financing)
20 collected against property located within an urban renewal
21 area. The bill provides that for property taxes due and
22 payable in fiscal years beginning on or after July 1, 2025,
23 if the portion of the urban renewal area that is subject
24 to a division of property tax revenue contains wind energy
25 conversion property that is subject to special valuation under
26 Code section 427B.26, foundation property taxes of a school
27 district imposed under Code section 257.3 in that portion of
28 the urban renewal area shall not be subject to the division of
29 property tax revenue and shall instead be paid to the school
30 district.

31 DIVISION XII — TRANSIT FUNDING. Cities may grant various
32 types of franchises for specified services under Code section
33 362.4 and may generally impose a franchise fee based upon
34 a percentage of gross revenues generated from sales of the
35 franchisee within the city not to exceed 5 percent. An

1 exception allowing for a franchise fee up to 7.5 percent exists
2 in specified circumstances for a period of fiscal years ending
3 July 1, 2030, if approved at election. The bill strikes
4 the provisions providing for that exception and establishes
5 conditions under which a city with a population that exceeds
6 200,000 may impose a franchise fee of up to 7.5 percent for
7 fiscal years beginning on or after July 1, 2024. The bill
8 requires that franchise fee amounts collected during such
9 fiscal years in excess of 5 percent of gross revenues generated
10 from sales shall be used solely for the reduction of property
11 tax levies used to support the operation and maintenance of a
12 municipal transit system or a regional transit district or to
13 maintain transportation service levels of a municipal transit
14 system or a regional transit district.

15 The division of the bill takes effect July 1, 2024.