

**Senate Study Bill 1117 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
LOCAL GOVERNMENT BILL BY  
CHAIRPERSON WEBSTER)

**A BILL FOR**

1 An Act relating to sewer service by establishing a maximum rate  
2 increase charged by governmental entities.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 331.465, subsection 1, Code 2025, is  
2 amended to read as follows:

3 1. a. The board may establish, impose, adjust, and provide  
4 for the collection of rates to produce gross revenues at least  
5 sufficient to pay the expenses of operation and maintenance  
6 of the county enterprise or combined county enterprise and, if  
7 revenue bonds or pledge orders are issued and outstanding under  
8 this part, shall establish, impose, adjust, and provide for the  
9 collection of rates to produce gross revenues at least sufficient  
10 to pay the expenses of operation and maintenance of the county  
11 enterprise or combined county enterprise, and to leave a balance  
12 of net revenues sufficient at all times to pay the principal  
13 of and interest on the revenue bonds and pledge orders as they  
14 become due and to maintain a reasonable reserve for the payment  
15 of the principal and interest, and a sufficient portion of net  
16 revenues shall be pledged for that purpose.

17 b. Rates shall be established by ordinance. Rates or charges  
18 for the services of a county enterprise defined in section  
19 331.461, subsection 2, paragraph "b", if not paid as provided  
20 by ordinance, constitute a lien upon the premises served and may  
21 be certified to the county treasurer and collected in the same  
22 manner as taxes. The treasurer may charge five dollars for each  
23 lien certified as an administrative expense, which amount shall  
24 be added to the amount of the lien to be collected at the time  
25 of payment of the assessment from the payor and credited to the  
26 county general fund.

27 c. The aggregate of the rates and charges for sewer services  
28 shall not exceed the lower of one hundred two percent of the  
29 aggregate of the rates and charges from the previous budget year  
30 or the percentage increase in the consumer price index for the  
31 midwest region as determined by the United States department  
32 of labor, bureau of labor statistics, or a successor index.  
33 Increases to rates and charges for sewer services planned prior  
34 to July 1, 2025, for repayment of debt incurred before July 1,  
35 2025, shall be excluded from rate and charge increase limits

1 established in this paragraph. If rate and charge increases for  
2 sewer services exceed the limits required in this paragraph, the  
3 increased rate or charge shall be effective at the start of the  
4 budget year. The board shall direct the county commissioner of  
5 elections to submit to the registered voters of the county at  
6 the next general election the question of whether to accept the  
7 increased rate or charge by the proposed amount. The result of  
8 the election shall take effect immediately upon certification.  
9 If the question fails, all rates and charges paid by customers  
10 for sewer services exceeding the limits established by this  
11 paragraph from the beginning of the current budget year until  
12 the certification of the general election shall be refunded by  
13 January 1 following the general election.

14 Sec. 2. Section 358.20, subsection 1, Code 2025, is amended  
15 to read as follows:

16 1. a. Any sanitary district may by ordinance establish just  
17 and equitable rates, charges, or rentals for the utilities and  
18 services furnished by the district to be paid to the district by  
19 every person, firm, or corporation whose premises are served by a  
20 connection to the utilities and services directly or indirectly.  
21 The rates, charges, or rentals, as near as may be in the judgment  
22 of the board of trustees of the district, shall be equitable  
23 and in proportion to the services rendered and the cost of  
24 the services, and taking into consideration in the case of  
25 the premises the quantity of sewage produced thereby and its  
26 concentration, strength, and pollution qualities. The board of  
27 trustees may change the rates, charges, or rentals from time to  
28 time as it may deem advisable, and by ordinance may provide for  
29 collection. The board may contract with any municipality within  
30 the district, whereby the municipality may collect or assist in  
31 collecting any of the rates, charges, or rentals, whether in  
32 conjunction with water rentals or otherwise, and the municipality  
33 may undertake the collection and render the service. The board  
34 of trustees may also contract pursuant to chapter 28E with one  
35 or more city utilities or combined utility systems, including

1 city utilities established pursuant to chapter 388, for joint  
2 billing or collection, or both, of combined service accounts  
3 for sanitary district services and utility services, and the  
4 contracts may provide for the discontinuance of one or more of  
5 the sanitary district services or water utility services if a  
6 delinquency occurs in the payment of any charges billed under a  
7 combined service account. The rates, charges, or rentals, if not  
8 paid when due, shall constitute a lien upon the real property  
9 served by a connection. The lien shall have equal precedence  
10 with ordinary taxes, may be certified to the county treasurer and  
11 collected in the same manner as taxes, and is not divested by a  
12 judicial sale.

13 b. The aggregate of the rates and charges for sewer services  
14 shall not exceed the lower of one hundred two percent of the  
15 aggregate of the rates and charges from the previous budget year  
16 or the percentage increase in the consumer price index for the  
17 midwest region as determined by the United States department  
18 of labor, bureau of labor statistics, or a successor index.  
19 Increases to rates and charges for sewer services planned prior  
20 to July 1, 2025, for repayment of debt incurred before July 1,  
21 2025, shall be excluded from rate and charge increase limits  
22 established in this paragraph. If rate and charge increases  
23 for sewer services exceed the limits required in this paragraph,  
24 the increased rate or charge shall be effective at the start of  
25 the budget year. The board of trustees shall direct the county  
26 commissioner of elections to submit to the registered voters of  
27 the city at the next general election the question of whether  
28 to accept the increased rate or charge by the proposed amount.  
29 The result of the election shall take effect immediately upon  
30 certification. If the question fails, all rates and charges  
31 paid by customers for sewer services over the limits established  
32 by this paragraph from the beginning of the current budget year  
33 until the certification of the general election shall be refunded  
34 by January 1 following the general election.

35 Sec. 3. Section 358C.15, subsection 1, Code 2025, is amended

1 to read as follows:

2 1. a. A board of trustees may by ordinance establish  
3 equitable rates, charges, or rentals for the utilities and  
4 services furnished by the district to be paid to the district by  
5 every person, firm, or corporation whose premises are served by a  
6 connection to the utilities and services directly or indirectly.  
7 The rates, charges, or rentals, as near as may be in the judgment  
8 of the board of trustees, shall be equitable and in proportion to  
9 the services rendered and the cost of the services, and taking  
10 into consideration in the case of the premises the quantity  
11 of sewage or water produced or used and the concentration,  
12 strength, and pollution qualities of the sewage. The board of  
13 trustees may change the rates, charges, or rentals as it may  
14 deem advisable, and by ordinance may provide for collection. The  
15 board may contract with any municipality within the district,  
16 whereby the municipality may collect or assist in collecting any  
17 of the rates, charges, or rentals, whether in conjunction with  
18 water rentals or otherwise, and the municipality may undertake  
19 the collection and render the service. The rates, charges, or  
20 rentals, if not paid when due, shall constitute a lien upon the  
21 real property served by a connection. The lien shall have equal  
22 precedence with ordinary taxes, may be certified to the county  
23 treasurer and collected in the same manner as taxes, and is not  
24 divested by a judicial sale.

25 b. The aggregate of the rates and charges for sewer services  
26 shall not exceed the lower of one hundred two percent of the  
27 aggregate of the rates and charges from the previous budget year  
28 or the percentage increase in the consumer price index for the  
29 midwest region as determined by the United States department  
30 of labor, bureau of labor statistics, or a successor index.  
31 Increases to rates and charges for sewer services planned prior  
32 to July 1, 2025, for repayment of debt incurred before July 1,  
33 2025, shall be excluded from rate and charge increase limits  
34 established in this paragraph. If rate and charge increases  
35 for sewer services exceed the limits required in this paragraph,

1 the increased rate or charge shall be effective at the start of  
2 the budget year. The board of trustees shall direct the county  
3 commissioner of elections to submit to the registered voters of  
4 the city at the next general election the question of whether  
5 to accept the increased rate or charge by the proposed amount.  
6 The result of the election shall take effect immediately upon  
7 certification. If the question fails, all rates and charges  
8 paid by customers for sewer services over the limits established  
9 by this paragraph from the beginning of the current budget year  
10 until the certification of the general election shall be refunded  
11 by January 1 following the general election.

12 Sec. 4. Section 384.84, subsection 1, Code 2025, is amended  
13 to read as follows:

14 1. a. The governing body of a city utility, combined  
15 utility system, city enterprise, or combined city enterprise may  
16 establish, impose, adjust, and provide for the collection of  
17 rates and charges to produce gross revenues at least sufficient  
18 to pay the expenses of operation and maintenance of the city  
19 utility, combined utility system, city enterprise, or combined  
20 city enterprise. When revenue bonds or pledge orders are issued  
21 and outstanding pursuant to this subchapter, the governing body  
22 shall establish, impose, adjust, and provide for the collection  
23 of rates to produce gross revenues at least sufficient to pay  
24 the expenses of operation and maintenance of the city utility,  
25 combined utility system, city enterprise, or combined city  
26 enterprise, and to leave a balance of net revenues sufficient to  
27 pay the principal of and interest on the revenue bonds and pledge  
28 orders as they become due and to maintain a reasonable reserve  
29 for the payment of principal and interest, and a sufficient  
30 portion of net revenues must be pledged for that purpose. Rates  
31 must be established by ordinance of the council or by resolution  
32 of the trustees, published in the same manner as an ordinance.

33 b. The aggregate of the rates and charges for sewer services  
34 shall not exceed the lower of one hundred two percent of the  
35 aggregate of the rates and charges from the previous budget year

1 or the percentage increase in the consumer price index for the  
2 midwest region as determined by the United States department  
3 of labor, bureau of labor statistics, or a successor index.  
4 Increases to rates and charges for sewer services planned prior  
5 to July 1, 2025, for repayment of debt incurred before July 1,  
6 2025, shall be excluded from rate and charge increase limits  
7 established in this paragraph. If rate and charge increases  
8 for sewer services exceed the limits required in this paragraph,  
9 the increased rate or charge shall be effective at the start of  
10 the budget year. The governing body shall direct the county  
11 commissioner of elections to submit to the registered voters of  
12 the city at the next general election the question of whether  
13 to accept the increased rate or charge by the proposed amount.  
14 The result of the election shall take effect immediately upon  
15 certification. If the question fails, all rates and charges  
16 paid by customers for sewer services over the limits established  
17 by this paragraph from the beginning of the current budget year  
18 until the certification of the general election shall be refunded  
19 by January 1 following the general election.

20 EXPLANATION

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

23 This bill creates a maximum yearly increase allowed for sewer  
24 rates charged by counties, cities, and intergovernmental sewer  
25 services. The bill sets the maximum increase of sewer services  
26 rates and charges at 2 percent more than the aggregate of rates  
27 and charges from the previous budget year or the percentage  
28 increase of the consumer price index for the midwest region,  
29 whichever is lower. The bill excludes increases to rates and  
30 charges planned prior to July 1, 2025, for repayment of debt  
31 incurred before July 1, 2025, from the increase limits. The bill  
32 provides that if rate and charge increases exceed the limits,  
33 the increased rate or charge shall be effective at the start  
34 of the budget year. The relevant authority shall direct the  
35 county commissioner of elections to submit to the registered

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1 voters of the jurisdiction at the next general election the  
2 question of whether to accept the increased rate or charge by the  
3 proposed amount. The result of the election shall take effect  
4 immediately upon certification. If the question fails, all rates  
5 and charges paid by customers for sewer services exceeding the  
6 limits required by the bill from the beginning of the current  
7 budget year until the certification of the general election shall  
8 be refunded by January 1 following the general election.

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