

Senate File 587 - Reprinted

SENATE FILE 587

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1253)

(As Amended and Passed by the Senate April 6, 2021)

A BILL FOR

1 An Act relating to state and local government financing,
2 programs, and operations, by modifying provisions relating
3 to mental health and disability services funding, school
4 district funding, commercial and industrial property tax
5 replacement payments, and other specified tax provisions,
6 making appropriations, providing penalties, and including
7 effective date and applicability provisions.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

MENTAL HEALTH FUNDING

Section 1. Section 123.38, subsection 2, paragraph b, Code 2021, is amended to read as follows:

b. For purposes of **this subsection**, any portion of license or permit fees used for the purposes authorized in section 331.424, subsection 1, paragraph "a", subparagraphs (1) and (2), ~~and in section 331.424A~~, shall not be deemed received either by the division or by a local authority.

Sec. 2. Section 218.99, Code 2021, is amended to read as follows:

218.99 Counties to be notified of patients' personal accounts.

The administrator in control of a state institution shall direct the business manager of each institution under the administrator's jurisdiction which is mentioned in section 331.424, subsection 1, paragraph "a", subparagraphs (1) and (2), and for which services are paid ~~under section 331.424A~~ by the county of residence or a mental health and disability services region, to quarterly inform the county of residence of any patient or resident who has an amount in excess of two hundred dollars on account in the patients' personal deposit fund and the amount on deposit. The administrators shall direct the business manager to further notify the county of residence at least fifteen days before the release of funds in excess of two hundred dollars or upon the death of the patient or resident. If the patient or resident has no residency in this state or the person's residency is unknown, notice shall be made to the director of human services and the administrator in control of the institution involved.

Sec. 3. Section 225.24, Code 2021, is amended to read as follows:

225.24 Collection of preliminary expense.

Unless a committed private patient or those legally responsible for the patient's support offer to settle the

1 amount of the claims, the regional administrator for the
2 person's county of residence shall collect, by action if
3 necessary, the amount of all claims for per diem and expenses
4 that have been approved by the regional administrator for the
5 county and paid by the regional administrator as provided under
6 section 225.21. Any amount collected shall be credited to the
7 ~~county~~ mental health and ~~disabilities~~ disability services fund
8 region combined account created in accordance with section
9 ~~331.424A~~ 331.391.

10 Sec. 4. Section 249N.8, subsection 1, Code 2021, is amended
11 to read as follows:

12 1. Biennially, a report of the results of a review, by
13 county and region, of mental health services previously funded
14 through taxes levied by counties pursuant to [section 331.424A](#),
15 Code 2021, or funds administered by a mental health and
16 disability services region that are funded during the reporting
17 period under the Iowa health and wellness plan.

18 Sec. 5. Section 331.389, subsection 1, paragraph b, Code
19 2021, is amended to read as follows:

20 b. If a county has been exempted prior to July 1, 2014, from
21 the requirement to enter into a regional service system, the
22 county and the county's board of supervisors shall fulfill all
23 requirements and be eligible as a region under [this chapter](#) and
24 [chapter chapters 222, 225, 225C, 226, 227, 229, and 230](#) for a
25 regional service system, regional service system management
26 plan, regional governing board, and regional administrator,
27 and any other provisions applicable to a region of counties
28 providing local mental health and disability services.
29 Additionally, a county exempted under this subsection shall be
30 considered a region for purposes of chapter 426B.

31 Sec. 6. Section 331.389, subsection 5, paragraph a,
32 subparagraph (2), Code 2021, is amended to read as follows:

33 (2) Reduce the amount of the annual state funding provided
34 for the regional service system or exempted county, including
35 amounts received under section 426B.3 or from the risk pool

1 under section 426B.6, not to exceed fifteen percent of the
2 amount.

3 Sec. 7. Section 331.391, subsection 1, Code 2021, is amended
4 to read as follows:

5 1. The funding under the control of the governing board
6 shall be maintained in a combined account, ~~in separate county~~
7 ~~accounts that are under the control of the governing board, or~~
8 ~~pursuant to other arrangements authorized by law that limit the~~
9 ~~administrative burden of such control while facilitating public~~
10 ~~scrutiny of financial processes.~~ A county exempted under
11 section 331.389, subsection 1, shall maintain a county mental
12 health and disability services fund for the deposit of funding
13 received under section 426B.3 or from the risk pool under
14 section 426B.6 and appropriations specifically authorized to be
15 made from the county mental health and disability services fund
16 shall not be made from any other fund of the county. A county
17 mental health and disability services fund established by an
18 exempt county, to the extent feasible, shall be considered to
19 be the same as a region combined account and shall be subject
20 to the same requirements as a region's combined account.

21 Sec. 8. Section 331.391, subsection 4, paragraphs a, b, and
22 c, Code 2021, are amended to read as follows:

23 a. If a region is meeting the financial obligations for
24 implementation of its regional service system management plan
25 for a fiscal year and residual funding is anticipated, the
26 regional administrator ~~shall~~ may reserve an adequate amount of
27 unobligated and unencumbered funds for cash flow of expenditure
28 obligations in the next fiscal year.

29 b. Each region shall certify to the department of ~~management~~
30 human services on or before December 1, ~~2022~~ 2021, and each
31 December 1 thereafter, the amount of the region's cash flow
32 amount in the combined account ~~that is attributable to each~~
33 ~~county within the region based upon each county's proportionate~~
34 ~~amount of funding and contributions to the region or other~~
35 ~~methodology specified in the regional governance agreement~~

1 ~~or certify the cash flow amount for each separate county~~
2 ~~account that is under the control of the governing board at the~~
3 ~~conclusion of the most recently completed fiscal year.~~

4 c. For fiscal years beginning on or after July 1, 2023,
5 the region's cash flow amount, ~~either reserved in the region's~~
6 ~~combined account or reserved among all separate county accounts~~
7 ~~under the control of the governing board,~~ shall not exceed
8 forty five percent of the gross actual expenditures from the
9 ~~combined account or from all separate county accounts under~~
10 ~~control of the governing board~~ for the fiscal year preceding
11 the fiscal year in progress.

12 Sec. 9. Section 331.392, subsection 4, paragraph a, Code
13 2021, is amended to read as follows:

14 a. Methods for pooling, management, and expenditure of the
15 funding under the control of the regional administrator. If
16 ~~the agreement does not provide for pooling of the participating~~
17 ~~county moneys in a single fund, the agreement shall specify how~~
18 ~~the participating county moneys will be subject to the control~~
19 ~~of the regional administrator.~~

20 Sec. 10. Section 331.393, subsection 10, Code 2021, is
21 amended to read as follows:

22 10. The director's approval of a regional plan shall not be
23 construed to constitute certification of the ~~respective county~~
24 ~~budgets or of the region's budget.~~

25 Sec. 11. Section 331.394, subsection 4, Code 2021, is
26 amended to read as follows:

27 4. ~~If a county of residence is part of a mental health and~~
28 ~~disability services region that has agreed to pool funding and~~
29 ~~liability for services, the~~ The responsibilities of the county
30 under law regarding such mental health and disability services
31 shall be performed on behalf of the county by the regional
32 administrator. ~~The county of residence or the county's mental~~
33 ~~health and disability services region, as applicable, is~~
34 responsible for paying the public costs of the mental health
35 and disability services that are not covered by the medical

1 assistance program under [chapter 249A](#) and are provided in
2 accordance with the region's approved service management plan
3 to persons who are residents of the ~~county~~ or region.

4 Sec. 12. Section 331.424A, subsection 1, paragraph b, Code
5 2021, is amended by striking the paragraph.

6 Sec. 13. Section 331.424A, subsection 3, Code 2021, is
7 amended to read as follows:

8 3. a. County revenues from taxes and other sources
9 designated by a county for mental health and disabilities
10 services shall be credited to the county mental health and
11 disabilities services fund which shall be created by the
12 county. ~~The~~ Until the required transfer of funds under
13 paragraph "b", the board shall make appropriations from the fund
14 for payment of services provided under the regional service
15 system management plan approved pursuant to [section 331.393](#).
16 ~~The~~ For fiscal years beginning before July 1, 2022, the county
17 may pay for the services in cooperation with other counties
18 by pooling appropriations from the county services fund with
19 appropriations from the county services fund of other counties
20 through the county's regional administrator, or through another
21 arrangement specified in the regional governance agreement
22 entered into by the county under [section 331.392](#).

23 b. Notwithstanding [section 331.432](#), subsection 3, upon
24 conclusion of the fiscal year beginning July 1, 2021, except
25 for an exempt county under [section 331.391](#), subsection 1,
26 the county treasurer shall transfer the remaining balance of
27 the county's county services fund created under paragraph
28 "a", including all unobligated and unencumbered funds, to the
29 county's region to which the county belongs in the fiscal year
30 beginning July 1, 2022, for deposit in the region's combined
31 account under [section 331.391](#).

32 Sec. 14. Section 331.424A, subsection 4, paragraph a, Code
33 2021, is amended to read as follows:

34 a. An amount of unobligated and unencumbered funds, as
35 specified in the regional governance agreement entered into

1 by the county under [section 331.392](#), shall, for fiscal years
2 beginning before July 1, 2022, be reserved in the county
3 services fund to address cash flow obligations in the next
4 fiscal year, ~~subject to the limitations of [this subsection](#).~~

5 Sec. 15. Section 331.424A, subsection 4, paragraphs c and d,
6 Code 2021, are amended by striking the paragraphs.

7 Sec. 16. Section 331.424A, subsections 5, 6, and 9, Code
8 2021, are amended to read as follows:

9 5. Receipts from the state or federal government for fiscal
10 years beginning before July 1, 2022, for the mental health
11 and disability services administered or paid for by a county
12 shall be credited to the county services fund, including moneys
13 distributed to the county from the department of human services
14 and moneys allocated under [chapter 426B](#).

15 6. For each fiscal year beginning before July 1, 2022, the
16 county shall certify a levy for payment of services. For each
17 such fiscal year, county revenues from taxes imposed by the
18 county credited to the county services fund shall not exceed an
19 amount equal to the county budgeted amount for the fiscal year.
20 A levy certified under [this section](#) is not subject to the
21 appeal provisions of [section 331.426](#) or to any other provision
22 in law authorizing a county to exceed, increase, or appeal a
23 property tax levy limit.

24 9. a. For the fiscal year beginning July 1, 2017, and
25 each subsequent fiscal year beginning before July 1, 2022, the
26 county budgeted amount determined for each county shall be the
27 amount necessary to meet the county's financial obligations for
28 the payment of services provided under the regional service
29 system management plan approved pursuant to [section 331.393](#),
30 not to exceed an amount equal to the product of ~~the regional~~
31 ~~per capita expenditure target amount~~ twenty-one dollars and
32 fourteen cents multiplied by the county's population, ~~and, for~~
33 ~~fiscal years beginning on or after July 1, 2023, reduced by~~
34 ~~the amount of the county's cash flow reduction amount for the~~
35 ~~fiscal year calculated under [subsection 4](#), if applicable.~~

1 *b.* If a county officially joins a different region, the
2 county's budgeted amount for a fiscal year beginning before
3 July 1, 2022, shall be the amount necessary to meet the
4 county's financial obligations for payment of services provided
5 under the new region's regional service system management plan
6 approved pursuant to [section 331.393](#), not to exceed an amount
7 equal to the product of ~~the new region's regional per capita~~
8 ~~expenditure target amount~~ twenty-one dollars and fourteen cents
9 multiplied by the county's population, ~~and, for fiscal years~~
10 ~~beginning on or after July 1, 2023, reduced by the amount of~~
11 ~~the county's cash flow reduction amount for the fiscal year~~
12 ~~calculated under [subsection 4](#), if applicable.~~

13 Sec. 17. Section 331.424A, Code 2021, is amended by adding
14 the following new subsection:

15 NEW SUBSECTION. 10. This section is repealed July 1, 2022.

16 Sec. 18. Section 331.432, subsection 3, Code 2021, is
17 amended to read as follows:

18 3. *a.* Except as authorized in [section 331.477](#), transfers
19 of moneys between the county services fund created pursuant
20 to [section 331.424A](#) and any other fund are prohibited. This
21 ~~subsection paragraph~~ does not apply to appropriations made or
22 the value of in-kind care and treatment provided pursuant to
23 section 347.7, subsection 1, paragraph "c", Code 2021, or to
24 transfers from a county public hospital fund under section
25 347.7. This paragraph is repealed July 1, 2022.

26 *b.* Payments or transfers of moneys from any fund of the
27 county to a mental health and disability services region's
28 combined account under section 331.391 are prohibited. This
29 paragraph applies to fiscal years beginning on or after July
30 1, 2022, but does not apply to transfers from a county public
31 hospital fund under section 347.7 for the fiscal year beginning
32 July 1, 2022, or the fiscal year beginning July 1, 2023.

33 Sec. 19. Section 347.7, subsection 1, paragraph c, Code
34 2021, is amended by striking the paragraph.

35 Sec. 20. Section 426B.1, subsection 2, Code 2021, is amended

1 to read as follows:

2 2. Moneys shall be distributed from the property tax relief
3 fund to ~~counties~~ for the mental health and disability regional
4 service system for mental health and disabilities services, in
5 accordance with the appropriations made to the fund and other
6 statutory requirements.

7 Sec. 21. Section 426B.2, Code 2021, is amended to read as
8 follows:

9 **426B.2 Property tax relief fund payments.**

10 The director of human services shall draw warrants on the
11 property tax relief fund, payable to the ~~county treasurer~~
12 regional administrator in the amount due to a ~~county~~ mental
13 health and disability services region in accordance with
14 statutory requirements, and mail the warrants to the ~~county~~
15 ~~auditors~~ regional administrator in July and January of each
16 year.

17 Sec. 22. NEW SECTION. **426B.3 Mental health and disability**
18 **services regional supplement fund.**

19 1. A mental health and disability services regional
20 supplement fund is created in the office of the treasurer of
21 state under the authority of the department of human services.
22 The fund shall be separate from the general fund of the state
23 and the balance in the fund shall not be considered part of
24 the balance of the general fund of the state. Moneys in the
25 fund include appropriations made to the fund and other moneys
26 deposited into the fund. Moneys in the fund shall be used
27 solely for purposes of making regional supplement payments
28 under this section.

29 2. For each fiscal year beginning on or after July 1, 2021,
30 there is appropriated from the general fund of the state to the
31 mental health and disability services regional supplement fund
32 an amount necessary to make all regional supplement payments
33 under this section for that fiscal year.

34 3. For each fiscal year beginning on or after July 1, 2021,
35 the moneys available in a fiscal year in the mental health and

1 disability services state supplement fund are appropriated to
2 the department of human services and shall be distributed to
3 each mental health and disability services region, as defined
4 in section 426B.6, on a per capita basis calculated under
5 subsection 4 using each region's population, as defined in
6 section 426B.6, for that fiscal year.

7 4. The amount of each region's regional supplement payment
8 shall be determined as follows:

9 a. For the fiscal year beginning July 1, 2021, an amount
10 equal to the product of fifteen dollars and eighty-six cents
11 multiplied by the sum of the region's population for the fiscal
12 year.

13 b. For the fiscal year beginning July 1, 2022, an amount
14 equal to the product of thirty-eight dollars multiplied by the
15 sum of the region's population for the fiscal year.

16 c. For the fiscal year beginning July 1, 2023, an amount
17 equal to the product of forty dollars multiplied by the sum of
18 the region's population for the fiscal year.

19 d. For the fiscal year beginning July 1, 2024, an amount
20 equal to the product of forty-two dollars multiplied by the sum
21 of the region's population for the fiscal year.

22 e. (1) For the fiscal year beginning July 1, 2025, and each
23 succeeding fiscal year, an amount equal to the product of the
24 sum of the region's population for the fiscal year multiplied
25 by the sum of the dollar amount used to calculate the regional
26 supplement payments under this subsection for the immediately
27 preceding fiscal year plus the regional supplement growth
28 factor for the fiscal year.

29 (2) For purposes of this paragraph, "*regional supplement*
30 *growth factor*" for a fiscal year is an amount equal to the
31 product of the dollar amount used to calculate the regional
32 supplement payments under this subsection for the immediately
33 preceding fiscal year multiplied by the percent increase, if
34 any, in the amount of sales tax revenue deposited into the
35 general fund of the state under section 423.2A, subsection

1 1, paragraph "a", less the transfers required under section
2 423.2A, subsection 2, between the fiscal year beginning three
3 years prior to the applicable fiscal year and the fiscal year
4 beginning two years prior to the applicable year, but not to
5 exceed one and one-half percent.

6 5. Regional supplement payments received by a region
7 shall be deposited in the region's combined account under
8 section 331.391 and used solely for providing mental health
9 and disability services under the regional service system
10 management plan.

11 6. Regional supplement payments from the mental health
12 and disability services regional supplement fund shall be
13 paid in quarterly installments to the appropriate regional
14 administrator in July, October, January, and April of each
15 fiscal year.

16 7. a. For the fiscal year beginning July 1, 2021, each
17 mental health and disability services region for which the
18 amount certified during the fiscal year under section 331.391,
19 subsection 4, paragraph "b", exceeds forty percent of the actual
20 expenditures of the region for the fiscal year preceding the
21 fiscal year in progress, the remaining quarterly payments of
22 the region's regional supplement payment shall be reduced by
23 an amount equal to the amount by which the region's amount
24 certified under section 331.391, subsection 4, paragraph "b",
25 exceeds forty percent of the actual expenditures of the region
26 for the fiscal year preceding the fiscal year in progress,
27 but the amount of the reduction shall not exceed the total
28 amount of the region's regional supplement payment for the
29 fiscal year. If the region's remaining quarterly payments are
30 insufficient to effectuate the required reductions under this
31 paragraph, the region is required to pay to the department of
32 human services any amount for which the reduction in quarterly
33 payments could not be made. The amount of reductions to
34 quarterly payments and amounts paid to the department under
35 this paragraph shall be transferred and credited to the risk

1 pool under section 426B.6.

2 *b.* For the fiscal year beginning July 1, 2022, each mental
3 health and disability services region for which the amount
4 certified during the fiscal year under section 331.391,
5 subsection 4, paragraph "b", exceeds twenty percent of the
6 actual expenditures of the region for the fiscal year preceding
7 the fiscal year in progress, the remaining quarterly payments
8 of the region's regional supplement payment shall be reduced
9 by an amount equal to the amount by which the region's amount
10 certified under section 331.391, subsection 4, paragraph "b",
11 exceeds twenty percent of the actual expenditures of the region
12 for the fiscal year preceding the fiscal year in progress,
13 but the amount of the reduction shall not exceed the total
14 amount of the region's regional supplement payment for the
15 fiscal year. If the region's remaining quarterly payments are
16 insufficient to effectuate the required reductions under this
17 paragraph, the region is required to pay to the department of
18 human services any amount for which the reduction in quarterly
19 payments could not be made. The amount of reductions to
20 quarterly payments and amounts paid to the department under
21 this paragraph shall be transferred and credited to the risk
22 pool under section 426B.6.

23 *c.* For the fiscal year beginning July 1, 2023, and each
24 succeeding fiscal year, each mental health and disability
25 services region for which the amount certified during the
26 fiscal year under section 331.391, subsection 4, paragraph "b",
27 exceeds five percent of the actual expenditures of the region
28 for the fiscal year preceding the fiscal year in progress,
29 the remaining quarterly payments of the region's regional
30 supplement payment shall be reduced by an amount equal to the
31 amount by which the region's amount certified under section
32 331.391, subsection 4, paragraph "b", exceeds five percent
33 of the actual expenditures of the region for the fiscal year
34 preceding the fiscal year in progress, but the amount of the
35 reduction shall not exceed the total amount of the region's

1 regional supplement payment for the fiscal year. If the
2 region's remaining quarterly payments are insufficient to
3 effectuate the required reductions under this paragraph, the
4 region is required to pay to the department of human services
5 any amount for which the reduction in quarterly payments could
6 not be made. The amount of reductions to quarterly payments
7 and amounts paid to the department under this paragraph shall
8 be transferred and credited to the risk pool under section
9 426B.6.

10 Sec. 23. Section 426B.4, Code 2021, is amended to read as
11 follows:

12 **426B.4 Rules.**

13 The mental health and disability services commission shall
14 consult with ~~county representatives~~ regional administrators
15 and the director of human services in prescribing forms and
16 adopting rules pursuant to [chapter 17A](#) to administer this
17 chapter.

18 Sec. 24. NEW SECTION. **426B.6 Risk pool.**

19 1. For the purposes of this chapter, unless the context
20 otherwise requires:

21 *a. "Mental health and disability services region" means*
22 *a mental health and disability services region formed in*
23 *accordance with section 331.389.*

24 *b. "Population" means, as of July 1 of the fiscal year*
25 *preceding the fiscal year in which the population figure is*
26 *applied, the county population shown by the latest preceding*
27 *certified federal census or the latest applicable population*
28 *estimate issued by the United States census bureau, whichever*
29 *is most recent.*

30 *c. "Regional administrator" means the regional administrator*
31 *of a mental health and disability services region, as defined*
32 *in section 331.388.*

33 2. A risk pool is created in the property tax relief fund
34 under section 426B.1. The pool shall consist of the moneys
35 appropriated or credited to the pool by law, including amounts

1 credited to the risk pool under section 426B.3, subsection 7.
2 For fiscal years beginning on or after July 1, 2021, there is
3 appropriated from the general fund of the state to the risk
4 pool the following amounts to be used for the purposes of this
5 section:

6 a. For the fiscal year beginning July 1, 2021, nine million
7 nine hundred sixty thousand five hundred ninety dollars.

8 b. For the fiscal year beginning July 1, 2022, five million
9 one hundred seven thousand three hundred forty dollars.

10 c. (1) For each fiscal year beginning on or after July 1,
11 2025, an amount equal to the risk pool growth factor multiplied
12 by the ending balance of the risk pool at the conclusion of
13 the fiscal year ending June 30 immediately preceding the
14 application deadline under subsection 4 for the fiscal year for
15 which the appropriation is made.

16 (2) For purposes of this paragraph, the "*risk pool growth*
17 *factor*" for each fiscal year is the percent increase, if any, in
18 the amount of sales tax revenue deposited into the general fund
19 of the state under section 423.2A, subsection 1, paragraph "a",
20 less the transfers required under section 423.2A, subsection
21 2, between the fiscal year beginning three years prior to the
22 applicable fiscal year and the fiscal year beginning two years
23 prior to the applicable year, minus one and one-half percent,
24 and the risk pool growth factor for any fiscal year shall not
25 exceed three and one-half percent.

26 3. A risk pool board is created. The board shall consist
27 of two mental health and disability services region governing
28 board members, two mental health and disability services region
29 fiscal officers or agents, a member of the mental health and
30 disability services commission who is not a governing board
31 member or chief operating officer of a mental health and
32 disability services region, a member of the county finance
33 committee created in chapter 333A who is not an elected
34 official, a representative of a provider of mental health or
35 developmental disabilities services selected from nominees

1 submitted by the Iowa association of community providers, a
2 representative of a provider of mental health developmental
3 disabilities services selected from nominees submitted by
4 the Iowa behavioral health association, one member of the
5 children's behavioral health system state board who is not a
6 governing board member or chief operating officer of a mental
7 health and disability services region, and two chief operating
8 officers of mental health and disability services regions,
9 all appointed by the governor, and one member appointed by
10 the director of human services. All members appointed by
11 the governor shall be subject to confirmation by the senate.
12 Members shall serve for three-year terms. A vacancy shall
13 be filled in the same manner as the original appointment.
14 Expenses and other costs of the risk pool board members
15 representing counties shall be paid by the the region to which
16 the member's county belongs. Expenses and other costs of risk
17 pool board members who do not represent counties shall be paid
18 by the department of human services. Staff assistance to the
19 board shall be provided by the department of human services.
20 Actuarial expenses and other direct administrative costs shall
21 be charged to the pool.

22 4. To receive assistance from the risk pool, a regional
23 administrator must apply to the risk pool board on or before
24 October 31 preceding the fiscal year for which assistance is
25 requested. The purpose of the assistance shall be to provide
26 financial support for services provided by the regional
27 administrator's mental health and disability services region.
28 The risk pool board shall make its final decisions on or
29 before December 15 regarding acceptance or rejection of the
30 applications for assistance and the total amount accepted shall
31 be considered obligated.

32 5. In addition to application and assistance requirements
33 under subsections 6, 7, and 9, basic eligibility for risk
34 pool assistance requires that a mental health and disability
35 services region meet all of the following conditions:

1 *a.* The mental health and disability services region is in
2 compliance with the regional service system management plan
3 requirements of section 331.393.

4 *b.* (1) In the fiscal year that commenced two years prior
5 to the fiscal year of application for assistance, the ending
6 balance, under generally accepted accounting principles, of
7 the mental health and disability services region's combined
8 services funds was equal to or less than the ending balance
9 threshold under subparagraph (2) for the fiscal year for which
10 assistance is requested.

11 (2) For purposes of this paragraph "*b*", "*ending balance*
12 *threshold*" means the following:

13 (a) For applications for assistance for the fiscal
14 year beginning July 1, 2021, forty percent of the actual
15 expenditures of the mental health and disability services
16 region for the fiscal year that commenced two years prior to
17 the fiscal year of application for assistance.

18 (b) For applications for assistance for the fiscal
19 year beginning July 1, 2022, twenty percent of the actual
20 expenditures of the mental health and disability services
21 region for the fiscal year that commenced two years prior to
22 the fiscal year of application for assistance.

23 (c) For applications for assistance for fiscal years
24 beginning on or after July 1, 2023, five percent of the actual
25 expenditures of the mental health and disability services
26 region for the fiscal year that commenced two years prior to
27 the fiscal year of application for assistance.

28 6. The board shall review the fiscal year-end financial
29 records for all mental health and disability services regions
30 that are granted risk pool assistance. If the board determines
31 a mental health and disability services region's actual need
32 for risk pool assistance was less than the amount of risk pool
33 assistance granted to the mental health and disability services
34 region, the mental health and disability services region
35 shall refund the difference between the amount of assistance

1 granted and the actual need. The mental health and disability
2 services region shall submit the refund within thirty days of
3 receiving notice from the board. Refunds shall be credited
4 to the risk pool. The mental health and disability services
5 commission shall adopt rules pursuant to chapter 17A providing
6 criteria for the purposes of this subsection and as necessary
7 to implement the other provisions of this section.

8 7. The board shall determine application requirements to
9 ensure prudent use of risk pool assistance. The board may
10 accept or reject an application for assistance in whole or in
11 part. The decision of the board is final.

12 8. The total amount of risk pool assistance shall be limited
13 to the amount available in the risk pool for a fiscal year. Any
14 unobligated balance in the risk pool at the close of a fiscal
15 year shall remain in the risk pool for distribution in the
16 succeeding fiscal year.

17 9. Risk pool assistance shall only be made available to
18 address one or more of the following circumstances:

19 a. Continuing support for core services.

20 b. Avoiding the need for reduction or elimination of
21 critical services when the reduction or elimination places an
22 individual's health or safety at risk.

23 c. Avoiding the need for reduction or elimination of core
24 crisis services when the reduction or elimination places the
25 public's health or safety at risk.

26 d. Avoiding the need for reduction or elimination of
27 services or other support that maintain an individual in
28 a community setting or that would create a risk that the
29 individuals needing services and supports would be placed in
30 more restrictive, higher cost settings.

31 10. Subject to the amount available and obligated from the
32 risk pool for a fiscal year, the department of human services
33 shall annually calculate the amount of moneys due to eligible
34 mental health and disability services regions in accordance
35 with the board's decisions and that amount is appropriated from

1 the risk pool to the department for payment of the moneys due.
2 The department shall authorize the issuance of warrants payable
3 to the mental health and disability services regions for the
4 amounts due and the warrants shall be issued on or before
5 January 1.

6 11. On or before March 1 and September 1 of each fiscal
7 year, the department of human services shall provide the risk
8 pool board with a report of the financial condition of each
9 funding source administered by the board. The report shall
10 include but is not limited to an itemization of the funding
11 source's balances, types and amount of revenues credited, and
12 payees and payment amounts for the expenditures made from the
13 funding source during the reporting period.

14 12. If the board has made its decisions but has determined
15 that there are otherwise qualifying requests for risk pool
16 assistance that are beyond the amount available in the risk
17 pool fund for a fiscal year, the board shall compile a list of
18 such requests and the supporting information for the requests.
19 The list and information shall be submitted to the mental
20 health and disability services commission, the children's
21 behavioral health system state board, the department of human
22 services, and the general assembly.

23 Sec. 25. ADJUSTMENT TO PROPERTY TAXES CERTIFIED UNDER
24 SECTION 331.424A — FY 2021-2022. If this division of this
25 Act takes effect after March 31, 2021, for each county for
26 which the amount of taxes certified for levy for the purposes
27 of section 331.424A for the fiscal year beginning July 1,
28 2021, exceeds the product of the population of the county as
29 determined under section 331.424A, subsection 1, paragraph
30 "e", multiplied by twenty-one dollars and fourteen cents,
31 the department of management shall reduce the amount of such
32 taxes certified for levy to an amount not to exceed the
33 product of the population of the county as determined under
34 section 331.424A, subsection 1, paragraph "e", multiplied by
35 twenty-one dollars and fourteen cents and shall revise the rate

1 of taxation as necessary to raise the reduced amount. The
2 department of management shall report the reduction in the
3 certified taxes and the revised rate of taxation to the county
4 auditors by June 15, 2021.

5 Sec. 26. IMPLEMENTATION OF RISK POOL UNDER SECTION 426B.6
6 — EMERGENCY RULEMAKING.

7 1. In order to timely implement the provisions of this
8 division of this Act establishing the risk pool for mental
9 health and disability services regions for the fiscal year
10 beginning July 1, 2021, and the fiscal year beginning July
11 1, 2022, the director of human services shall, subject to
12 the membership requirements of section 426B.6, subsection 3,
13 appoint temporary members of the risk pool board to review
14 and approve risk pool assistance applications and establish
15 alternative application deadlines and expedited application
16 review and approval timelines.

17 2. The department of human services may adopt
18 administrative rules under section 17A.4, subsection 3, and
19 section 17A.5, subsection 2, paragraph "b", to implement
20 provisions of this division of this Act and the rules shall
21 become effective immediately upon filing or on a later
22 effective date specified in the rules, unless the effective
23 date of the rules is delayed or the applicability of the rules
24 is suspended by the administrative rules review committee. Any
25 rules adopted in accordance with this section shall not take
26 effect before the rules are reviewed by the administrative
27 rules review committee. The delay authority provided to the
28 administrative rules review committee under section 17A.8,
29 subsection 9, shall be applicable to a delay imposed under this
30 section, notwithstanding a provision in that section making it
31 inapplicable to section 17A.5, subsection 2, paragraph "b".
32 Any rules adopted in accordance with the provisions of this
33 section shall also be published as a notice of intended action
34 as provided in section 17A.4.

35 Sec. 27. EFFECTIVE DATE. This division of this Act, being

1 deemed of immediate importance, takes effect upon enactment.

2 DIVISION II

3 COMMERCIAL AND INDUSTRIAL PROPERTY TAX REPLACEMENT PAYMENTS

4 Sec. 28. Section 2.48, subsection 3, paragraph f,
5 subparagraph (6), Code 2021, is amended by striking the
6 subparagraph.

7 Sec. 29. Section 331.512, subsection 15, Code 2021, is
8 amended by striking the subsection.

9 Sec. 30. Section 331.559, subsection 27, Code 2021, is
10 amended by striking the subsection.

11 Sec. 31. Section 441.21A, subsection 1, paragraph a, Code
12 2021, is amended to read as follows:

13 a. For each fiscal year beginning on or after July 1, 2014,
14 but before July 1, 2027, there is appropriated from the general
15 fund of the state to the department of revenue an amount
16 necessary for the payment of all commercial and industrial
17 property tax replacement claims under [this section](#) for the
18 fiscal year. However, for ~~a~~ the fiscal year years beginning
19 ~~on or after~~ July 1, 2017, July 1, 2018, July 1, 2019, July 1,
20 2020, and July 1, 2021, the total amount of moneys appropriated
21 from the general fund of the state to the department of revenue
22 for the payment of commercial and industrial property tax
23 replacement claims in ~~that~~ each fiscal year shall not exceed
24 the total amount of money necessary to pay all commercial and
25 industrial property tax replacement claims for the fiscal year
26 beginning July 1, 2016.

27 Sec. 32. Section 441.21A, subsections 2 and 3, Code 2021,
28 are amended to read as follows:

29 2. a. ~~Beginning with the~~ For each fiscal year beginning
30 on or after July 1, 2014, but before July 1, 2022, each county
31 treasurer shall be paid by the department of revenue an
32 amount equal to the amount of the commercial and industrial
33 property tax replacement claims in the county, as calculated
34 in [subsection 4](#). If an amount appropriated for ~~a~~ the fiscal
35 year beginning on July 1, 2017, July 1, 2018, July 1, 2019,

1 July 1, 2020, or July 1, 2021, is insufficient to pay all
2 replacement claims for the fiscal year, the director of revenue
3 shall prorate the payment of replacement claims to the county
4 treasurers and shall notify the county auditors of the pro rata
5 percentage on or before September 30.

6 b. For each fiscal year beginning on or after July 1, 2022,
7 but before July 1, 2027, each county treasurer shall be paid
8 by the department of revenue an amount equal to the sum of the
9 commercial and industrial property tax replacement claims for
10 all taxing authorities, or portion thereof, located in the
11 county, as calculated in subsection 4A. The county treasurer
12 shall pay to each taxing authority the taxing authority's
13 commercial and industrial property tax replacement claim, or
14 portion thereof, as calculated in subsection 4A.

15 3. a. On or before July 1 of each fiscal year beginning on
16 or after July 1, 2014, but before July 1, 2022, the assessor
17 shall report to the county auditor the total actual value of
18 all commercial property and industrial property in the county
19 that is subject to assessment and taxation for the assessment
20 year used to calculate the taxes due and payable in that fiscal
21 year.

22 b. On or before July 1, 2022, the department of management
23 shall calculate and report to the department of revenue for
24 each taxing authority in this state that is a city or a county
25 all of the following:

26 (1) The total assessed value as of January 1, 2012, of
27 all taxable property located in the taxing authority that is
28 subject to assessment and taxation used to calculate taxes
29 which are due and payable in the fiscal year beginning July 1,
30 2013, excluding property subject to the statewide property tax
31 imposed under section 437A.18 or 437B.14.

32 (2) The total assessed value as of January 1, 2019, of
33 all taxable property located in the taxing authority that is
34 subject to assessment and taxation used to calculate taxes
35 which are due and payable in the fiscal year beginning July 1,

1 2020, excluding property subject to the statewide property tax
2 imposed under section 437A.18 or 437B.14.

3 Sec. 33. Section 441.21A, subsection 4, unnumbered
4 paragraph 1, Code 2021, is amended to read as follows:

5 On or before a date established by rule of the department
6 of revenue of each fiscal year beginning on or after July
7 1, 2014, but before July 1, 2022, the county auditor shall
8 prepare a statement, based upon the report received pursuant to
9 subsection 3, paragraph "a", listing for each taxing district
10 in the county:

11 Sec. 34. Section 441.21A, Code 2021, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 4A. a. As used in this subsection, unless
14 the context clearly requires otherwise:

15 (1) *"Qualified taxing authority"* means any of the following:

16 (a) A taxing authority that is not a city or a county.

17 (b) A taxing authority that is a city or county for which
18 the amount determined under subsection 3, paragraph "b",
19 subparagraph (2), is less than one hundred thirty-one and
20 twenty-four hundredths percent of the amount determined under
21 subsection 3, paragraph "b", subparagraph (1).

22 (2) *"Taxing authority"* means a city, county, community
23 college, or other governmental entity or political subdivision
24 in this state authorized to certify a levy on property located
25 within such authority, but does not include a school district.

26 b. For fiscal years beginning on or after July 1, 2022,
27 but before July 1, 2027, the amount of each taxing authority's
28 replacement claim is as follows:

29 (1) If the taxing authority is a qualified taxing authority:

30 (a) For the fiscal year beginning July 1, 2022, five-sixths
31 of the amount received by the taxing authority under this
32 section for the fiscal year beginning July 1, 2021.

33 (b) For the fiscal year beginning July 1, 2023, four-sixths
34 of the amount received by the taxing authority under this
35 section for the fiscal year beginning July 1, 2021.

1 (c) For the fiscal year beginning July 1, 2024, three-sixths
2 of the amount received by the taxing authority under this
3 section for the fiscal year beginning July 1, 2021.

4 (d) For the fiscal year beginning July 1, 2025, two-sixths
5 of the amount received by the taxing authority under this
6 section for the fiscal year beginning July 1, 2021.

7 (e) For the fiscal year beginning July 1, 2026, one-sixth of
8 the amount received by the taxing authority under this section
9 for the fiscal year beginning July 1, 2021.

10 (2) If the taxing authority is not a qualified taxing
11 authority:

12 (a) For the fiscal year beginning July 1, 2022,
13 three-fourths of the amount received by the taxing authority
14 under this section for the fiscal year beginning July 1, 2021.

15 (b) For the fiscal year beginning July 1, 2023, two-fourths
16 of the amount received by the taxing authority under this
17 section for the fiscal year beginning July 1, 2021.

18 (c) For the fiscal year beginning July 1, 2024, one-fourth
19 of the amount received by the taxing authority under this
20 section for the fiscal year beginning July 1, 2021.

21 (d) For the fiscal year beginning July 1, 2025, and each
22 succeeding fiscal year beginning before July 1, 2027, zero.

23 (3) The department of management shall calculate and report
24 to the department of revenue the amount received by each
25 taxing authority in this state as the result of commercial and
26 industrial property tax replacement claims paid for the fiscal
27 year beginning July 1, 2021, and the portion of the amount
28 attributable to each county where the taxing authority is
29 located, if applicable.

30 Sec. 35. Section 441.21A, subsection 5, Code 2021, is
31 amended to read as follows:

32 5. For purposes of computing replacement amounts under
33 this section for fiscal years beginning on or after July 1,
34 2014, but before July 1, 2022, that portion of an urban renewal
35 area defined as the sum of the assessed valuations defined in

1 section 403.19, subsections 1 and 2, shall be considered a
2 taxing district.

3 Sec. 36. Section 441.21A, subsection 6, paragraph a, Code
4 2021, is amended to read as follows:

5 a. The For fiscal years beginning on or after July 1, 2014,
6 but before July 1, 2022, the county auditor shall certify
7 and forward one copy of the statement to the department of
8 revenue not later than a date of each year established by the
9 department of revenue by rule.

10 Sec. 37. Section 441.21A, subsection 6, Code 2021, is
11 amended by adding the following new paragraph:

12 NEW PARAGRAPH. f. This subsection shall apply to the
13 apportionment of replacement claim amounts for fiscal years
14 beginning on or after July 1, 2014, but before July 1, 2022.

15 Sec. 38. Section 441.21A, Code 2021, is amended by adding
16 the following new subsections:

17 NEW SUBSECTION. 7. a. For fiscal years beginning on
18 or after July 1, 2022, but before July 1, 2027, each taxing
19 authority's replacement claim calculated under subsection 4A,
20 or portion thereof, shall be paid to the appropriate county
21 treasurer, as provided in subsection 2, paragraph "b", in equal
22 installments in September and March of each year.

23 b. After payment by the county treasurer to the taxing
24 authority, the taxing authority's replacement claim shall be
25 apportioned and credited by the governing body of the taxing
26 authority among the taxing authority's tax levies in the same
27 proportion that each property tax levy bears to the total of
28 all property tax levies imposed by the taxing authority for the
29 fiscal year for which the payment is received.

30 c. Of the amounts allocated and credited to each property
31 tax levy that is subject to division under section 403.19,
32 the total amount paid into the fund for the taxing authority
33 as taxes by or for the taxing authority into which all other
34 property taxes are paid and the special fund of the applicable
35 municipality under section 403.19, subsection 2, shall be an

1 amount of the replacement claim that is proportionate to the
2 amount of the total sum of the assessed value of the taxable
3 commercial and industrial property in the urban renewal area as
4 a share of total assessed value of all taxable property in the
5 taxing authority and shall be apportioned as follows:

6 (1) To the fund for the taxing authority as taxes by or for
7 the taxing authority into which all other property taxes are
8 paid, an amount proportionate to the amount of actual value of
9 the commercial and industrial property in the urban renewal
10 area as determined in section 403.19, subsection 1, that was
11 subtracted pursuant to section 403.20, as it bears to the
12 total amount of actual value of the commercial and industrial
13 property in the urban renewal area that was subtracted pursuant
14 to section 403.20 for the assessment year for property taxes
15 due and payable in the fiscal year for which the replacement
16 claim is computed.

17 (2) (a) To the special fund of the applicable municipality
18 under section 403.19, subsection 2, the remaining amount, if
19 any.

20 (b) The amount allocated under subparagraph division (a)
21 shall not exceed the amount equal to the amount certified to
22 the county auditor under section 403.19 for the fiscal year in
23 which the claim is paid, after deduction of the amount of other
24 revenues committed for payment on that amount for the fiscal
25 year. The amount not allocated as a result of the operation of
26 this subparagraph division (b) shall be allocated to and paid
27 into the fund for the taxing authority as taxes by or for the
28 taxing authority in the manner provided in subparagraph (1).

29 NEW SUBSECTION. 8. This section is repealed July 1, 2027.

30 Sec. 39. EFFECTIVE DATE. The following take effect July 1,
31 2027:

32 1. The section of this division of this Act amending section
33 331.512.

34 2. The section of this division of this Act amending section
35 331.559.

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DIVISION III

SCHOOL FOUNDATION PERCENTAGE

Sec. 40. Section 257.1, subsection 2, paragraph b, Code 2021, is amended to read as follows:

b. For the budget year commencing July 1, 1999, and for each succeeding budget year beginning before July 1, 2022, the regular program foundation base per pupil is eighty-seven and five-tenths percent of the regular program state cost per pupil. For the budget year commencing July 1, 2022, and for each succeeding budget year, the regular program foundation base per pupil is eighty-eight and four-tenths percent of the regular program state cost per pupil. For the budget year commencing July 1, 1991, and for each succeeding budget year the special education support services foundation base is seventy-nine percent of the special education support services state cost per pupil. The combined foundation base is the sum of the regular program foundation base, the special education support services foundation base, the total teacher salary supplement district cost, the total professional development supplement district cost, the total early intervention supplement district cost, the total teacher leadership supplement district cost, the total area education agency teacher salary supplement district cost, and the total area education agency professional development supplement district cost.

Sec. 41. Section 257.3, subsection 1, paragraph d, Code 2021, is amended by striking the paragraph.

Sec. 42. EFFECTIVE DATE. The section of this division of this Act amending section 257.3, subsection 1, paragraph "d", takes effect July 1, 2022.

DIVISION IV

PUBLIC EDUCATION AND RECREATION TAX LEVY

Sec. 43. Section 276.10, subsection 1, Code 2021, is amended to read as follows:

1. The board of directors of a local school district

1 may establish a community education program for schools in
2 the district and provide for the general supervision of the
3 program. Financial support for the program ~~shall~~ may be
4 provided from funds ~~raised pursuant to chapter 300~~ received by
5 the school district under chapter 423F and from any private
6 funds and any federal funds made available for the purpose of
7 implementing this chapter. The program which recognizes that
8 the schools belong to the people and which shall be centered
9 in the schools may include but shall not be limited to the use
10 of the school facilities day and night, year round including
11 weekends and regular school vacation periods for educational,
12 recreational, cultural, and other community services and
13 programs for all age, ethnic, and socioeconomic groups residing
14 in the community.

15 Sec. 44. Section 278.1, subsection 1, paragraph e, Code
16 2021, is amended to read as follows:

17 e. Direct the transfer of any surplus in the debt service
18 fund, physical plant and equipment levy fund, or other capital
19 ~~project funds, or public education and recreation levy fund~~ to
20 the general fund.

21 Sec. 45. Section 298A.6, Code 2021, is amended to read as
22 follows:

23 **298A.6 Public education and recreation levy fund.**

24 The public education and recreation levy fund is a special
25 revenue fund. A public education and recreation levy fund
26 must be established in any school corporation which ~~levies~~
27 levied the tax authorized under section 300.2, Code 2021, or
28 which ~~receives~~ received revenue from a chapter 28E agreement
29 authorized under section 300.1, Code 2021. Moneys available in
30 the fund at the conclusion of the fiscal year beginning July 1,
31 2023, and ending June 30, 2024, shall be expended by the school
32 corporation for the purposes authorized under chapter 300, Code
33 2021.

34 Sec. 46. Section 300.2, Code 2021, is amended by adding the
35 following new subsection:

1 NEW SUBSECTION. 4. *a.* A levy under this chapter shall not
2 be approved by the voters on or after the effective date of
3 this division of this Act.

4 *b.* If the levy has not been discontinued under section
5 300.3, the authorization to impose the levy under this chapter
6 shall terminate July 1, 2024.

7 *c.* Notwithstanding subsection 2, including a proposition
8 approved at an election held before the effective date of this
9 division of this Act, the rate of a levy imposed by a board of
10 directors under this chapter for the fiscal year beginning July
11 1, 2023, shall not exceed one-half of the levy rate imposed by
12 the board of directors for the fiscal year beginning July 1,
13 2022.

14 Sec. 47. Section 423F.3, subsection 1, paragraph c, Code
15 2021, is amended by striking the paragraph.

16 Sec. 48. Section 423F.5, subsection 1, Code 2021, is amended
17 to read as follows:

18 1. A school district shall include as part of its financial
19 audit for the budget year beginning July 1, 2007, and for
20 each subsequent budget year the amount received during the
21 year pursuant to [chapter 423E](#) or [this chapter](#), as applicable.
22 In addition, the financial audit shall include the amount
23 of bond levies, and physical plant and equipment levy, ~~and~~
24 ~~public educational and recreational levy~~ reduced as a result
25 of the moneys received under [chapter 423E](#) or [this chapter](#),
26 as applicable. The amount of the reductions shall be stated
27 in terms of dollars and cents per one thousand dollars of
28 valuation and in total amount of property tax dollars. Also
29 included shall be an accounting of the amount of moneys
30 received which were spent for infrastructure purposes pursuant
31 to [chapter 423E](#) or [this chapter](#), as applicable.

32 Sec. 49. REPEAL. Sections 276.11 and 276.12, Code 2021,
33 are repealed.

34 Sec. 50. REPEAL. Chapter 300, Code 2021, is repealed.

35 Sec. 51. EFFECTIVE DATE. Except as otherwise provided in

1 this division of this Act, this division of this Act takes
2 effect July 1, 2024.

3 Sec. 52. EFFECTIVE DATE. The following, being deemed of
4 immediate importance, takes effect upon enactment:

5 The section of this division of this Act enacting section
6 300.2, subsection 4.

7 Sec. 53. APPLICABILITY. Except for the section of this
8 division of this Act enacting section 300.2, subsection 4, this
9 division of this Act applies to fiscal years beginning on or
10 after July 1, 2024.

11 DIVISION V

12 ELDERLY PROPERTY TAX CREDIT

13 Sec. 54. Section 25B.7, subsection 2, paragraph b, Code
14 2021, is amended to read as follows:

15 *b.* Low-income property tax credit and elderly and disabled
16 property tax credit pursuant to [sections 425.16 through 425.40](#),
17 subject to the limitation of 41, paragraph "b".

18 Sec. 55. Section 425.17, subsection 2, Code 2021, is amended
19 to read as follows:

20 2. *a.* "Claimant" means either any of the following:

21 (1) A person filing a claim for credit ~~or reimbursement~~
22 under [this subchapter](#) who has attained the age of sixty-five
23 years but who has not attained the age of seventy years on
24 or before December 31 of the base year ~~or~~, a person filing a
25 claim for credit or reimbursement under this subchapter who
26 is totally disabled and was totally disabled on or before
27 December 31 of the base year, or a person filing a claim for
28 reimbursement under this subchapter who has attained the age of
29 sixty-five years on or before December 31 of the base year and
30 who is domiciled in this state at the time the claim is filed or
31 at the time of the person's death in the case of a claim filed
32 by the executor or administrator of the claimant's estate.

33 (2) A person filing a claim for credit or reimbursement
34 under [this subchapter](#) who has attained the age of twenty-three
35 years on or before December 31 of the base year or was a head

1 of household on December 31 of the base year, as defined in
 2 the Internal Revenue Code, but has not attained the age or
 3 disability status described in ~~this paragraph "a"~~, subparagraph
 4 (1) or the age status and eligibility criteria of subparagraph
 5 (3), and is domiciled in this state at the time the claim is
 6 filed or at the time of the person's death in the case of a
 7 claim filed by the executor or administrator of the claimant's
 8 estate, and was not claimed as a dependent on any other
 9 person's tax return for the base year.

10 (3) A person filing a claim for credit under this subchapter
 11 who has attained the age of seventy years on or before December
 12 31 of the base year, who has a household income of less than
 13 two hundred fifty percent of the federal poverty level, as
 14 defined by the most recently revised poverty income guidelines
 15 published by the United States department of health and human
 16 services, and is domiciled in this state at the time the claim
 17 is filed or at the time of the person's death in the case of a
 18 claim filed by the executor or administrator of the claimant's
 19 estate.

20 *b. "Claimant"* under paragraph *"a"*, ~~subparagraph (1) or (2)~~,
 21 includes a vendee in possession under a contract for deed and
 22 may include one or more joint tenants or tenants in common.
 23 In the case of a claim for rent constituting property taxes
 24 paid, the claimant shall have rented the property during any
 25 part of the base year. In the case of a claim for property
 26 taxes due, the claimant shall have occupied the property during
 27 any part of the fiscal year beginning July 1 of the base year.
 28 If a homestead is occupied by two or more persons, and more
 29 than one person is able to qualify as a claimant, the persons
 30 may each file a claim based upon each person's income and rent
 31 constituting property taxes paid or property taxes due.

32 Sec. 56. Section 425.23, subsection 1, paragraph a,
 33 unnumbered paragraph 1, Code 2021, is amended to read as
 34 follows:

35 The tentative credit or reimbursement for a claimant

1 described in section 425.17, subsection 2, paragraph "a",
2 ~~subparagraphs subparagraph (1) and (2)~~, if no appropriation is
3 ~~made to the fund created in section 425.40~~ shall be determined
4 in accordance with the following schedule:

5 Sec. 57. Section 425.23, subsection 1, Code 2021, is amended
6 by adding the following new paragraph:

7 NEW PARAGRAPH. c. The tentative credit for a claimant
8 described in section 425.17, subsection 2, paragraph "a",
9 subparagraph (3), shall be the greater of the following:

10 (1) The amount of the credit under the schedule specified
11 in paragraph "a" of this subsection as if the claimant was a
12 claimant as defined in section 425.17, subsection 2, paragraph
13 "a", subparagraph (1), filing for a credit under paragraph "a"
14 of this subsection.

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

25 Sec. 58. Section 425.23, subsection 4, paragraph a, Code
26 2021, is amended to read as follows:

27 a. For the base year beginning in the 1999 calendar year
28 and for each subsequent base year, the dollar amounts set
29 forth in ~~subsections~~ subsection 1, paragraphs "a" and "b", and
30 subsection 3 shall be multiplied by the cumulative adjustment
31 factor for that base year. "*Cumulative adjustment factor*" means
32 the product of the annual adjustment factor for the 1998 base
33 year and all annual adjustment factors for subsequent base
34 years. The cumulative adjustment factor applies to the base
35 year beginning in the calendar year for which the latest annual

1 adjustment factor has been determined.

2 Sec. 59. Section 425.24, Code 2021, is amended to read as
3 follows:

4 **425.24 Maximum property tax for purpose of credit or**
5 **reimbursement.**

6 ~~In~~ For claimants under section 425.17, subsection 2,
7 paragraph "a", subparagraphs (1) and (2), and for the
8 calculation under section 425.23, subsection 1, paragraph "c",
9 subparagraph (1), in any case in which property taxes due or
10 rent constituting property taxes paid for any household exceeds
11 one thousand dollars, the amount of property taxes due or rent
12 constituting property taxes paid shall be deemed to have been
13 one thousand dollars for purposes of this subchapter.

14 Sec. 60. Section 425.39, subsection 1, as amended by 2021
15 Iowa Acts, House File 368, section 33, is amended to read as
16 follows:

17 1. a. The elderly and disabled property tax credit fund is
18 created. There is appropriated annually from the general fund
19 of the state to the department of revenue to be credited to the
20 elderly and disabled property tax credit fund, from funds not
21 otherwise appropriated, an amount sufficient to implement this
22 subchapter for credits for property taxes due for claimants
23 described in section 425.17, subsection 2, paragraph "a",
24 subparagraphs (1) and (3), subject to paragraph
25 "b".

26 b. Regardless of the amount of the credit determined under
27 section 425.23, subsection 1, paragraph "c", the amount paid by
28 the director of revenue to each county treasurer for credits
29 for claimants described under section 425.17, subsection 2,
30 paragraph "a", subparagraph (3), shall not exceed the amount
31 calculated for the claimant under section 425.23, subsection 1,
32 paragraph "c", subparagraph (1), and section 25B.7, subsection
33 1, shall not apply to the amount of the credit in excess of the
34 amount paid by the director of revenue.

35 Sec. 61. APPLICABILITY. This division of this Act applies

1 to claims under chapter 425, subchapter II, filed on or after
2 January 1, 2022.

3 DIVISION VI

4 FUTURE TAX CHANGES

5 Sec. 62. 2018 Iowa Acts, chapter 1161, section 133, is
6 amended by striking the section and inserting in lieu thereof
7 the following:

8 SEC. 133. EFFECTIVE DATE. This division of this Act takes
9 effect January 1, 2023.

10 DIVISION VII

11 CHARITABLE CONSERVATION CONTRIBUTION TAX CREDIT

12 Sec. 63. Section 2.48, subsection 3, paragraph e,
13 subparagraph (6), Code 2021, is amended by striking the
14 subparagraph.

15 Sec. 64. Section 422.33, subsection 25, Code 2021, is
16 amended by striking the subsection.

17 Sec. 65. REPEAL. Section 422.11W, Code 2021, is repealed.

18 Sec. 66. APPLICABILITY. This division of this Act applies
19 to conveyances made on or after July 1, 2021.

20 DIVISION VIII

21 FOREST RESERVATIONS

22 Sec. 67. Section 427C.1, Code 2021, is amended to read as
23 follows:

24 **427C.1 Tax exemption.**

25 1. Any person who establishes a forest or The owner of a
26 fruit-tree reservation as provided in this chapter shall be
27 entitled to the tax exemption provided by law.

28 2. a. The owner of a forest reservation as provided in this
29 chapter shall be entitled to the tax exemption provided by law
30 for assessment years beginning on or after January 1, 2022,
31 if, subject to the schedule for reapplication adopted under
32 subsection 3, the owner is actively engaged in the operation or
33 management of the forest reservation.

34 b. The natural resource commission shall adopt rules
35 pursuant to chapter 17A to interpret the requirement of

1 paragraph "a" that the owner of a forest reservation be
2 actively engaged in the operation or management of the forest
3 reservation, including but not limited to standards for
4 wildlife control practices, invasive species control measures,
5 conservation measures, and forest practices. The minimum
6 requirements for being considered actively engaged in the
7 operation or management of the forest reservation established
8 by the natural resource commission shall be based on the
9 conservation goals for the property as stated by the owner
10 in the exemption application, the use of the property by the
11 owner, and the characteristics of the property, including the
12 pervasiveness of wildlife populations and invasive species
13 populations on the property and the impact of such populations
14 on the forest reservation and surrounding properties.

15 c. (1) For each forest reservation application filed after
16 February 1, 2021, but on or before February 1, 2022, the owner
17 must file by February 1, 2022, with the department of natural
18 resources, evidence that the owner meets the requirement for
19 active engagement in the operation or management of the forest
20 reservation.

21 (2) The department of natural resources shall prepare and
22 make available a form to assist owners in complying with the
23 requirement of subparagraph (1).

24 3. The department of revenue, in consultation with the
25 department of natural resources, shall by rule establish five
26 regions within the state. Forest reservation exemptions
27 for which the application was filed on or before February
28 1, 2021, shall terminate as provided in this subsection
29 and the owners of such forest reservations must reapply for
30 the exemption under this chapter. In order to efficiently
31 process applications, the five regions shall be established
32 to include approximately an equal number of acres of forest
33 reservations in each region. For forest reservations subject
34 to this subsection, the requirement for the owner to be
35 actively engaged in the operation or management of the forest

1 reservation shall not apply until the owner reapplies for the
2 forest reservation exemption.

3 a. Exemptions for forest reservations in the first region
4 shall end at the conclusion of the assessment year beginning
5 January 1, 2021, and in order to continue receiving the
6 exemption for the five-year period specified in section 427C.3,
7 beginning with the assessment year beginning January 1, 2022,
8 each owner must reapply on or before February 1, 2022.

9 b. Exemptions for forest reservations in the second region
10 shall end at the conclusion of the assessment year beginning
11 January 1, 2022, and in order to continue receiving the
12 exemption for the five-year period specified in section 427C.3,
13 beginning with the assessment year beginning January 1, 2023,
14 each owner must reapply on or before February 1, 2023.

15 c. Exemptions for forest reservations in the third region
16 shall end at the conclusion of the assessment year beginning
17 January 1, 2023, and in order to continue receiving the
18 exemption for the five-year period specified in section 427C.3,
19 beginning with the assessment year beginning January 1, 2024,
20 each owner must reapply on or before February 1, 2024.

21 d. Exemptions for forest reservations in the fourth region
22 shall end at the conclusion of the assessment year beginning
23 January 1, 2024, and in order to continue receiving the
24 exemption for the five-year period specified in section 427C.3,
25 beginning with the assessment year beginning January 1, 2025,
26 each owner must reapply on or before February 1, 2025.

27 e. Exemptions for forest reservations in the fifth region
28 shall end at the conclusion of the assessment year beginning
29 January 1, 2025, and in order to continue receiving the
30 exemption for the five-year period specified in section 427C.3,
31 beginning with the assessment year beginning January 1, 2026,
32 each owner must reapply on or before February 1, 2026.

33 Sec. 68. Section 427C.3, Code 2021, is amended to read as
34 follows:

35 **427C.3 Forest reservation — duration of exemption.**

1 1. A forest reservation shall contain not less than two
2 hundred growing forest trees on each acre. If the area
3 selected is a forest containing the required number of growing
4 forest trees, it shall be accepted as a forest reservation
5 under this chapter for a period of five years provided
6 application is made or on file on or before February 1 of the
7 exemption year. If any buildings are standing on an area
8 selected as a forest reservation under this section ~~or a~~
9 ~~fruit-tree reservation under section 427C.7~~, one acre of that
10 area shall be excluded from the tax exemption. However, the
11 exclusion of that acre shall not affect the area's meeting the
12 acreage requirement of section 427C.2.

13 2. For forest reservation exemption applications filed on
14 or after February 2, 2021, but on or before February 1, 2022,
15 the five-year period provided under subsection 1 begins with
16 the assessment year beginning January 1, 2022, unless the owner
17 fails to satisfy the requirement of section 427C.1, subsection
18 2, paragraph "c".

19 Sec. 69. Section 427C.7, Code 2021, is amended to read as
20 follows:

21 **427C.7 Fruit-tree reservation — duration of exemption.**

22 A fruit-tree reservation shall contain on each acre,
23 at least forty apple trees, or seventy other fruit trees,
24 growing under proper care and annually pruned and sprayed.
25 A reservation may be claimed as a fruit-tree reservation,
26 under this chapter, for a period of eight years after planting
27 provided application is made or on file on or before February
28 1 of the exemption year. If any buildings are standing on an
29 area selected as a fruit-tree reservation under this section,
30 one acre of that area shall be excluded from the tax exemption.
31 However, the exclusion of that acre shall not affect the area's
32 meeting the acreage requirement of section 427C.2.

33 Sec. 70. Section 427C.10, Code 2021, is amended to read as
34 follows:

35 **427C.10 Restraint of livestock and limitation on use.**

1 1. Cattle, horses, mules, sheep, goats, ostriches, rheas,
2 emus, and swine shall not be permitted upon a ~~fruit-tree or~~
3 ~~forest~~ forest or fruit-tree reservation.

4 2. a. ~~Fruit-tree and forest~~ Forest and fruit-tree
5 reservations shall not be used for economic gain other than the
6 gain from raising fruit or forest trees.

7 b. The prohibition under paragraph "a" includes but is not
8 limited to leases or charges for persons who enter or go on the
9 reservation for the recreational use thereof or for hunting.

10 Sec. 71. Section 427C.12, Code 2021, is amended to read as
11 follows:

12 **427C.12 Application — inspection — continuation of**
13 **exemption — recapture of tax.**

14 1. It shall be the duty of the assessor to secure the facts
15 relative to fruit-tree and forest reservations by taking the
16 sworn statement, or affirmation, of the owner or owners making
17 application under this chapter; and to make special report to
18 the county auditor of all reservations made in the county under
19 the provisions of this chapter.

20 2. a. The board of supervisors shall designate the county
21 conservation board or the assessor who shall inspect the area
22 for which an application is filed for a fruit-tree ~~or forest~~
23 reservation tax exemption before the application is accepted.

24 b. The department of natural resources shall review the
25 application for a forest reservation tax exemption before the
26 application is accepted.

27 c. ~~Use of~~ The department of natural resources shall use
28 aerial photographs may be substituted for on-site inspection
29 when appropriate provided by the county assessor to determine
30 if the application meets the criteria established by the
31 natural resource commission to be a forest reservation.

32 3. ~~The application can only be accepted if it meets the~~
33 ~~criteria established by the natural resource commission to~~
34 ~~be a fruit-tree or forest reservation~~ department of natural
35 resources may conduct an on-site review if necessary to verify

1 the eligibility of a forest reservation application.

2 4. Once the application has been accepted, the area shall
 3 continue to receive the tax exemption during each year of the
 4 applicable exemption period under section 427C.3 or 427C.7
 5 in which the area is maintained as a ~~fruit-tree or forest or~~
 6 fruit-tree reservation without the owner having to refile. If
 7 the property is sold or transferred, the seller shall notify
 8 the buyer that all, or part of, the property is in fruit-tree
 9 or forest reservation and subject to the recapture tax
 10 provisions of this section. The tax exemption shall continue
 11 to be granted for the remainder of the ~~eight-year~~ exemption
 12 period for fruit-tree reservation and for the following years
 13 for forest reservation under section 427C.3 or 427C.7, or until
 14 the property no longer qualifies as a ~~fruit-tree or forest or~~
 15 fruit-tree reservation.

16 5. a. The An area that is a fruit-tree reservation may
 17 be inspected each year by the county conservation board or
 18 the assessor to determine if the area is maintained as a
 19 ~~fruit-tree or forest~~ reservation. An area that is a forest
 20 reservation may be inspected each year by the department of
 21 natural resources to determine if the area is maintained as
 22 forest reservation. If the area is not maintained or is used
 23 for economic gain other than as a fruit-tree reservation during
 24 any year of the ~~eight-year~~ exemption period and any year of
 25 the ~~following~~ five years following the exemption period, if
 26 the property is no longer receiving an exemption under this
 27 chapter, or as a forest reservation during any year ~~for which~~
 28 of the exemption is granted period and any of the five years
 29 following ~~these exemption years~~ the exemption period, if
 30 the property is no longer receiving an exemption under this
 31 chapter, the assessor shall assess the property for taxation
 32 at its fair market value as of January 1 of that year and
 33 in addition the area shall be subject to a recapture tax.
 34 However, the area shall not be subject to the recapture tax if
 35 the owner, including one possessing under a contract of sale,

1 and the owner's direct antecedents or descendants have owned
2 the area for more than ten years.

3 b. The recapture tax shall be computed by multiplying the
4 consolidated levy for each of those years, if any, of the five
5 preceding years for which the area received the exemption for
6 fruit-tree or forest reservation times the assessed value of
7 the area that would have been taxed but for the tax exemption.
8 This tax shall be entered against the property on the tax list
9 for the current year and shall constitute a lien against the
10 property in the same manner as a lien for property taxes. The
11 tax when collected shall be apportioned in the manner provided
12 for the apportionment of the property taxes for the applicable
13 tax year.

14 6. Upon expiration of the applicable exemption period, the
15 owner of a forest or fruit-tree reservation may reapply for
16 an exemption under this chapter if the property meets all the
17 criteria for the exemption under this chapter.

18 Sec. 72. Section 441.22, Code 2021, is amended to read as
19 follows:

20 **441.22 Forest and fruit-tree reservations.**

21 Forest and fruit-tree reservations fulfilling the conditions
22 of ~~sections 427C.1 to 427C.13~~ chapter 427C shall be exempt from
23 taxation to the extent authorized in that chapter. In all
24 other cases where trees are planted upon any tract of land,
25 without regard to area, for forest, fruit, shade, or ornamental
26 purposes, or for windbreaks, the assessor shall not increase
27 the valuation of the property because of such improvements.

28 Sec. 73. SAVINGS PROVISION. This division of this Act,
29 pursuant to section 4.13, does not affect the operation of,
30 or prohibit the application of, prior provisions of chapter
31 427C or section 441.22, or rules adopted under chapter 17A to
32 administer prior provisions of chapter 427C or section 441.22,
33 for assessment years beginning before January 1, 2022, and for
34 duties, powers, protests, appeals, proceedings, actions, or
35 remedies attributable to an assessment year beginning before

1 January 1, 2022.

2 Sec. 74. EFFECTIVE DATE. This division of this Act, being
3 deemed of immediate importance, takes effect upon enactment.

4 Sec. 75. APPLICABILITY. This division of this Act applies
5 to assessment years beginning on or after January 1, 2022.

6 DIVISION IX

7 TRANSIT FUNDING

8 Sec. 76. Section 28M.3, subsection 1, Code 2021, is amended
9 to read as follows:

10 1. A regional transit district shall have all the rights,
11 powers, and duties of a county enterprise pursuant to sections
12 331.462 through 331.469 as they relate to the purpose for
13 which the regional transit district is created, including
14 the authority to issue revenue bonds for the establishment,
15 construction, reconstruction, repair, equipping, remodeling,
16 extension, maintenance, and operation of works, vehicles, and
17 facilities of a regional transit district. In addition, a
18 regional transit district, with the approval of the board of
19 supervisors, may issue general obligation bonds as an essential
20 county purpose pursuant to [chapter 331, subchapter IV, part 3](#),
21 for the establishment, construction, reconstruction, repair,
22 equipping, remodeling, extension, maintenance, and operation of
23 works, vehicles, and facilities of a regional transit district.
24 Such general obligation bonds are payable from the property tax
25 levy authorized in [section 28M.5](#) and from the transit hotel and
26 motel tax imposed under section 423A.4, subsection 1, paragraph
27 "b", if applicable.

28 Sec. 77. Section 28M.4, subsection 3, Code 2021, is amended
29 to read as follows:

30 3. A commission shall adopt and certify an annual budget
31 for the regional transit district. A commission in its budget
32 shall allocate the revenue responsibilities of each county and
33 city participating in the regional transit district, subject
34 to reductions in the maximum authorized property tax levy
35 rate under section 28M.5, if applicable. A commission shall

1 be considered a municipality for purposes of adopting and
2 certifying a budget pursuant to [chapter 24](#).

3 Sec. 78. Section 28M.4, Code 2021, is amended by adding the
4 following new subsection:

5 NEW SUBSECTION. 4A. A commission may, following approval at
6 election, impose a transit hotel and motel tax under section
7 423A.4, subsection 1, paragraph "b".

8 Sec. 79. Section 28M.4, subsections 5 and 6, Code 2021, are
9 amended to read as follows:

10 5. A commission shall levy ~~for~~ the tax under section 28M.5
11 and shall control any tax revenues paid to the regional transit
12 district the commission administers and, including all moneys
13 derived from the operation of the regional transit district,
14 a transit hotel and motel tax imposed under section 423A.4,
15 subsection 1, paragraph "b", the sale of its the district's
16 property, interest on investments, or from any other source
17 related to the regional transit district.

18 6. Tax revenues collected from a regional transit district
19 levy or a transit hotel and motel tax under section 423A.4,
20 subsection 1, paragraph "b", shall be held by the county
21 treasurer. Before the fifteenth day of each month, the county
22 treasurer shall send the amount collected for each fund through
23 the last day of the preceding month for direct deposit into
24 the depository and account designated by the commission. The
25 county treasurer shall send a notice to the secretary of the
26 commission or the secretary's designee stating the amount
27 deposited, the date, the amount to be credited to each fund
28 according to the budget, and the source of the revenue.

29 Sec. 80. Section 28M.5, subsections 1 and 4, Code 2021, are
30 amended to read as follows:

31 1. a. The commission, with the approval of the board of
32 supervisors of participating counties and the city council of
33 participating cities in the [chapter 28E](#) agreement, may, subject
34 to the reductions required under paragraph "b", levy annually a
35 tax not to exceed ninety-five cents per thousand dollars of the

1 assessed value of all taxable property in a regional transit
 2 district to the extent provided in [this section](#). The chapter
 3 28E agreement may authorize the commission to levy the tax at
 4 different rates within the participating cities and counties in
 5 amounts sufficient to meet the revenue responsibilities of such
 6 cities and counties as allocated in the budget adopted by the
 7 commission. However, for a city participating in a regional
 8 transit district, the total of all the tax levies imposed in
 9 the city pursuant to [section 384.12, subsection 10](#), and this
 10 section shall not exceed the aggregate of ninety-five cents per
 11 thousand dollars of the assessed value of all taxable property
 12 in the participating city or the levy rate determined under
 13 paragraph "b", whichever is less.

14 b. (1) If a regional transit district imposes a transit
 15 hotel and motel tax under section 423A.4, subsection 1,
 16 paragraph "b", the maximum levy rate authorized under this
 17 section shall be reduced as provided in this paragraph. For
 18 each fiscal year beginning on or after July 1 following the
 19 first calendar year for which the transit hotel and motel
 20 tax is imposed in the regional transit district, and until
 21 subparagraph (4) applies, the levy rate imposed under this
 22 section shall not exceed a rate equal to the rate that would
 23 be required for the fiscal year beginning July 1 following the
 24 election approving the transit hotel and motel tax to collect
 25 an amount equal to the property taxes collected by the regional
 26 transit district for the fiscal year beginning July 1 following
 27 the election approving the transit hotel and motel tax minus
 28 the amount of transit hotel and motel tax revenue received by
 29 the regional transit district for the first calendar year for
 30 which the transit hotel and motel tax is imposed.

31 (2) If the regional transit district authorizes the
 32 commission to levy the tax at different rates within the
 33 participating cities and counties, as authorized under
 34 paragraph "a", the levy rate reduction required under this
 35 paragraph shall be applied by the department of management

1 to each participating city and county based upon the revenue
2 responsibilities of such cities and counties as provided in the
3 chapter 28E agreement on the date the transit hotel and motel
4 tax is approved at election.

5 (3) If a regional transit district increases the rate of the
6 transit hotel and motel tax, further reductions in the maximum
7 authorized levy rate under this section shall be implemented
8 in the same manner as provided under subparagraphs (1) and (2)
9 for the reductions following initial imposition of the transit
10 hotel and motel tax.

11 (4) If the regional transit district repeals the transit
12 hotel and motel tax, the maximum authorized levy rate shall be
13 ninety-five cents per thousand dollars of the assessed value
14 for fiscal years beginning after the date of termination under
15 section 423A.4, unless the transit hotel and motel tax is
16 reinstated.

17 4. The proceeds of the tax levy and other authorized
18 revenues of the regional transit district shall be used for
19 the operation and maintenance of a regional transit district,
20 for payment of debt obligations of the district, and for the
21 creation of a reserve fund. The commission may divide the
22 territory of a regional transit district outside the boundaries
23 of a city into separate service areas and impose a regional
24 transit district levy not to exceed the maximum rate authorized
25 by this section in each service area.

26 Sec. 81. Section 303.52, subsection 4, paragraph a, Code
27 2021, is amended to read as follows:

28 a. The board of trustees may by ordinance impose a local
29 hotel and motel tax in accordance with chapter 423A.

30 Sec. 82. Section 331.402, subsection 2, paragraph f, Code
31 2021, is amended to read as follows:

32 f. Impose a local hotel and motel tax in accordance with
33 chapter 423A.

34 Sec. 83. Section 384.12, subsection 10, Code 2021, is
35 amended to read as follows:

1 10. a. A tax for the operation and maintenance of a
2 municipal transit system or for operation and maintenance of a
3 regional transit district, and for the creation of a reserve
4 fund for the system or district, in an amount not to exceed
5 ninety-five cents per thousand dollars of assessed value
6 each year or the levy rate determined under paragraph "b",
7 if applicable, when the revenues from the transit system or
8 district are insufficient for such purposes.

9 b. (1) If the city participates in a regional transit
10 district under chapter 28M that imposes a transit hotel and
11 motel tax under section 423A.4, the maximum levy rate shall be
12 the levy rate determined under section 28M.5, subsection 1,
13 paragraph "b".

14 (2) (a) If the city imposes a transit hotel and motel tax
15 under section 423A.4, the maximum levy rate shall be reduced as
16 provided in this subparagraph. For each fiscal year beginning
17 on or after July 1 following the first calendar year for which
18 the transit hotel and motel tax is imposed in the city, and
19 until subparagraph division (c) applies, the levy rate imposed
20 under this subsection shall not exceed a rate equal to the rate
21 that would be required for the fiscal year beginning July 1
22 following the election approving the transit hotel and motel
23 tax to collect an amount equal to the property taxes collected
24 by the city under this subsection for the fiscal year beginning
25 July 1 following the election approving the transit hotel and
26 motel tax minus the amount of transit hotel and motel tax
27 revenue received by the city for the first calendar year for
28 which the transit hotel and motel tax is imposed.

29 (b) If a city increases the rate of the transit hotel and
30 motel tax, further reductions in the maximum authorized levy
31 rate under this subsection shall be implemented in the same
32 manner as provided under subparagraph division (a) for the
33 reduction following initial imposition of the transit hotel and
34 motel tax.

35 (c) If the city repeals the transit hotel and motel tax,

1 the maximum authorized levy rate shall be ninety-five cents
2 per thousand dollars of the assessed value for fiscal years
3 beginning after the date of termination under section 423A.4,
4 unless the transit hotel and motel tax is reinstated.

5 Sec. 84. Section 423A.4, Code 2021, is amended to read as
6 follows:

7 **423A.4 ~~Locally imposed~~ Local hotel and motel tax — transit**
8 **hotel and motel tax.**

9 1. a. A city, a county, or a land use district created
10 under chapter 303, subchapter IV, may impose, by ordinance of
11 the city council or by resolution of the board of supervisors
12 or by ordinance of the board of trustees, a local hotel and
13 motel tax, at a rate not to exceed seven percent, which shall
14 be imposed in increments of one or more full percentage points
15 upon the sales price from the renting of lodging. The tax
16 when imposed by a city shall apply only within the corporate
17 boundaries of that city, when imposed by a county shall apply
18 only outside incorporated areas within that county, and when
19 imposed by a land use district shall apply only within the
20 corporate boundaries of that district. A local hotel and motel
21 tax imposed by a city or county shall not be imposed within the
22 corporate boundaries of a land use district during any period
23 of time that the land use district is imposing a local hotel
24 and motel tax.

25 b. A regional transit district or a city that is not
26 participating in a regional transit district may impose, by
27 resolution of the regional transit district commission or by
28 ordinance of the city council, a transit hotel and motel tax,
29 at a rate not to exceed five percent, which shall be imposed
30 in increments of one or more full percentage points upon the
31 sales price from the renting of lodging. The tax when imposed
32 by a regional transit district shall apply only within the
33 boundaries of the regional transit district and may be imposed
34 in addition to any tax imposed under paragraph "a". The tax
35 when imposed by a city shall apply only within the corporate

1 boundaries of that city and may be imposed in addition to any
2 tax imposed under paragraph "a".

3 2. Within ten days of the election at which a majority of
4 those voting on the question favors the imposition, repeal,
5 or change in the rate of the local hotel and motel tax or the
6 transit hotel and motel tax, the county auditor shall give
7 written notice by sending a copy of the abstract of votes from
8 the favorable election to the director of revenue.

9 3. A local hotel and motel tax imposed by a city, county,
10 or land use district shall be imposed on January 1 or July
11 1, following the notification of the director of revenue. A
12 transit hotel and motel tax imposed by a regional transit
13 district or a city shall be imposed on January 1, following the
14 notification of the director of revenue. Once imposed, the tax
15 shall remain in effect at the rate imposed for a minimum of
16 one year. A local hotel and motel tax or a transit hotel and
17 motel tax shall terminate only on June 30 or December 31. At
18 least forty-five days prior to the tax being effective or prior
19 to a revision in the tax rate or prior to the repeal of the
20 tax, a city, county, ~~or~~ land use district, or regional transit
21 district shall provide notice by mail of such action to the
22 director of revenue. The director shall have the authority to
23 waive the notice requirement.

24 4. a. A city, county, or land use district shall impose
25 or repeal a hotel and motel tax or increase or reduce the
26 tax rate only after an election at which a majority of those
27 voting on the question favors imposition, repeal, or change
28 in rate. A regional transit district or city shall impose or
29 repeal a transit hotel and motel tax or increase or reduce the
30 tax rate only after an election at which a majority of those
31 voting on the question favors imposition, repeal, or change in
32 rate. However, a local hotel and motel tax of a city or county
33 shall not be repealed or reduced in rate if obligations are
34 outstanding which are payable as provided in [section 423A.7](#),
35 unless funds sufficient to pay the principal, interest, and

1 premium, if any, on the outstanding obligations at and prior
2 to maturity have been properly set aside and pledged for that
3 purpose.

4 *b.* (1) If the local hotel and motel tax applies only within
5 the corporate boundaries of a city, only the registered voters
6 of the city shall be permitted to vote. The election shall be
7 held at the time of the regular city election or at a special
8 election called for that purpose.

9 (2) If the local hotel and motel tax applies only in the
10 unincorporated areas of a county or only within the corporate
11 boundaries of a land use district, only the registered voters
12 of the unincorporated areas of the county or the registered
13 voters of the land use district, as applicable, shall be
14 permitted to vote. The election shall be held at the time of
15 the general election or at a special election called for that
16 purpose.

17 (3) For a transit hotel and motel tax imposed by a regional
18 transit district, only the registered voters of the regional
19 transit district shall be permitted to vote. The election
20 shall be held at the time of the general election or the
21 regular city election.

22 (4) For a transit hotel and motel tax imposed by a city,
23 only the registered voters of the city shall be permitted to
24 vote. The election shall be held at the time of the general
25 election or the regular city election.

26 5. ~~The locally imposed~~ local hotel and motel tax and the
27 transit hotel and motel tax shall be collected and remitted as
28 provided in [section 423A.5A](#).

29 Sec. 85. Section 423A.5A, subsection 3, Code 2021, is
30 amended to read as follows:

31 3. Unless otherwise provided in [this section](#), the
32 state-imposed tax under [section 423A.3](#) ~~and any locally,~~ the
33 local hotel and motel tax imposed tax under [section 423A.4](#), and
34 the transit hotel and motel tax imposed under [section 423A.4](#),
35 shall be collected by the lodging provider from the user of

1 that lodging and shall be remitted to the department. The
2 lodging provider shall add the state-imposed tax to the sales
3 price of the lodging and the tax, when collected, shall be
4 stated as a distinct item, separate and apart from the sales
5 price of the lodging and from the ~~locally imposed tax~~ taxes
6 imposed under section 423A.4, if any. The lodging provider
7 shall add ~~the locally imposed~~ each tax imposed under section
8 423A.4, if any, to the sales price of the lodging and the tax,
9 when collected, shall be stated as a distinct item, separate
10 and apart from the sales price of the lodging, ~~and~~ from the
11 state-imposed tax, and from the other taxes imposed under
12 section 423A.4.

13 Sec. 86. Section 423A.6, subsections 1, 3, and 4, Code 2021,
14 are amended to read as follows:

15 1. The director of revenue shall administer the state,
16 ~~and local, and transit~~ hotel and motel tax taxes as nearly as
17 possible in conjunction with the administration of the state
18 sales tax law, except that portion of the law which implements
19 the streamlined sales and use tax agreement. The director
20 shall provide appropriate forms, or provide on the regular
21 state tax forms, for reporting state, ~~and local, and transit~~
22 hotel and motel tax liability. All moneys received or refunded
23 one hundred eighty days after the date on which a city, county,
24 ~~or~~ land use district, or regional transit district, terminates
25 its local hotel and motel tax or transit hotel and motel tax
26 and all moneys received from the state hotel and motel tax
27 shall be deposited in or withdrawn from the general fund of the
28 state.

29 3. The director, in consultation with local officials,
30 shall collect and account for a local hotel and motel tax and a
31 transit hotel and motel tax and shall credit all revenues to
32 the local transient guest tax fund created in [section 423A.7](#).
33 Local authorities shall not require any tax permit not required
34 by the director of revenue.

35 4. [Section 422.25, subsection 4, sections 422.30, 422.67,](#)

1 and 422.68, section 422.69, subsection 1, sections 422.70,
 2 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
 3 1, and sections 423.23, 423.24, 423.25, 423.31, 423.33,
 4 423.35, 423.37 through 423.42, and 423.47, consistent with the
 5 provisions of this chapter, apply with respect to the taxes
 6 authorized under this chapter, in the same manner and with
 7 the same effect as if the state, and local, and transit hotel
 8 and motel taxes were retail sales taxes within the meaning of
 9 those statutes. Notwithstanding this subsection, the director
 10 shall provide for quarterly filing of returns and for other
 11 than quarterly filing of returns both as prescribed in section
 12 423.31. The director may require all persons who are engaged
 13 in the business of deriving any sales price subject to tax
 14 under this chapter to register with the department. All taxes
 15 collected under this chapter by a retailer, lodging provider,
 16 lodging facilitator, lodging platform, or any other person are
 17 deemed to be held in trust for the state of Iowa and the local
 18 jurisdictions imposing the taxes.

19 Sec. 87. Section 423A.7, subsections 2 and 3, Code 2021, are
 20 amended to read as follows:

21 2. All moneys in the local transient guest tax fund shall
 22 be remitted at least quarterly by the department, pursuant to
 23 rules of the director of revenue, to each city in the amount
 24 collected under section 423A.4, subsection 1, paragraph "a",
 25 from businesses in that city, to each county in the amount
 26 collected under section 423A.4, subsection 1, paragraph "a",
 27 from businesses in the unincorporated areas of the county, and
 28 to each land use district in the amount collected under section
 29 423A.4, subsection 1, paragraph "a", from businesses in that
 30 land use district, to each regional transit district in the
 31 amount collected under section 423A.4, subsection 1, paragraph
 32 "b", from businesses within the boundaries of the regional
 33 transit district and to each city in the amount collected under
 34 section 423A.4, subsection 1, paragraph "b", from businesses
 35 in that city.

1 3. Moneys received by the city from this fund collected
2 under section 423A.4, subsection 1, paragraph "a", shall be
3 credited to the general fund of the city, subject to the
4 provisions of subsection 4.

5 Sec. 88. Section 423A.7, Code 2021, is amended by adding the
6 following new subsection:

7 NEW SUBSECTION. 6. a. The revenue derived by a regional
8 transit district from the transit hotel and motel tax
9 authorized by section 423A.4 shall be expended exclusively for
10 the purposes of the regional transit district under chapter 28M
11 and shall result in a reduction in the maximum levy rate for
12 the regional transit district, as provided in section 28M.5,
13 subsection 1, paragraph "b". However, the amount of revenue
14 derived by the regional transit district in the second calendar
15 year that transit hotel and motel tax is imposed that exceeds
16 the amount of revenue derived by the regional transit district
17 in the first calendar year that transit hotel and motel tax
18 is imposed shall be used for property tax relief for the levy
19 under section 28M.5 in addition to the reduction to the levy
20 rate as the result of the revenue derived in the first calendar
21 year that the transit hotel and motel tax is imposed.

22 b. The revenue derived by a city from the transit hotel
23 and motel tax authorized by section 423A.4 shall be expended
24 exclusively for the operation and maintenance of a municipal
25 transit system and shall result in a reduction in the maximum
26 levy rate for the city under section 384.12, subsection 10.
27 However, the amount of revenue derived by the city in the
28 second calendar year that transit hotel and motel tax is
29 imposed that exceeds the amount of revenue derived by the
30 city in the first calendar year that transit hotel and motel
31 tax is imposed shall be used for property tax relief for the
32 levy under section 384.12, subsection 10, in addition to the
33 reduction to the levy rate as the result of the revenue derived
34 in the first calendar year that the transit hotel and motel tax
35 is imposed.