

Senate Study Bill 1140 - Introduced

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

A BILL FOR

1 An Act relating to storm water drainage system services by
2 establishing a maximum rate increase charged by governmental
3 entities and creating exemptions for service charges.
4 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 storm water
28 drainage system services shall not exceed the lower of one
29 hundred two percent of the aggregate of the rates and charges
30 from the previous budget year or the percentage increase in the
31 consumer price index for the midwest region as determined by the
32 United States department of labor, bureau of labor statistics,
33 or a successor index. Increases to rates and charges for storm
34 water drainage system services planned prior to July 1, 2025,
35 for repayment of debt incurred before July 1, 2025, shall be

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

15 Sec. 2. Section 331.465, Code 2025, is amended by adding the
16 following new subsections:

17 NEW SUBSECTION. 3. If the real property served by a
18 connection to storm water drainage system services retains at
19 least one and one-half inches of standing water at any point
20 during a billing cycle, the board shall not charge the real
21 property for storm water drainage system services for the billing
22 cycle.

23 NEW SUBSECTION. 4. If the real property served by a
24 connection to storm water drainage system services contains
25 within the property a retention pond for storm water purposes
26 that meets the requirements provided in the national pollutant
27 discharge elimination system general permit no. 2 as issued by
28 the department of natural resources, the board shall not charge
29 the real property for storm water drainage system services.

30 Sec. 3. Section 358C.15, subsection 1, Code 2025, is amended
31 to read as follows:

32 1. a. A board of trustees may by ordinance establish
33 equitable rates, charges, or rentals for the utilities and
34 services furnished by the district to be paid to the district by
35 every person, firm, or corporation whose premises are served by a

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

20 b. The aggregate of the rates and charges for storm water
21 drainage system services shall not exceed the lower of one
22 hundred two percent of the aggregate of the rates and charges
23 from the previous budget year or the percentage increase in the
24 consumer price index for the midwest region as determined by the
25 United States department of labor, bureau of labor statistics,
26 or a successor index. Increases to rates and charges for storm
27 water drainage system services planned prior to July 1, 2025,
28 for repayment of debt incurred before July 1, 2025, shall be
29 excluded from rate and charge increase limits established in this
30 paragraph. If rate and charge increases for storm water drainage
31 system services exceed the limits required in this paragraph,
32 the increased rate or charge shall be effective at the start of
33 the budget year. The board of trustees shall direct the county
34 commissioner of elections to submit to the registered voters of
35 the city at the next general election the question of whether

1 to accept the increased rate or charge by the proposed amount.
2 The result of the election shall take effect immediately upon
3 certification. If the question fails, all rates and charges
4 paid by customers for storm water drainage system services over
5 the limits established by this paragraph from the beginning of
6 the current budget year until the certification of the general
7 election shall be refunded by January 1 following the general
8 election.

9 Sec. 4. Section 358C.15, Code 2025, is amended by adding the
10 following new subsections:

11 NEW SUBSECTION. 3. If the real property served by a
12 connection to storm water drainage system services retains at
13 least one and one-half inches of standing water at any point
14 during a billing cycle, the district shall not charge the real
15 property for storm water drainage system services for the billing
16 cycle.

17 NEW SUBSECTION. 4. If the real property served by a
18 connection to storm water drainage system services contains
19 within the property a retention pond for storm water purposes
20 that meets the requirements provided in the national pollutant
21 discharge elimination system general permit no. 2 as issued
22 by the department of natural resources, the district shall
23 not charge the real property for storm water drainage system
24 services.

25 Sec. 5. Section 384.84, subsection 1, Code 2025, is amended
26 to read as follows:

27 1. a. The governing body of a city utility, combined
28 utility system, city enterprise, or combined city enterprise may
29 establish, impose, adjust, and provide for the collection of
30 rates and charges to produce gross revenues at least sufficient
31 to pay the expenses of operation and maintenance of the city
32 utility, combined utility system, city enterprise, or combined
33 city enterprise. When revenue bonds or pledge orders are issued
34 and outstanding pursuant to this subchapter, the governing body
35 shall establish, impose, adjust, and provide for the collection

1 of rates to produce gross revenues at least sufficient to pay
2 the expenses of operation and maintenance of the city utility,
3 combined utility system, city enterprise, or combined city
4 enterprise, and to leave a balance of net revenues sufficient to
5 pay the principal of and interest on the revenue bonds and pledge
6 orders as they become due and to maintain a reasonable reserve
7 for the payment of principal and interest, and a sufficient
8 portion of net revenues must be pledged for that purpose. Rates
9 must be established by ordinance of the council or by resolution
10 of the trustees, published in the same manner as an ordinance.

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

35 Sec. 6. Section 384.84, Code 2025, is amended by adding the

1 following new subsections:

2 NEW SUBSECTION. 12. If the real property served by a
3 connection to storm water drainage system services retains at
4 least one and one-half inches of standing water at any point
5 during a billing cycle, the governing body shall not charge the
6 real property for storm water drainage system services for the
7 billing cycle.

8 NEW SUBSECTION. 13. If the real property served by a
9 connection to storm water drainage system services contains
10 within the property a retention pond for storm water purposes
11 that meets the requirements provided in the national pollutant
12 discharge elimination system general permit no. 2 as issued by
13 the department of natural resources, the governing body shall
14 not charge the real property for storm water drainage system
15 services.

16 EXPLANATION

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

19 This bill creates a maximum yearly increase allowed for storm
20 water drainage system rates charged by counties, cities, and
21 intergovernmental storm water drainage system service providers.
22 The bill sets the maximum increase of storm water drainage
23 system services rates and charges at 2 percent more than the
24 aggregate of rates and charges from the previous budget year
25 or the percentage increase of the consumer price index for the
26 midwest region, whichever is lower. The bill excludes increases
27 to rates and charges planned prior to July 1, 2025, for repayment
28 of debt incurred before July 1, 2025, from the increase limits.
29 The bill provides that if rate and charge increases exceed the
30 limits, the increased rate or charge shall be effective at the
31 start of the budget year. The relevant authority shall direct
32 the county commissioner of elections to submit to the registered
33 voters of the jurisdiction at the next general election the
34 question of whether to accept the increased rate or charge by
35 the proposed amount. The result of the election shall take

1 effect immediately upon certification. If the question fails,
2 all rates and charges paid by customers for storm water drainage
3 system services exceeding the limits required by the bill from
4 the beginning of the current budget year until the certification
5 of the general election shall be refunded by January 1 following
6 the general election.

7 The bill also prohibits counties, cities, and real estate
8 improvement districts from charging for storm water drainage
9 system services for billing months when the connected real
10 property at any point retains at least 1.5 inches of standing
11 water.

12 The bill prohibits counties, cities, and real estate
13 improvement districts from charging for storm water drainage
14 system services if the connected real property contains within
15 the property a retention pond for storm water purposes that meets
16 the requirements provided in the national pollutant discharge
17 elimination system general permit no. 2 as issued by the
18 department of natural resources.