

**EIGHTY-SIXTH GENERAL ASSEMBLY  
2016 REGULAR SESSION  
DAILY  
SENATE CLIP SHEET**

APRIL 19, 2016

SENATE FILE 2313

S-5130

1 Amend Senate File 2313 as follows:

2 1. Page 7, by striking lines 21 and 22 and  
3 inserting:

4 <g. Coordinate engagement among employers, employee  
5 organizations, and economic development entities  
6 in the local workforce development area. The local  
7 workforce development board shall lead efforts to  
8 promote engagement among a diverse range of employers  
9 and with other entities in the region to do all of the  
10 following:

11 (1) Promote business representation on the  
12 local workforce development board, particularly for  
13 representatives with optimal policymaking or hiring  
14 authority of employers whose employment opportunities  
15 reflect existing and emerging employment opportunities  
16 in the region.

17 (2) Develop effective linkages with employers in  
18 the region to support employer utilization of the local  
19 workforce development system and to support local  
20 workforce investment activities.

21 (3) Ensure that workforce investment activities  
22 meet the needs of employers and support economic  
23 growth in the region by enhancing communication,  
24 coordination, and collaboration among employers,  
25 employee organizations, economic development entities,  
26 and service providers.

27 (4) Develop and implement proven or promising  
28 strategies for meeting the employment and skill needs  
29 of workers and employers, such as participating in the  
30 establishment of industry and sector partnerships as  
31 described under section 260H.7B, subsection 2, that  
32 provide the skilled workforce needed by employers  
33 in the region and that expand employment and career  
34 advancement opportunities for workforce development  
35 system participants in in-demand industry sectors or

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Page 2

1 occupations.>

2 2. Page 7, line 32, after <law.> by inserting <To  
3 the extent permitted by applicable state and federal  
4 law, the local workforce development board shall  
5 consider awarding grants or contracts to nonprofit  
6 organizations.>

**By WILLIAM A. DOTZLER, JR.**

**S-5130** FILED APRIL 18, 2016

ADOPTED

**SENATE FILE 2314**

**S-5131**

1 Amend Senate File 2314 as follows:

2 1. Page 1, line 15, by striking <2,753,678> and  
3 inserting <4,046,974>

4 2. Page 1, line 17, by striking <40.40> and  
5 inserting <51.78>

6 3. Page 1, line 32, by striking <5.00> and  
7 inserting <~~5.00~~ 5.07>

8 4. By striking page 1, line 33, through page 2,  
9 line 10.

10 5. Page 6, line 28, by striking <73.00> and  
11 inserting <75.00>

12 6. Page 17, line 25, after <COUNCIL> by inserting  
13 <AND MAINTENANCE OF CEREMONIAL SPACE>

14 7. Page 18, line 5, after <services.> by inserting  
15 <The committee shall also review and consider the  
16 allocation of resources and moneys for maintenance  
17 of the areas designated as ceremonial space by the  
18 department of administrative services. For purposes  
19 of this review, "ceremonial space" means the state  
20 capitol building and parking lots, Ola Babcock Miller  
21 building and parking lots, historical building and  
22 parking areas, parking facility located at Pennsylvania  
23 avenue and Des Moines street, West Capitol Terrace and  
24 Finkbine parking areas, monuments and adjacent land,  
25 capitol complex tunnels, and Iowa building (Mercy  
26 Capitol) and annex sites and parking lots.>

27 8. Page 20, line 15, by striking <229.79> and  
28 inserting <230.57>

29 9. Page 22, line 12, by striking <85,400> and  
30 inserting <120,400>

**By CHRIS BRASE**

**S-5131** FILED APRIL 18, 2016

ADOPTED

SENATE FILE 2316

S-5133

- 1 Amend Senate File 2316 as follows:  
2 1. Page 1, by striking lines 1 through 32.  
3 2. By renumbering as necessary.

By THOMAS G. COURTNEY

S-5133 FILED APRIL 18, 2016

ADOPTED

SENATE FILE 2316

S-5134

- 1 Amend Senate File 2316 as follows:  
2 1. Page 2, after line 28 by inserting:  
3 <Sec. \_\_\_\_ Section 321.210B, subsection 8, Code  
4 2016, is amended to read as follows:  
5 8. a. ~~Upon~~ Except as provided in paragraph "b",  
6 upon determination by the county attorney, the county  
7 attorney's designee, or the private collection designee  
8 that the person is in default, the county attorney, the  
9 county attorney's designee, or the private collection  
10 designee shall notify the clerk of the district court.  
11 b. (1) If the person is in default and the  
12 person provides a new financial statement within  
13 fifteen days of the determination made pursuant to  
14 paragraph "a" indicating that the person's financial  
15 condition has changed to such an extent that lower  
16 installment payments would have been required prior  
17 to the execution of the initial installment agreement  
18 under subsection 1, the county attorney, the county  
19 attorney's designee, or the private collection designee  
20 shall not notify the clerk of the district court, and  
21 the person shall not be considered in default. The  
22 new installment payments shall be based upon the new  
23 financial statement filed in compliance with this  
24 subparagraph.  
25 (2) A person making new installment payments after  
26 complying with the provisions of subparagraph (1) shall  
27 not be considered executing a new installment agreement  
28 for purposes of calculating the number of installment  
29 agreements a person may execute in a person's lifetime  
30 under subsection 13.>

By TONY BISIGNANO

S-5134 FILED APRIL 18, 2016

ADOPTED

S-5135

1 Amend House File 2439, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 4, by striking lines 9 through 15 and  
4 inserting:

5 ~~<f. g. (1) If moneys remain in the fund after~~  
6 ~~fully paying all obligations under paragraphs "a",~~  
7 ~~"b", "c", "d", and "e", and "f", the remainder may~~  
8 ~~be accumulated in the fund as a carryover operating~~  
9 ~~surplus. an amount of up to four million four hundred~~  
10 ~~thousand dollars shall, for the fiscal year beginning~~  
11 ~~July 1, 2016, and ending June 30, 2017, be expended and~~  
12 ~~distributed in the following priority order:~~

13 (a) (i) The director, in consultation with the  
14 program manager and the E911 communications council,  
15 may provide grants to any public safety answering point  
16 agreeing to consolidate.>

17 2. Page 4, by striking lines 30 and 31 and  
18 inserting:

19 <(ii) Grants provided under this subparagraph may,  
20 subject to available funding, be provided until June  
21 30, 2022.>

22 3. Page 5, by striking lines 12 through 16 and  
23 inserting:

24 <(c) The remaining surplus shall be used to fund  
25 future network and public safety answering point  
26 improvements for program manager shall allocate an  
27 equal amount of moneys to each public safety answering  
28 point for the following costs:>

COMMITTEE ON APPROPRIATIONS  
ROBERT E. DVORSKY, CHAIRPERSON

S-5135 FILED APRIL 18, 2016

HOUSE FILE 2454

S-5132

1 Amend House File 2454, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 20, after line 20 by inserting:

4 <DIVISION \_\_\_\_

5 FUNDS UNDER THE CONTROL OF THE ECONOMIC DEVELOPMENT  
6 AUTHORITY SPECIAL AUTHORITY GRANTED TO THE DIRECTOR TO  
7 ALLOCATE MONEYS FOR FY 2016-2017

8 Sec. \_\_\_\_ . KEEP IOWA BEAUTIFUL INITIATIVE. The  
9 director of the economic development authority created  
10 in section 15.105 may allocate moneys in one or more  
11 funds established in section 15.106A, subsection 1,  
12 paragraph "o", for the fiscal year beginning July 1,  
13 2016, and ending June 30, 2017, for the purpose of  
14 supporting a keep Iowa beautiful initiative in order  
15 to assist communities in developing and implementing  
16 beautification and community development plans.>

17 2. By renumbering as necessary.

**By** CHAZ ALLEN

S-5132 FILED APRIL 18, 2016

ADOPTED

HOUSE FILE 2454

S-5136

1 Amend House File 2454, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 25, after line 13 by inserting:

4 <DIVISION \_\_\_\_  
5 SALES AND USE TAXES AND THE NATURAL RESOURCES AND  
6 OUTDOOR RECREATION TRUST FUND

7 Sec. \_\_\_\_ . Section 423.2, subsection 1, unnumbered  
8 paragraph 1, Code 2016, is amended to read as follows:

9 There is imposed a tax of ~~six percent~~ at the rate  
10 specified in subsection 14 upon the sales price of  
11 all sales of tangible personal property, consisting  
12 of goods, wares, or merchandise, sold at retail in  
13 the state to consumers or users except as otherwise  
14 provided in this subchapter.

15 Sec. \_\_\_\_ . Section 423.2, subsections 2 and 3, Code  
16 2016, are amended to read as follows:

17 2. A tax of ~~six percent~~ at the rate specified in  
18 subsection 14 is imposed upon the sales price of the  
19 sale or furnishing of gas, electricity, water, heat,  
20 pay television service, and communication service,  
21 including the sales price from such sales by any  
22 municipal corporation or joint water utility furnishing  
23 gas, electricity, water, heat, pay television service,  
24 and communication service to the public in its  
25 proprietary capacity, except as otherwise provided in  
26 this subchapter, when sold at retail in the state to  
27 consumers or users.

28 3. A tax of ~~six percent~~ at the rate specified  
29 in subsection 14 is imposed upon the sales price  
30 of all sales of tickets or admissions to places of  
31 amusement, fairs, and athletic events except those of  
32 elementary and secondary educational institutions. A  
33 tax of ~~six percent~~ at the rate specified in subsection  
34 14 is imposed on the sales price of an entry fee  
35 or like charge imposed solely for the privilege of

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1 participating in an activity at a place of amusement,  
2 fair, or athletic event unless the sales price of  
3 tickets or admissions charges for observing the same  
4 activity are taxable under this subchapter. A tax of  
5 ~~six percent~~ at the rate specified in subsection 14 is  
6 imposed upon that part of private club membership fees  
7 or charges paid for the privilege of participating in  
8 any athletic sports provided club members.

9 Sec. \_\_\_\_\_. Section 423.2, subsection 4, paragraph a,  
10 Code 2016, is amended to read as follows:

11 a. A tax of ~~six percent~~ at the rate specified in  
12 subsection 14 is imposed upon the sales price derived  
13 from the operation of all forms of amusement devices  
14 and games of skill, games of chance, raffles, and  
15 bingo games as defined in chapter 99B, and card game  
16 tournaments conducted under section 99B.7B, that are  
17 operated or conducted within the state, the tax to  
18 be collected from the operator in the same manner as  
19 for the collection of taxes upon the sales price of  
20 tickets or admission as provided in this section.  
21 Nothing in this subsection shall legalize any games of  
22 skill or chance or slot-operated devices which are now  
23 prohibited by law.

24 Sec. \_\_\_\_\_. Section 423.2, subsection 5, Code 2016,  
25 is amended to read as follows:

26 5. There is imposed a tax of ~~six percent~~ at the  
27 rate specified in subsection 14 upon the sales price  
28 from the furnishing of services as defined in section  
29 423.1.

30 Sec. \_\_\_\_\_. Section 423.2, subsection 7, paragraph a,  
31 unnumbered paragraph 1, Code 2016, is amended to read  
32 as follows:

33 A tax of ~~six percent~~ at the rate specified in  
34 subsection 14 is imposed upon the sales price from the  
35 sales, furnishing, or service of solid waste collection

1 and disposal service.

2 Sec. \_\_\_\_\_. Section 423.2, subsection 8, paragraph a,  
3 Code 2016, is amended to read as follows:

4 a. A tax of ~~six percent~~ at the rate specified in  
5 subsection 14 is imposed on the sales price from sales  
6 of bundled transactions. For the purposes of this  
7 subsection, a "bundled transaction" is the retail sale  
8 of two or more distinct and identifiable products,  
9 except real property and services to real property,  
10 which are sold for one nonitemized price. A "bundled  
11 transaction" does not include the sale of any products  
12 in which the sales price varies, or is negotiable,  
13 based on the selection by the purchaser of the products  
14 included in the transaction.

15 Sec. \_\_\_\_\_. Section 423.2, subsection 9, Code 2016,  
16 is amended to read as follows:

17 9. A tax of ~~six percent~~ at the rate specified in  
18 subsection 14 is imposed upon the sales price from  
19 any mobile telecommunications service, including  
20 all paging services, that this state is allowed to  
21 tax pursuant to the provisions of the federal Mobile  
22 Telecommunications Sourcing Act, Pub. L. No. 106-252,  
23 4 U.S.C. §116 et seq. For purposes of this subsection,  
24 taxes on mobile telecommunications service, as defined  
25 under the federal Mobile Telecommunications Sourcing  
26 Act that are deemed to be provided by the customer's  
27 home service provider, shall be paid to the taxing  
28 jurisdiction whose territorial limits encompass the  
29 customer's place of primary use, regardless of where  
30 the mobile telecommunications service originates,  
31 terminates, or passes through and shall in all other  
32 respects be taxed in conformity with the federal Mobile  
33 Telecommunications Sourcing Act. All other provisions  
34 of the federal Mobile Telecommunications Sourcing Act  
35 are adopted by the state of Iowa and incorporated into

1 this subsection by reference. With respect to mobile  
2 telecommunications service under the federal Mobile  
3 Telecommunications Sourcing Act, the director shall, if  
4 requested, enter into agreements consistent with the  
5 provisions of the federal Act.

6 Sec. \_\_\_\_\_. Section 423.2, subsection 11, paragraph  
7 b, subparagraph (2), Code 2016, is amended to read as  
8 follows:

9 (2) Transfer from the remaining revenues the  
10 amounts required under Article VII, section 10, of  
11 the Constitution of the State of Iowa to the natural  
12 resources and outdoor recreation trust fund created in  
13 section 461.31, ~~if applicable~~.

14 Sec. \_\_\_\_\_. Section 423.2, subsection 14, Code 2016,  
15 is amended by striking the subsection and inserting in  
16 lieu thereof the following:

17 14. a. For the period beginning July 1, 2017, and  
18 ending June 30, 2018, the sales tax rate is six and  
19 one-eighth percent.

20 b. For the period beginning July 1, 2018, and  
21 ending June 30, 2019, the sales tax rate is six and  
22 two-eighths percent.

23 c. For the period beginning July 1, 2019, and  
24 ending December 31, 2029, the sales tax rate is six and  
25 three-eighths percent.

26 d. Beginning January 1, 2030, the sales tax rate is  
27 five and three-eighths percent.

28 Sec. \_\_\_\_\_. Section 423.5, subsection 1, unnumbered  
29 paragraph 1, Code 2016, is amended to read as follows:

30 Except as provided in paragraph "c", an excise tax  
31 at the rate of ~~six percent~~ specified in subsection 5  
32 of the purchase price or installed purchase price is  
33 imposed on the following:

34 Sec. \_\_\_\_\_. Section 423.5, subsection 5, Code 2016,  
35 is amended by striking the subsection and inserting in

1 lieu thereof the following:

2 5. a. For the period beginning July 1, 2017, and  
3 ending June 30, 2018, the use tax rate is six and  
4 one-eighth percent.

5 b. For the period beginning July 1, 2018, and  
6 ending June 30, 2019, the use tax rate is six and  
7 two-eighths percent.

8 c. For the period beginning July 1, 2019, and  
9 ending December 31, 2029, the use tax rate is six and  
10 three-eighths percent.

11 d. Beginning January 1, 2030, the use tax rate is  
12 five and three-eighths percent.

13 Sec. \_\_\_\_\_. Section 423.43, subsection 1, paragraph  
14 b, Code 2016, is amended to read as follows:

15 b. Subsequent to the deposit into the general fund  
16 of the state ~~and after the transfer of such~~ pursuant to  
17 paragraph "a", the department shall do the following in  
18 the order prescribed:

19 (1) Transfer the revenues collected under chapter  
20 423B, the department shall transfer one sixth.

21 (2) (a) Transfer the applicable percentage  
22 as specified in subparagraph division (b) of such  
23 remaining revenues to the secure an advanced vision for  
24 education fund created in section 423F.2.

25 (b) (i) For the period beginning July 1, 2017,  
26 and ending June 30, 2018, the applicable percentage  
27 is sixteen and three thousand two hundred sixty-five  
28 ten-thousandths percent.

29 (ii) For the period beginning July 1, 2018, and  
30 ending June 30, 2019, the applicable percentage is  
31 sixteen percent.

32 (iii) For the period beginning July 1, 2019, and  
33 ending December 31, 2029, the applicable percentage  
34 is fifteen and six thousand eight hundred sixty-three  
35 ten-thousandths percent.

1 (c) This ~~paragraph~~ subparagraph (2) is repealed  
2 December 31, 2029.

3 Sec. \_\_\_\_\_. PURPOSE. The purpose of this division  
4 of this Act is to provide for the implementation of  
5 Article VII, section 10, of the Constitution of the  
6 State of Iowa by fully funding the natural resources  
7 and outdoor recreation trust fund as created in section  
8 461.31, pursuant to Article VII, section 10, of the  
9 Constitution of the State of Iowa.

10 Sec. \_\_\_\_\_. EFFECTIVE DATE. This division of this  
11 Act takes effect July 1, 2017.

12 DIVISION \_\_\_\_  
13 INCOME TAXES

14 Sec. \_\_\_\_\_. Section 422.5, subsection 1, Code 2016,  
15 is amended by adding the following new paragraph:

16 NEW PARAGRAPH. 0j. (1) For each tax year  
17 beginning in the period beginning January 1, 2018, and  
18 ending December 31, 2029, the department of revenue  
19 shall determine the amount of sales and use tax  
20 revenues generated for the fiscal year ending June 30  
21 during the applicable tax year from the increases in  
22 the sales and use tax rates enacted in this Act, and  
23 shall certify such amount to the governor and general  
24 assembly.

25 (2) For each tax year beginning in the period  
26 beginning January 1, 2018, and ending December 31,  
27 2029, the rates of tax in paragraphs "a" through "i"  
28 shall be reduced as provided in subparagraph (3) by an  
29 amount that will in the aggregate reduce the individual  
30 income tax revenues for the applicable tax year by the  
31 dollar amount certified by the department of revenue  
32 pursuant to subparagraph (1) for the relevant fiscal  
33 year ending June 30 prior to the start of the tax year.

34 (3) (a) The rate reduction for a tax year shall be  
35 accomplished by applying the applicable dollar amount

1 to a reduction in the rate imposed in paragraph "a",  
2 but not below zero.

3 (b) If such rate reduction in subparagraph division  
4 (a) does not accomplish the full rate decrease required  
5 by subparagraph (2), the remaining applicable dollar  
6 amount shall be applied to a reduction in the rate  
7 imposed in paragraph "b", but not below zero.

8 (c) If such rate reduction in subparagraph  
9 divisions (a) and (b) do not accomplish the full rate  
10 decrease required by subparagraph (2), the remaining  
11 applicable dollar amount shall be applied to a  
12 reduction in the rate imposed in paragraph "c", but not  
13 below zero.

14 (d) If such rate reduction in subparagraph  
15 divisions (a) through (c) do not accomplish the  
16 full rate decrease required by subparagraph (2), the  
17 remaining applicable dollar amount shall be applied to  
18 a reduction in the rate imposed in paragraph "d", but  
19 not below zero.

20 (e) If such rate reduction in subparagraph  
21 divisions (a) through (d) do not accomplish the  
22 full rate decrease required by subparagraph (2), the  
23 remaining applicable dollar amount shall be applied to  
24 a reduction in the rate imposed in paragraph "e", but  
25 not below zero.

26 (f) If such rate reduction in subparagraph  
27 divisions (a) through (e) do not accomplish the  
28 full rate decrease required by subparagraph (2), the  
29 remaining applicable dollar amount shall be applied to  
30 a reduction in the rate imposed in paragraph "f", but  
31 not below zero.

32 (g) If such rate reduction in subparagraph  
33 divisions (a) through (f) do not accomplish the  
34 full rate decrease required by subparagraph (2), the  
35 remaining applicable dollar amount shall be applied to

1 a reduction in the rate imposed in paragraph "g", but  
2 not below zero.

3 (h) If such rate reduction in subparagraph  
4 divisions (a) through (g) do not accomplish the  
5 full rate decrease required by subparagraph (2), the  
6 remaining applicable dollar amount shall be applied to  
7 a reduction in the rate imposed in paragraph "h", but  
8 not below zero.

9 (i) If such rate reduction in subparagraph  
10 divisions (a) through (h) do not accomplish the  
11 full rate decrease required by subparagraph (2), the  
12 remaining applicable dollar amount shall be applied to  
13 a reduction in the rate imposed in paragraph "i", but  
14 not below zero.

15 (4) The rates of tax for paragraphs "a" through  
16 "i", as determined under this paragraph for the tax  
17 year beginning January 1, 2029, shall apply to all tax  
18 years beginning on or after January 1, 2029.

19 Sec. \_\_\_\_\_. Section 422.5, subsection 1, paragraph j,  
20 Code 2016, is amended to read as follows:

21 j. (1) The tax imposed upon the taxable income  
22 of a nonresident shall be computed by reducing the  
23 amount determined pursuant to paragraphs "a" through  
24 "~~i~~" "0j" by the amounts of nonrefundable credits under  
25 this division and by multiplying this resulting amount  
26 by a fraction of which the nonresident's net income  
27 allocated to Iowa, as determined in section 422.8,  
28 subsection 2, paragraph "a", is the numerator and the  
29 nonresident's total net income computed under section  
30 422.7 is the denominator. This provision also applies  
31 to individuals who are residents of Iowa for less than  
32 the entire tax year.

33 (2) (a) The tax imposed upon the taxable income  
34 of a resident shareholder in an S corporation or of  
35 an estate or trust with a situs in Iowa that is a

1 shareholder in an S corporation, which S corporation  
2 has in effect for the tax year an election under  
3 subchapter S of the Internal Revenue Code and carries  
4 on business within and without the state, may be  
5 computed by reducing the amount determined pursuant  
6 to paragraphs "a" through "i" "0j" by the amounts  
7 of nonrefundable credits under this division and by  
8 multiplying this resulting amount by a fraction of  
9 which the resident's or estate's or trust's net income  
10 allocated to Iowa, as determined in section 422.8,  
11 subsection 2, paragraph "b", is the numerator and the  
12 resident's or estate's or trust's total net income  
13 computed under section 422.7 is the denominator. If  
14 a resident shareholder, or an estate or trust with  
15 a situs in Iowa that is a shareholder, has elected  
16 to take advantage of this subparagraph (2), and for  
17 the next tax year elects not to take advantage of  
18 this` subparagraph, the resident or estate or trust  
19 shareholder shall not reelect to take advantage of  
20 this subparagraph for the three tax years immediately  
21 following the first tax year for which the shareholder  
22 elected not to take advantage of this subparagraph,  
23 unless the director consents to the reelection. This  
24 subparagraph also applies to individuals who are  
25 residents of Iowa for less than the entire tax year.

26 (b) This subparagraph (2) shall not affect the  
27 amount of the taxpayer's checkoffs under this division,  
28 the credits from tax provided under this division, and  
29 the allocation of these credits between spouses if  
30 the taxpayers filed separate returns or separately on  
31 combined returns.

32 Sec. \_\_\_\_ . Section 422.11B, Code 2016, is amended to  
33 read as follows:

34 422.11B Minimum tax credit.

35 1. a. There is allowed as a credit against the tax

1 determined in section 422.5, subsection 1, paragraphs  
2 "a" through "j" "0j" for a tax year an amount equal to  
3 the minimum tax credit for that tax year.

4 b. The minimum tax credit for a tax year is the  
5 excess, if any, of the net minimum tax imposed for  
6 all prior tax years beginning on or after January 1,  
7 1987, over the amount allowable as a credit under this  
8 section for those prior tax years.

9 2. a. The allowable credit under subsection 1  
10 for a tax year shall not exceed the excess, if any,  
11 of the tax determined in section 422.5, subsection  
12 1, paragraphs "a" through "j" "0j" over the state  
13 alternative minimum tax as determined in section 422.5,  
14 subsection 2.

15 b. The net minimum tax for a tax year is the  
16 excess, if any, of the tax determined in section 422.5,  
17 subsection 2, for the tax year over the tax determined  
18 in section 422.5, subsection 1, paragraphs "a" through  
19 "j" "0j" for the tax year.

20 Sec. \_\_\_\_\_. EFFECTIVE DATE. This division of this  
21 Act takes effect January 1, 2018.

22 Sec. \_\_\_\_\_. APPLICABILITY. This division of this  
23 Act applies to tax years beginning on or after January  
24 1, 2018.

25 DIVISION \_\_\_\_  
26 WATER QUALITY AND WATER QUALITY EXCISE TAX  
27 Sec. \_\_\_\_\_. Section 16.134, Code 2016, is amended to  
28 read as follows:

29 16.134 Wastewater and drinking water treatment  
30 financial assistance program.

31 1. The Iowa finance authority shall establish and  
32 administer a wastewater and drinking water treatment  
33 financial assistance program. The purpose of the  
34 program shall be to provide financial assistance  
35 to enhance water quality. The program shall be

1 administered in accordance with rules adopted by  
2 the authority pursuant to chapter 17A. For purposes  
3 of this section, "program" means the wastewater and  
4 drinking water treatment financial assistance program  
5 and "committee" means the water quality financing  
6 review committee created in subsection 9.

7 2. A wastewater and drinking water treatment  
8 financial assistance fund is created and shall consist  
9 of appropriations made to the fund and transfers  
10 of interest, earnings, and moneys from other funds  
11 as provided by law. Moneys transferred to the fund  
12 pursuant to section 423G.6 are appropriated to the  
13 authority for purposes of the program. Moneys in the  
14 fund are not subject to section 8.33. Notwithstanding  
15 section 12C.7, subsection 2, interest or earnings on  
16 moneys in the fund shall be credited to the fund.

17 3. Financial assistance under the program shall  
18 be used to install or upgrade wastewater treatment  
19 facilities and systems and drinking water treatment  
20 facilities and systems, including source water  
21 protection projects, and for engineering or technical  
22 assistance for facility planning and design.

23 4. The authority committee shall distribute approve  
24 financial assistance in from the fund in accordance  
25 with the following:

26 a. ~~The goal of the program shall be to base awards~~  
27 ~~on the impact of the grant combined with other sources~~  
28 ~~of financing to ensure that sewer rates do not exceed~~  
29 ~~one and one half percent of a community's median~~  
30 ~~household income.~~

31 ~~b. a. Communities shall be eligible for financial~~  
32 ~~assistance by qualifying as Priority shall be given~~  
33 ~~for projects in which a disadvantaged community and~~  
34 ~~is seeking financial assistance for the installation~~  
35 ~~or upgrade of wastewater treatment facilities due~~

1 ~~to regulatory activity by the department of natural~~  
2 ~~resources and drinking water treatment facilities.~~

3 For purposes of this section, the term "disadvantaged  
4 community" means the same as defined by the department.

5 ~~e.~~ b. Priority shall be given to projects ~~in which~~  
6 ~~the meeting criteria established in section 455B.199B~~  
7 ~~in which the applicant seeks financial assistance is~~  
8 ~~to be used to obtain~~ with financing under the water  
9 pollution control works and drinking water facilities  
10 financing program pursuant to section 16.131 or other  
11 federal, ~~or~~ state, or private financing.

12 ~~d.~~ c. Priority shall also be given to projects  
13 whose completion will provide significant improvement  
14 to water quality in the relevant watershed.

15 ~~e.~~ d. Priority shall also be given to communities  
16 that employ an alternative wastewater treatment  
17 technology pursuant to section 455B.199C.

18 ~~f.~~ e. Priority shall ~~be~~ also be given to those  
19 communities where sewer or water rates are the highest  
20 as a percentage of that community's median household  
21 income.

22 ~~g.~~ f. Financial assistance in the form of grants  
23 shall ~~be~~ issued on an annual basis.

24 ~~h.~~ g. An applicant shall not receive a grant that  
25 exceeds five hundred thousand dollars.

26 h. Priority shall also be given to communities that  
27 employ technology to address the latest version of the  
28 "Iowa Nutrient Reduction Strategy" initially presented  
29 in November 2012 by the department of agriculture and  
30 land stewardship, the department of natural resources,  
31 and Iowa state university of science and technology.

32 4A. A utility management organization formed  
33 under chapter 28E or operated by a rural water system  
34 organized under chapter 357A or chapter 504 shall be  
35 considered eligible for financial assistance under the

1 program.

2 5. The authority in cooperation with the department  
3 of natural resources shall ~~share~~ provide information  
4 and resources to the committee when the committee is  
5 determining the qualifications of a community for  
6 financial assistance from the fund.

7 6. The authority shall enter into agreements with  
8 financial assistance recipients and distribute moneys  
9 under the program pursuant to financial assistance  
10 determinations made by the committee. The authority  
11 may use an amount of not more than ~~four~~ one percent of  
12 any moneys appropriated for deposit in the fund for  
13 administration purposes.

14 7. By October 1 of each year, the authority shall  
15 submit a report to the governor and the general  
16 assembly itemizing expenditures under the program  
17 during the previous fiscal year.

18 8. a. Beginning September 1, 2026, and every  
19 ten years thereafter, a program review committee is  
20 established for purposes of reviewing the wastewater  
21 and drinking water treatment financial assistance  
22 program. By December 1 of the same year, the review  
23 committee shall file a report with the governor and the  
24 general assembly that reviews the effectiveness of the  
25 program during the prior ten fiscal years.

26 b. The program review committee shall consist of  
27 the following members:

28 (1) The governor or the governor's designee.

29 (2) The secretary of agriculture or the secretary's  
30 designee.

31 (3) The executive director of the authority or the  
32 executive director's designee.

33 (4) The director of the department of natural  
34 resources or the director's designee.

35 (5) Four members of the general assembly, with

1 two from the senate and two from the house of  
2 representatives and not more than one member from each  
3 chamber being from the same political party. The two  
4 senators shall be designated one member each by the  
5 president of the senate, after consultation with the  
6 majority leader of the senate, and by the minority  
7 leader of the senate. The two representatives shall  
8 be designated one member each by the speaker of the  
9 house of representatives, after consultation with the  
10 majority leader of the house of representatives, and by  
11 the minority leader of the house of representatives.

12 c. Staffing services shall be provided by the  
13 authority.

14 9. a. A water quality financing review committee  
15 is created consisting of the secretary of agriculture  
16 or the secretary's designee, the executive director of  
17 the authority or the executive director's designee, and  
18 the director of the department of natural resources or  
19 the director's designee.

20 b. The committee shall review and approve or  
21 deny applications for financial assistance under the  
22 wastewater and drinking water treatment financial  
23 assistance program established in this section.

24 Sec. \_\_\_\_. Section 423.3, Code 2016, is amended by  
25 adding the following new subsection:

26 NEW SUBSECTION. 103. a. The sales price from  
27 the sale or furnishing by a water utility of a water  
28 service in the state to consumers or users.

29 b. For purposes of this subsection:

30 (1) "Water service" means the delivery of water by  
31 piped distribution system.

32 (2) "Water utility" means a public utility as  
33 defined in section 476.1 that furnishes water by piped  
34 distribution system to the public for compensation.

35 Sec. \_\_\_\_. NEW SECTION. 423G.1 Short title.

1 This chapter may be cited as the "Water Service Tax  
2 Act".

3 Sec. \_\_\_\_\_. NEW SECTION. 423G.2 Definitions.

4 1. All words and phrases used in this chapter and  
5 defined in section 423.1 have the same meaning given  
6 them by section 423.1 for purposes of this chapter.

7 2. As used in this chapter, "water service" and  
8 "water utility" mean the same as defined in section  
9 423.3, subsection 103.

10 Sec. \_\_\_\_\_. NEW SECTION. 423G.3 Water service tax.

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

15 Sec. \_\_\_\_\_. NEW SECTION. 423G.4 Exemptions.

16 The sales price from transactions exempt from state  
17 sales tax under section 423.3, except section 423.3,  
18 subsection 103, is also exempt from the tax imposed by  
19 this chapter.

20 Sec. \_\_\_\_\_. NEW SECTION. 423G.5 Administration by  
21 director.

22 1. The director of revenue shall administer the  
23 water service tax as nearly as possible in conjunction  
24 with the administration of the state sales and use tax  
25 law, except that portion of the law that implements the  
26 streamlined sales and use tax agreement. The director  
27 shall provide appropriate forms, or provide on the  
28 regular state tax forms, for reporting water service  
29 tax liability.

30 2. The director may require all persons who are  
31 engaged in the business of deriving any sales price or  
32 purchase price subject to tax under this chapter to  
33 register with the department. The director may also  
34 require a tax permit applicable only to this chapter  
35 for any retailer not collecting, or any user not

1 paying, taxes under chapter 423.

2 3. Section 422.25, subsection 4, sections 422.30,  
3 422.67, and 422.68, section 422.69, subsection 1,  
4 sections 422.70, 422.71, 422.72, 422.74, and 422.75,  
5 section 423.14, subsection 1, and sections 423.23,  
6 423.24, 423.25, 423.31 through 423.35, 423.37 through  
7 423.42, and 423.47, consistent with the provisions  
8 of this chapter, shall apply with respect to the tax  
9 authorized under this chapter, in the same manner and  
10 with the same effect as if the excise taxes on the  
11 sale or furnishing of a water service were retail  
12 sales taxes within the meaning of those statutes.  
13 Notwithstanding this subsection, the director shall  
14 provide for quarterly filing of returns and for other  
15 than quarterly filing of returns both as prescribed in  
16 section 423.31. All taxes collected under this chapter  
17 by a retailer or any user are deemed to be held in  
18 trust for the state of Iowa.

19 Sec. \_\_\_\_ . NEW SECTION. 423G.6 Deposit of revenues.

20 1. All moneys received and all refunds shall be  
21 deposited in or withdrawn from the general fund of the  
22 state.

23 2. Subsequent to the deposit in the general fund  
24 of the state, the department shall first transfer  
25 one-sixth of the revenues collected under 423G.3 to  
26 the secure an advanced vision fund created in section  
27 423F.2, and then from the remaining revenues shall  
28 transfer the following amounts to the wastewater and  
29 drinking water financial assistance fund created in  
30 section 16.134:

31 a. For revenues collected on or after July 1, 2017,  
32 but before August 1, 2018, one-sixth of the revenues.

33 b. For revenues collected on or after August 1,  
34 2018, but before August 1, 2019, one-third of the  
35 revenues.

1 c. For revenues collected on or after August 1,  
2 2019, but before August 1, 2020, one-half of the  
3 revenues.

4 d. For revenues collected on or after August 1,  
5 2020, but before August 1, 2021, two-thirds of the  
6 revenues.

7 e. For revenues collected on or after August 1,  
8 2021, but before August 1, 2022, five-sixths of the  
9 revenues.

10 f. For revenues collected on or after August 1,  
11 2022, one hundred percent of the revenues.

12 Sec. \_\_\_\_\_. NEW SECTION. 423G.7 Future repeal.

13 This chapter is repealed July 1, 2029.

14 Sec. \_\_\_\_\_. EFFECTIVE DATE. This division of this  
15 Act takes effect July 1, 2017.

16 DIVISION \_\_\_\_\_

17 NATURAL RESOURCES AND OUTDOOR RECREATION

18 Sec. \_\_\_\_\_. Section 461.2, Code 2016, is amended by  
19 adding the following new subsection:

20 NEW SUBSECTION. 3A. "Iowa nutrient reduction  
21 strategy" means the latest version of the "Iowa  
22 Nutrient Reduction Strategy" initially presented in  
23 November 2012 by the department of agriculture and land  
24 stewardship, the department of natural resources, and  
25 Iowa state university of science and technology.

26 Sec. \_\_\_\_\_. Section 461.11, Code 2016, is amended by  
27 adding the following new subsections:

28 NEW SUBSECTION. 3. When collaborating in making  
29 funding decisions for a subsequent fiscal year, the  
30 heads of the departments receiving trust fund moneys  
31 shall give a preference to supporting those initiatives  
32 which are research-based water quality initiatives  
33 that at least meet the state water quality objective  
34 provided in section 461.31, subsection 1A.

35 NEW SUBSECTION. 4. When collaborating in making

1 funding decisions for a subsequent fiscal year, the  
2 heads of the departments receiving trust fund moneys  
3 shall determine the amount of trust fund moneys  
4 required to be expended to support research-based water  
5 quality initiatives in order to at least meet the state  
6 water quality objective provided in section 461.31,  
7 subsection 1A.

8 Sec. \_\_\_\_\_. Section 461.21, Code 2016, is amended by  
9 adding the following new subsection:

10 NEW SUBSECTION. 1A. The auditor of state shall  
11 notify the heads of the departments receiving trust  
12 fund moneys whether the amount of trust fund moneys  
13 expended to support research-based water quality  
14 initiatives under this chapter for the fiscal year  
15 subject to the audit has at least met the state  
16 water quality objective provided in section 461.31,  
17 subsection 1A. If the amount of trust fund moneys  
18 expended to support research-based water quality  
19 initiatives does not at least meet that state water  
20 quality objective, the auditor of state shall notify  
21 the heads of the departments of the percentage  
22 shortfall.

23 Sec. \_\_\_\_\_. Section 461.22, Code 2016, is amended by  
24 adding the following new subsection:

25 NEW SUBSECTION. 1A. The expenditures used to  
26 support initiatives which are research-based water  
27 quality initiatives that at least meet the state  
28 water quality objective provided in section 461.31,  
29 subsection 1A.

30 Sec. \_\_\_\_\_. Section 461.31, subsection 2, paragraph  
31 d, Code 2016, is amended to read as follows:

32 d. Trust fund moneys shall only be used to  
33 support voluntary initiatives and shall not be used  
34 for regulatory efforts, enforcement actions, or  
35 litigation. Trust fund moneys shall not be used as

1 part of an activity which involves condemning property  
2 or otherwise exercising the power of eminent domain.

3 Sec. \_\_\_\_\_. Section 461.31, Code 2016, is amended by  
4 adding the following new subsection:

5 NEW SUBSECTION. 1A. a. For each fiscal year, at  
6 least sixty percent of the trust fund moneys credited  
7 to the trust fund shall be exclusively expended to  
8 support research-based water quality initiatives  
9 under this chapter. A research-based water quality  
10 initiative, includes but is not limited to a practice  
11 described in the Iowa nutrient reduction strategy. In  
12 addition, a research-based water quality initiative  
13 must satisfy all the following:

14 (1) Have a life expectancy of more than twenty-four  
15 months.

16 (2) Provide for multiple natural resource benefits.

17 b. If the auditor of state notifies the heads  
18 of the departments receiving trust fund moneys of a  
19 percentage shortfall as provided in section 461.21,  
20 the percentage of trust fund moneys to support  
21 research-based water quality initiatives shall be  
22 adjusted for the fiscal year following the fiscal  
23 year that the auditor provides the notification. The  
24 amount of the adjustment shall be an amount necessary  
25 to reach the sixty percent required to meet the water  
26 quality objective as described in paragraph "a" plus a  
27 percentage shortfall for each prior fiscal year that  
28 has not been previously added to the sixty percent.

29 Sec. \_\_\_\_\_. Section 461.32, subsection 3, Code 2016,  
30 is amended to read as follows:

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

35 2. Title page, line 1, by striking <and> and

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1 inserting <state and local finances by>  
2 3. Title page, line 3, after <protection,> by  
3 inserting <and providing for regulatory, taxation, and  
4 properly related matters,>  
5 4. Title page, line 4, after <date> by inserting  
6 <and retroactive and other applicability>  
7 5. By renumbering, redesignating, and correcting  
8 internal references as necessary.

**By** DAVID JOHNSON

S-5136 FILED APRIL 18, 2016



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**SF 2312** – Sales Tax Rebates, Baseball and Softball Tournament Facilities (LSB6009SZ)  
Analyst: Kent Ohms (Phone: 515-725-2200) ([kenneth.ohms@legis.iowa.gov](mailto:kenneth.ohms@legis.iowa.gov))  
Fiscal Note Version – New

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### **Description**

**Senate File 2312** modifies the rebate of state sales tax to the owner or operator of a baseball and softball tournament facility and movie site. Any facility seeking the rebate must make an application to the Iowa Economic Development Authority (IEDA) Board through the Community Attraction and Tourism (CAT) Program, and the bill specifies the evaluation provision of the projects. The bill changes the qualifying entity to any baseball and softball complex with construction costs of at least \$10.0 million completed after July 1, 2016. The requirement that the legal owner or operator be a for-profit is modified. A cap of \$2.5 million or 10 years of rebates is applied to individual complexes, whichever comes first.

Under the bill, a complex remains eligible until one of the following conditions is met:

- More than 10 years have passed from the project completion date, or the award date, whichever is later.
- A complex reaches the \$2.5 million individual rebate cap.
- The aggregate \$16.5 million cap is reached on the Program.
- There is a change in control in the ownership of a complex making it ineligible.

With a \$16.5 million Program cap, and a \$2.5 million individual rebate cap, there could be as many as six or seven projects financed under this Program if they meet the \$10.0 million investment requirement. The Program sunset in 2024 is repealed, but the Program will continue until \$16.5 million in funds have been rebated.

### **Background**

In 2012, Iowa Acts, chapter **1098** (Sales Tax Rebate – Baseball and Softball Tournament Facility and Movie Site), a sales tax rebate was enacted that applies to the owner or operator of a baseball and softball tournament facility and movie site. The provision provides a rebate of sales tax between January 1, 2014, and January 1, 2024, from the sales tax imposed and collected by retailers at the All-Star Ballpark Heaven facility in Dyersville, Iowa. The aggregate amount is not to exceed \$16.5 million. The provision is repealed June 30, 2024 (or 30 days after the \$16.5 million cap is achieved).

### **Assumptions**

- No entity qualified for the rebate established currently in Iowa Code section **423.4**(10).
- Two facilities in the planning stages will likely qualify for the rebate: one in Dyersville and one in Cedar Rapids. Neither facility is anticipated to be in operation until the summer of 2017.
- Based on figures from the Strategic Economics Group and other similar complexes in other areas of the country, sales at the two facilities are estimated to range between \$3.0 million and \$6.0 million annually in sales.
- Based on the individual cap and overall rebate cap, additional entities could qualify at a later date, but are not factored into the estimate at this time.
- The IEDA will be able to evaluate applications within existing staffing capacity.

### **Fiscal Impact**

The total maximum fiscal impact will be a sales tax rebate amount of \$16.5 million, with individual project caps of \$2.5 million or 10 years. The actual timing and specific rebate amounts by fiscal year are currently unknown. Based on the assumptions noted above, the following table provides an estimate of the annual diversion and rebate of State General Fund revenues that will be deposited into the rebate fund.

	<b>Dyersville</b>	<b>Cedar Rapids</b>	<b>Total Impact</b>	<b>Cumulative Impact</b>
FY 2017	\$ 0	\$ 0	\$ 0	\$ 0
FY 2018	-292,000	-75,000	-367,000	-367,000
FY 2019	-305,000	-157,000	-462,000	-829,000
FY 2020	-316,000	-163,000	-479,000	-1,308,000
FY 2021	-328,000	-169,000	-497,000	-1,805,000
FY 2022	-340,000	-175,000	-515,000	-2,320,000
FY 2023	-352,000	-181,000	-533,000	-2,853,000
FY 2024	-365,000	-188,000	-553,000	-3,406,000
FY 2025	-202,000	-195,000	-397,000	-3,803,000
FY 2026	0	-202,000	-202,000	-4,005,000
FY 2027	0	-210,000	-210,000	-4,215,000
FY 2028	0	-109,000	-109,000	-4,324,000
<b>Total Rebate</b>	<b><u>\$-2,500,000</u></b>	<b><u>\$-1,824,000</u></b>		

The sales tax rebate will only impact the General Fund. State sales/use tax for school infrastructure (Secure an Advanced Vision for Education – SAVE) funds are not rebated and Local Option Sales Tax revenue is not rebated.

In addition to the sales tax rebate amounts, the Department of Revenue will incur \$25,000 in administrative costs in FY 2017 and future fiscal years until the expiration of this provision.

### **Sources**

Iowa Department of Revenue  
Iowa Economic Development Authority  
All-Star Ballpark Heaven (Dyersville, IA)  
Prospect Meadows (Cedar Rapids, IA)  
Strategic Economics Group  
LSA Analysis and Calculations

/s/ Holly M. Lyons

April 18, 2016

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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**SF 2317** – Blood Bank Sales Tax Exemption (LSB5210SV)  
Analyst: Kent Ohms (Phone: 515-725-2200) ([kenneth.ohms@legis.iowa.gov](mailto:kenneth.ohms@legis.iowa.gov))  
Fiscal Note Version – New

**Description**

**Senate File 2317** exempts chemicals, sorbents, or reagents sold, or test laboratory services furnished to a nonprofit human blood collection and processing establishment from the state sales tax. The exemption is effective on enactment and retroactive to July 1, 2005. Refunds for taxes, interest, and penalties for sales between July 1, 2005, and the enactment date are capped at \$25,000.

**Assumptions**

- The enactment date will be May 1, 2016.
- The refund cap will be divided evenly between FY 2016 and FY 2017.
- Audit data from the Department of Revenue indicates that the average quarterly purchases subject to sales tax at blood banks was \$86,700 in 2007.
- The 2012 Economic Census for Ambulatory Health Care Services growth rate was 3.2%.
- An estimated 12 blood bank locations in Iowa will qualify under this exemption.
- The statewide average Local Option Sales Tax is 0.87%.

**Fiscal Impact**

The fiscal impact of **SF 2317** is presented in the following table.

Estimated Impact of SF 2317			
	General Fund	SAVE	LOST
FY 2016	\$ -34,000	\$ -9,000	\$ -8,000
FY 2017	-273,000	-57,000	-50,000
FY 2018	-294,000	-59,000	-51,000
FY 2019	-304,000	-61,000	-53,000
FY 2020	-313,000	-63,000	-55,000
FY 2021	-323,000	-65,000	-56,000

To the extent that any blood bank is located in a **flood mitigation district**, the sales tax remitted will be included in that area’s initial increment calculation. By adding exempting from the sales and use tax, a mitigation district may be impacted by decreasing the taxable increment of sales and services. However, all indications are this is unlikely to occur.

**Sources**

Iowa Department of Revenue  
LifeServe Blood Center  
LSA analysis and calculations

/s/ Holly M. Lyons

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April 18, 2016

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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**SF 2318** – Uniform Mental Health and Disability Services Property Tax Levy (LSB5660SV)  
Analyst: Jess Benson (Phone: (515-281-4611) ([jess.benson@legis.iowa.gov](mailto:jess.benson@legis.iowa.gov))  
Fiscal Note Version – New

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**Description**

**Senate File 2318** creates a uniform statewide Mental Health and Disability Services (MHDS) property tax levy maximum that is equal to a per capita expenditure target of \$47.28 multiplied by a county's general population beginning in FY 2017.

**Background**

In 1995, the General Assembly enacted **SF 69 (Property and Income Tax Act)** that changed the way the county mental health and disability services system was funded and how the county mental health property tax was levied. Unlike other property tax levies that are calculated based on a dollar rate per \$1,000 of property valuation, the county mental health and disability services levy was capped at a dollar amount. Counties were then allowed to choose to lock in their FY 1994 actual expenditures or their FY 1996 net expenditures as their new levy dollar cap (see column D of **Attachment A**). After FY 1996, with no option to increase the county levy and no growth in the rate due to increased property value, the state became responsible for funding all new growth in the system, and as a result of the dollar limit freeze, county property tax rates for the levy declined between 1996 and 2016 as property valuations increased. When counties locked in levy rates in 1995, there was significant variation between county levies, and with the growth and shift in population since 1996, those variations have only increased.

In 2012, **SF 2315 (Adult Disability Services Redesign Act)** created a new mental health and disability services levy that began July 1, 2013. The old formula was eliminated and replaced with a new formula that distributed funding on a per capita basis (see column E of **Attachment A**). The new levy has a cap of \$125.8 million, the same dollar amount as the previous levy; however, it is converted to a county per capita dollar amount based on general population with a new dollar target of \$47.28 per capita. In any fiscal year that a county base year levy cap is less than the per capita dollar amount, the legislation provides for an equalization payment to make up the difference and bring a county to \$47.28 per capita. If a county currently levies more than the per capita amount, they will be required to reduce their levy to the per capita rate of \$47.28. The state provided equalization funding for counties that levied less than the \$47.28 for two fiscal years, FY 2014 and FY 2015, but continues to require counties levying more than \$47.28 per capita to reduce their levy to that amount. The per capita levy formula is set to sunset at the end of FY 2017, and counties that were required to reduce their levy based on the \$47.28 cap will be able to levy up to the \$125.8 million statewide total. **Senate File 2315** also shifted the county mental health system to a regional system creating 14 mental health regions. Most regions pool their levies, creating a funding challenge for those counties with a low per capita levy rate due to inequity.

**Assumptions**

The bill sets a new cap on the MHDS property tax levy at \$47.28 multiplied by a county's general population.

**Fiscal Impact**

Allowing counties that are currently levying less than \$47.28 to levy up to that rate will have the potential for a property tax increase of \$32.3 million in FY 2017 (see column G of

**Attachment A**), with 53 counties allowed to increase their property taxes and 46 counties remaining at the \$47.28 cap. (**Attachment B** provides a graphical illustration of the law change). In FY 2018 and beyond, the property tax cap will increase based on population growth. Over the past three years, the average population increase has been 0.46%, or \$676,000 for FY 2018. Any property tax increase must be approved by a county's Board of Supervisors. In addition, the DHS is required to approve regional service plans and counties are limited to a 25.0% fund balance.

Due to substantial fund balances in many counties, it is unlikely that most counties will increase their property taxes in the short term. The Iowa State Association of Counties indicated eight counties may increase their levies by a total of \$15.4 million in FY 2017 if given the opportunity.

Region	County	Population	Current FY 2017 Cap	New Projected FY 17 Rate	FY 2017 Potential Increase
CSS	Butler	15,006	\$ 25.98	\$ 35.18	\$ 138,012
CSS	Tama	17,451	32.59	35.18	45,127
Eastern Iowa	Scott	171,387	19.30	38.50	3,290,368
Heart of Iowa	Dallas	77,400	19.70	47.28	2,134,934
East Central Iowa	Benton	25,680	35.38	36.72	34,328
East Central Iowa	Johnson	142,287	22.06	36.72	2,086,384
Polk	Polk	459,862	31.40	47.28	7,303,100
Sioux River	Plymouth	24,874	14.62	28.70	350,113
					\$ 15,382,365
CSS = County Social Services					

With the exception of Polk County, which is a single-county region, the counties within the other seven regions will likely reduce their levies, creating funding equity among all counties in a region and offsetting a portion of the increase.

**Sources**

Department of Management  
Iowa State Association of Counties

/s/ Holly M. Lyons

April 18, 2016

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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**Attachment A  
County Mental Health and Disability Services Property Tax Levy**

A	B	B	D	E	F	G	E+G=H
Region	Name	2014 Est. Pop.	Historical Maximum	Current Maximum	Current Per Capita Maximum	2017 Per Capita vs. Current	Per Capita Maximum FY 2017
Central Iowa	Boone	26,433	\$ 878,976	\$ 878,976	\$ 33.25	\$ 370,776	\$ 1,249,752
Central Iowa	Franklin	10,436	358,934	358,934	34.39	134,480	493,414
Central Iowa	Hamilton	15,117	860,241	714,732	47.28	0	714,732
Central Iowa	Hardin	17,311	898,104	818,464	47.28	0	818,464
Central Iowa	Jasper	36,872	3,120,466	1,743,308	47.28	0	1,743,308
Central Iowa	Madison	15,609	534,189	534,189	34.22	203,805	737,994
Central Iowa	Marshall	40,866	2,115,400	1,932,144	47.28	0	1,932,144
Central Iowa	Poweshiek	18,668	444,227	444,227	23.80	438,396	882,623
Central Iowa	Story	94,073	3,066,575	3,066,575	32.60	1,381,196	4,447,771
Central Iowa	Warren	47,956	1,084,011	1,084,011	22.60	1,183,349	2,267,360
CSS	Allamakee	14,038	786,775	663,717	47.28	0	663,717
CSS	Black Hawk	132,897	5,779,837	5,779,837	43.49	503,533	6,283,370
CSS	Butler	15,006	389,899	389,899	25.98	319,585	709,484
CSS	Cerro Gordo	43,254	2,284,794	2,045,049	47.28	0	2,045,049
CSS	Chickasaw	12,264	572,250	572,250	46.66	7,592	579,842
CSS	Clayton	17,692	868,795	836,478	47.28	0	836,478
CSS	Emmet	9,990	820,900	472,327	47.28	0	472,327
CSS	Fayette	20,343	773,024	773,024	38.00	188,793	961,817
CSS	Floyd	16,077	610,064	610,064	37.95	150,057	760,121
CSS	Grundy	12,375	530,188	530,188	42.84	54,902	585,090
CSS	Hancock	11,027	629,221	521,357	47.28	0	521,357
CSS	Howard	9,449	364,201	364,201	38.54	82,548	446,749
CSS	Humboldt	9,640	473,531	455,779	47.28	0	455,779
CSS	Kossuth	15,222	1,140,780	719,696	47.28	0	719,696
CSS	Mitchell	10,779	610,215	509,631	47.28	0	509,631
CSS	Pocahontas	7,138	440,242	337,485	47.28	0	337,485
CSS	Tama	17,451	568,799	568,799	32.59	256,284	825,083
CSS	Webster	36,955	2,146,797	1,747,232	47.28	0	1,747,232
CSS	Winnebago	10,559	433,910	433,910	41.09	65,320	499,230
CSS	Winneshiek	20,768	1,428,756	981,911	47.28	0	981,911
CSS	Worth	7,624	441,512	360,463	47.28	0	360,463
CSS	Wright	12,840	554,967	554,967	43.22	52,108	607,075
East Central	Benton	25,680	908,642	908,642	35.38	305,508	1,214,150
East Central	Bremer	24,721	1,294,995	1,168,809	47.28	0	1,168,809
East Central	Buchanan	21,038	1,292,163	994,677	47.28	0	994,677
East Central	Delaware	17,398	926,948	822,577	47.28	0	822,577
East Central	Dubuque	96,370	5,165,648	4,556,374	47.28	0	4,556,374
East Central	Iowa	16,375	729,235	729,235	44.53	44,975	774,210
East Central	Johnson	142,287	3,138,395	3,138,395	22.06	3,588,934	6,727,329
East Central	Jones	20,454	883,021	883,021	43.17	84,044	967,065
East Central	Linn	217,751	8,195,141	8,195,141	37.64	2,100,126	10,295,267
Eastern	Cedar	18,411	968,646	870,472	47.28	0	870,472
Eastern	Clinton	48,051	2,883,428	2,271,851	47.28	0	2,271,851
Eastern	Jackson	19,482	787,145	787,145	40.40	133,964	921,109
Eastern	Muscatine	42,903	2,055,392	2,028,454	47.28	0	2,028,454
Eastern	Scott	171,387	3,308,032	3,308,032	19.30	4,795,145	8,103,177
Heart of Iowa	Audubon	5,794	595,900	273,940	47.28	0	273,940
Heart of Iowa	Dallas	77,400	1,524,538	1,524,538	19.70	2,134,934	3,659,472
Heart of Iowa	Greene	9,200	627,158	434,976	47.28	0	434,976
Heart of Iowa	Guthrie	10,722	614,141	506,936	47.28	0	506,936

**Attachment A  
County Mental Health and Disability Services Property Tax Levy**

A	B	B	D	E	F	G	E+G=H
Region	Name	2014 Est. Pop.	Historical Maximum	Current Maximum	Current Per Capita Maximum	2017 Per Capita vs. Current	Per Capita Maximum FY 2017
North West	Clay	16,515	\$ 402,866	\$ 402,866	\$ 24.39	\$ 377,963	\$ 780,829
North West	Dickinson	16,935	412,509	412,509	24.36	388,178	800,687
North West	Lyon	11,683	248,113	248,113	21.24	304,259	552,372
North West	Obrien	14,056	570,532	570,532	40.59	94,036	664,568
North West	Osceola	6,218	195,225	195,225	31.40	98,762	293,987
North West	Palo Alto	9,099	688,176	430,201	47.28	0	430,201
Polk	Polk	459,862	14,439,175	14,439,175	31.40	7,303,100	21,742,275
Rolling Hills	Buena Vista	20,578	669,512	669,512	32.54	303,416	972,928
Rolling Hills	Calhoun	9,866	431,560	431,560	43.74	34,904	466,464
Rolling Hills	Carroll	20,562	1,800,630	972,171	47.28	0	972,171
Rolling Hills	Cherokee	11,836	477,158	477,158	40.31	82,448	559,606
Rolling Hills	Crawford	17,228	1,012,457	814,540	47.28	0	814,540
Rolling Hills	Ida	7,042	300,889	300,889	42.73	32,057	332,946
Rolling Hills	Sac	10,035	579,215	474,455	47.28	0	474,455
Rural	Clarke	9,217	430,559	430,559	46.71	5,221	435,780
Rural	Decatur	8,263	321,858	321,858	38.95	68,817	390,675
Rural	Lucas	8,701	441,861	411,383	47.28	0	411,383
Rural	Marion	33,365	1,089,896	1,089,896	32.67	487,601	1,577,497
Rural	Monroe	8,001	340,278	340,278	42.53	38,009	378,287
Rural	Ringgold	5,051	342,082	238,811	47.28	0	238,811
Rural	Wayne	6,395	254,099	254,099	39.73	48,257	302,356
Sioux River	Plymouth	24,874	363,771	363,771	14.62	812,272	1,176,043
Sioux River	Sioux	34,681	1,027,388	1,027,388	29.62	612,330	1,639,718
Sioux River	Woodbury	102,271	3,564,086	3,564,086	34.85	1,271,287	4,835,373
South Central	Appanoose	12,661	607,651	598,612	47.28	0	598,612
South Central	Davis	8,781	426,870	415,166	47.28	0	415,166
South Central	Mahaska	22,370	1,227,887	1,057,654	47.28	0	1,057,654
South Central	Wapello	35,212	2,447,733	1,664,823	47.28	0	1,664,823
Southeast	Des Moines	40,255	1,751,030	1,751,030	43.50	152,226	1,903,256
Southeast	Henry	20,217	846,381	846,381	41.86	109,479	955,860
Southeast	Jefferson	17,325	607,300	607,300	35.05	211,826	819,126
Southeast	Keokuk	10,231	490,075	483,722	47.28	0	483,722
Southeast	Lee	35,286	2,164,720	1,668,322	47.28	0	1,668,322
Southeast	Louisa	11,161	601,189	527,692	47.28	0	527,692
Southeast	Van Buren	7,468	314,328	314,328	42.09	38,759	353,087
Southeast	Washington	22,070	781,141	781,141	35.39	262,329	1,043,470
Southern Hills	Adair	7,454	309,066	309,066	41.46	43,359	352,425
Southern Hills	Adams	3,875	191,282	183,210	47.28	0	183,210
Southern Hills	Taylor	6,143	140,346	140,346	22.85	150,095	290,441
Southern Hills	Union	12,516	751,659	591,756	47.28	0	591,756
Southwest	Cass	13,448	789,047	635,821	47.28	0	635,821
Southwest	Fremont	7,022	462,193	332,000	47.28	0	332,000
Southwest	Harrison	14,324	920,559	677,239	47.28	0	677,239
Southwest	Mills	14,831	609,781	609,781	41.12	91,429	701,210
Southwest	Monona	8,996	375,993	375,993	41.80	49,338	425,331
Southwest	Montgomery	10,421	369,740	369,740	35.48	122,965	492,705
Southwest	Page	15,496	652,027	652,027	42.08	80,624	732,651
Southwest	Pottawattamie	93,128	4,745,180	4,403,092	47.28	0	4,403,092
Southwest	Shelby	11,948	885,694	564,901	47.28	0	564,901
		<b>3,107,126</b>	<b>\$ 125,781,915</b>	<b>\$ 114,649,218</b>	<b>\$ 36.90</b>	<b>\$ 32,255,699</b>	<b>\$ 146,904,917</b>

Note: The levies on this sheet represent maximum levies and do not reflect actual levies that are less in many cases due to counties spending down fund balances or the region not needing the funds.

CSS = County Social Services

## Attachment B – Per Capita Rate Change Explanation

