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**MEMORANDUM**

**TO:** Agriculture and Natural Resource Appropriations Subcommittee  
**FROM:** Deb Kozel, Legislative Services Agency  
**DATE:** January 29, 2019  
**RE:** Questions from January 24, 2019, meeting

The following information is intended to answer questions asked during the January 24, 2019, meeting of the Agriculture and Natural Resources Appropriations Subcommittee:

**Water Quality Tax Funding:** The Department of Revenue has a [webpage](#) that discusses the funding generated from [SF 512](#) (Water Quality Act), which created the Water Service Excise Tax (WET). The law became effective July 1, 2018. Prior to the enactment of [SF 512](#), the sale of water was subject to the 6% State sales tax. The WET exempts the sale of water service from the State sales tax but imposes a 6% excise tax on the sale of water service. The excise tax funds will be distributed into two funds that include the Water Quality Infrastructure Fund and the Water Quality Assistance Fund. The money will be allocated to the Department of Agriculture and Land Stewardship (DALs) and the Iowa Finance Authority (IFA).

Funds have not yet been distributed to the DALs or the IFA, as the first returns were due on October 31, 2018. The money collected will be processed and transferred to the DALs and the IFA on February 24, 2019. Pursuant to Iowa Code section [423G.6](#), the money received will be deposited into the General Fund. The Department of Revenue will transfer funds to the Water Quality Infrastructure Fund and the Water Quality Financial Assistance Fund as follows:

- On or after July 1, 2018, but before August 1, 2019, one-twelfth of the revenues will be transferred to the Water Quality Infrastructure Fund and one-twelfth of the revenues will be transferred to the Water Quality Financial Assistance Fund.
- On or after August 1, 2019, but before August 1, 2020, one-sixth of the revenues will be transferred to the Water Quality Infrastructure Fund and one-sixth of the revenues will be transferred to the Water Quality Financial Assistance Fund.
- After August 1, 2020, one-half of the revenues will be transferred to the Water Quality Infrastructure Fund and one-half of the revenues will be transferred to the Water Quality Financial Assistance Fund.

**Table 1** summarizes the distribution of the funds.

Table 1 Distribution of Water Service Excise Tax – February 24, 2019 Transfer		
<b>FY 2019</b>		
<b>February 24 Transfer</b>	<b>\$ 8,091,839</b>	
One Sixth Transferred	\$ 1,348,640	
50% to Water Quality Infrastructure Fund	\$ 674,320	
50% to Water Quality Financial Assistance Fund	\$ 674,320	
<b>Department of Agriculture and Land Stewardship</b>		
Water Quality Infrastructure Fund	\$ 674,320	Water Quality Infrastructure Projects
15% of Water Quality Financial Assistance Fund	101,148	Water Quality Urban Infrastructure
<b>Total</b>	<b><u>\$ 775,468</u></b>	
<b>Iowa Finance Authority</b>		
40% of Water Quality Financial Assistance Fund	\$ 269,728	Wastewater and Drinking Water Treatment Program
45% of Water Quality Financial Assistance Fund	303,444	Water Quality Financing Program
<b>Total</b>	<b><u>\$ 573,172</u></b>	

Below is the schedule of excise tax collection and the transfer dates.

Year 1

Processing period	Transfer Date
July 1, 2018 - September 30, 2018	Nov 24, 2018
October 1, 2018 - December 31, 2018	Feb 24, 2019
January 1, 2019 - March 31, 2019	May 24, 2019
April 1, 2019 - July 31, 2019	August 24, 2019

All following years

Processing period	Transfer Date
August 1 - October 31	Nov 24
Nov 1 - January 31	Feb 24
February 1 - April 30	May 24
May 1 - July 31	August 24

Source: Department of Management

**Governor's Staff:** The Governor's staff assigned to the Agriculture and Natural Resources Budget Subcommittee is Kayla Lyon ([kayla.lyon@iowa.gov](mailto:kayla.lyon@iowa.gov)).

**Funds with Fees: Attachment A** has a listing of departmental funds that collect fees. This includes fees collected in FY 2018 and year-to-date FY 2019.

**Fish and Game Trust Fund: Attachment B** details the revenue and expenditures in the Fish and Game Trust Fund for FY 2018 and year-to-date FY 2019.

Please let me know if you need additional information.

Doc ID: 1035467

## Attachment A

## Funds with Fees in the Agriculture and Natural Resource Appropriations Subcommittee

Department Name	Fund Name	FY 2018	YTD FY 2019*
Agriculture and Land Stewardship	General Fund	\$ 109,427	\$ 60,391
Agriculture and Land Stewardship	Horse and Dog Breeders' Fund	819,584	867,954
Agriculture and Land Stewardship	Commercial Establishment Fund	321,235	178,575
Agriculture and Land Stewardship	Veterinary Medical Examiners - National	225	0
Agriculture and Land Stewardship	Grain Indemnity Fund	26,293	10,977
Agriculture and Land Stewardship	Branding Administration Fund	10,441	7,856
	<b>Total Fees</b>	<b>\$ 1,287,204</b>	<b>\$ 1,125,752</b>

Department Name	Fund Name	FY 2018	YTD FY 2019
Natural Resources	Snowmobile Registration Fees	\$ 663,243	\$ 500,042
Natural Resources	ATV Registration Fees	1,206,634	856,774
Natural Resources	Groundwater Protection Fund	12,707,985	5,818,884
Natural Resources	Air Quality Fund	1,856,630	1,039,174
Natural Resources	Hazardous Waste Remedial Fund	213,516	4,536
Natural Resources	Land Recycling Fund	1,500	750
Natural Resources	Fish and Wildlife Trust Fund	28,764,106	16,710,534
Natural Resources	Federal Aid Pass-Through and Misc. Fees	1,717,118	771,284
Natural Resources	Air Contaminant Source Fund	8,340,080	182,050
Natural Resources	Water Quality Protection Fund	766,954	571,391
Natural Resources	Animal Agriculture Compliance Fund	2,193,283	968,365
Natural Resources	Livestock Remediation Fund	94,490	35,461
Natural Resources	DNR Refund Clearing	1,862,255	12,762
Natural Resources	National Pollutant Discharge Elimination	686,354	640,018
Natural Resources	Septic Management Fund	103,679	5,058
Natural Resources	Water Use Permit Fund	485,167	459,410
	<b>Total Fees</b>	<b>\$ 61,662,992</b>	<b>\$28,576,493</b>

\*The YTD FY 2019 fee collections are through January 28, 2019.

## Attachment B

**Fish and Game Trust Fund Revenue and Expenditures**  
**FY 2017 through FY 2018 and Year-to-Date (YTD) 2019**

<b>Description</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>YTD FY 2019*</b>
<b>Revenues</b>			
Federal Support	\$20,053,080	\$ 19,030,748	\$ 6,875,994
Intra – State Transfers	385,479	313,585	84,840
Gov. Transfer from Other Agencies	43,032	914	335
Interest	179,544	274,835	180,613
Fees, Licenses. and Permits	30,040,259	28,764,106	15,940,467
Refunds and Reimbursements	610,626	636,612	152,090
Sale of Equipment and Salvage	1,261	5,000	913
Rents and Leases	477,077	2,010	171,356
Agricultural Sales	54,475	441,824	26,058
Other Sales and Services	922,503	799,216	571,662
Unearned Receipts	415,814	280,618	105,569
Income Tax Checkoffs	148,789	147,701	7,375
Other	336,839	409,226	208,164
<b>Total Revenue</b>	<b><u>\$53,668,778</u></b>	<b><u>\$ 51,106,395</u></b>	<b><u>\$24,325,436</u></b>
<b>Expenditures</b>			
Intra – State Transfers	\$53,102,625	\$ 50,755,066	\$25,341,254
<b>Total Expenditures</b>	<b><u>\$53,102,625</u></b>	<b><u>\$ 50,755,066</u></b>	<b><u>\$25,341,254</u></b>
<b>Difference</b>	<b><u>\$ 566,153</u></b>	<b><u>\$ 351,329</u></b>	<b><u>-\$1,015,818</u></b>

\*The YTD FY 2019 revenues and expenditures are through January 28, 2019.

