SENATE FILE 587
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1253)

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

_____ and [= New Language by the Senate

* = Language Stricken by the Senate

A BILL FOR

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

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

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

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

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

1. Biennially, a report of the results of a review, by county and region, of mental health services previously funded through taxes levied by counties pursuant to section 331.424A, Code 2021, or funds administered by a mental health and disability services region that are funded during the reporting period under the Iowa health and wellness plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

assistance program under chapter 249A and are provided in accordance with the region's approved service management plan to persons who are residents of the ~~county or~~ region.

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

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

3. *a.* County revenues from taxes and other sources designated by a county for mental health and disabilities services shall be credited to the county mental health and disabilities services fund which shall be created by the county. ~~The~~ Until the required transfer of funds under paragraph "*b*", the board shall make appropriations from the fund for payment of services provided under the regional service system management plan approved pursuant to section 331.393. ~~The~~ For fiscal years beginning before July 1, 2022, the county may pay for the services in cooperation with other counties by pooling appropriations from the county services fund with appropriations from the county services fund of other counties through the county's regional administrator, or through another arrangement specified in the regional governance agreement entered into by the county under section 331.392.

b. Notwithstanding section 331.432, subsection 3, upon conclusion of the fiscal year beginning July 1, 2021, except for an exempt county under section 331.391, subsection 1, the county treasurer shall transfer the remaining balance of the county's county services fund created under paragraph "*a*", including all unobligated and unencumbered funds, to the county's region to which the county belongs in the fiscal year beginning July 1, 2022, for deposit in the region's combined account under section 331.391.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

to read as follows:

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

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

426B.2 Property tax relief fund payments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. *a.* For the fiscal year beginning July 1, 2021, each mental health and disability services region for which the amount certified during the fiscal year under section 331.391, subsection 4, paragraph "b", exceeds forty percent of the actual expenditures of the region for the fiscal year preceding the fiscal year in progress, the remaining quarterly payments of the region's regional supplement payment shall be reduced by an amount equal to the amount by which the region's amount certified under section 331.391, subsection 4, paragraph "b", exceeds forty percent of the actual expenditures of the region for the fiscal year preceding the fiscal year in progress, but the amount of the reduction shall not exceed the total amount of the region's regional supplement payment for the fiscal year. If the region's remaining quarterly payments are insufficient to effectuate the required reductions under this paragraph, the region is required to pay to the department of human services any amount for which the reduction in quarterly payments could not be made. The amount of reductions to quarterly payments and amounts paid to the department under this paragraph shall be transferred and credited to the risk

pool under section 426B.6.

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

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

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

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

426B.4 Rules.

The mental health and disability services commission shall consult with ~~county representatives~~ regional administrators and the director of human services in prescribing forms and adopting rules pursuant to chapter 17A to administer this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. Continuing support for core services.

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

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

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

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

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

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

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

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

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

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

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

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

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

deemed of immediate importance, takes effect upon enactment.

DIVISION II

COMMERCIAL AND INDUSTRIAL PROPERTY TAX REPLACEMENT PAYMENTS

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

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

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

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

a. For each fiscal year beginning on or after July 1, 2014, but before July 1, 2027, there is appropriated from the general fund of the state to the department of revenue an amount necessary for the payment of all commercial and industrial property tax replacement claims under this section for the fiscal year. However, for ~~a~~ the fiscal ~~year~~ years beginning on ~~or after~~ July 1, 2017, July 1, 2018, July 1, 2019, July 1, 2020, and July 1, 2021, the total amount of moneys appropriated from the general fund of the state to the department of revenue for the payment of commercial and industrial property tax replacement claims in ~~that~~ each fiscal year shall not exceed the total amount of money necessary to pay all commercial and industrial property tax replacement claims for the fiscal year beginning July 1, 2016.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

298A.6 Public education and recreation levy fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DIVISION V

ELDERLY PROPERTY TAX CREDIT

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

b. Low-income property tax credit and elderly and disabled property tax credit pursuant to sections 425.16 through 425.40, subject to the limitation of 41, paragraph "*b*".

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

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

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

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

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

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

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

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

The tentative credit or reimbursement for a claimant

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

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

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

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

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

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

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

adjustment factor has been determined.

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

425.24 Maximum property tax for purpose of credit or reimbursement.

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

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

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

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

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

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

DIVISION VI

FUTURE TAX CHANGES

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

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

DIVISION VII

CHARITABLE CONSERVATION CONTRIBUTION TAX CREDIT

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

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

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

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

DIVISION VIII

FOREST RESERVATIONS

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

427C.1 Tax exemption.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

427C.3 Forest reservation — duration of exemption.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

the eligibility of a forest reservation application.

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

5. *a.* ~~The~~ An area that is a fruit-tree reservation may be inspected each year by the county conservation board or the assessor to determine if the area is maintained as a fruit-tree ~~or forest~~ reservation. An area that is a forest reservation may be inspected each year by the department of natural resources to determine if the area is maintained as forest reservation. If the area is not maintained or is used for economic gain other than as a fruit-tree reservation during any year of the ~~eight-year~~ exemption period and any year of the ~~following~~ five years following the exemption period, if the property is no longer receiving an exemption under this chapter, or as a forest reservation during any year ~~for which~~ of the exemption ~~is granted~~ period and any of the five years following ~~those exemption years~~ the exemption period, if the property is no longer receiving an exemption under this chapter, the assessor shall assess the property for taxation at its fair market value as of January 1 of that year and in addition the area shall be subject to a recapture tax. However, the area shall not be subject to the recapture tax if the owner, including one possessing under a contract of sale,

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

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

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

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

441.22 Forest and fruit-tree reservations.

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

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

January 1, 2022.

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

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

DIVISION IX

TRANSIT FUNDING

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

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

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

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

be considered a municipality for purposes of adopting and certifying a budget pursuant to chapter 24.

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

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

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

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

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

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

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

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

New

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

New

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

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

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

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

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

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

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

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

4. *a.* A city, county, or land use district shall impose or repeal a hotel and motel tax or increase or reduce the tax rate only after an election at which a majority of those voting on the question favors imposition, repeal, or change in rate. A regional transit district or city shall impose or repeal a transit hotel and motel tax or increase or reduce the tax rate only after an election at which a majority of those voting on the question favors imposition, repeal, or change in rate. However, a local hotel and motel tax of a city or county shall not be repealed or reduced in rate if obligations are outstanding which are payable as provided in section 423A.7, unless funds sufficient to pay the principal, interest, and

New

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

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

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

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

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

5. The ~~locally imposed~~ local hotel and motel tax and the transit hotel and motel tax shall be collected and remitted as provided in section 423A.5A.

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

3. Unless otherwise provided in this section, the state-imposed tax under section 423A.3 ~~and any locally~~, the local hotel and motel tax imposed tax under section 423A.4, and the transit hotel and motel tax imposed under section 423A.4, shall be collected by the lodging provider from the user of

that lodging and shall be remitted to the department. The lodging provider shall add the state-imposed tax to the sales price of the lodging and the tax, when collected, shall be stated as a distinct item, separate and apart from the sales price of the lodging and from the ~~locally imposed tax~~ taxes imposed under section 423A.4, if any. The lodging provider shall add ~~the locally imposed~~ each tax imposed under section 423A.4, if any, to the sales price of the lodging and the tax, when collected, shall be stated as a distinct item, separate and apart from the sales price of the lodging, ~~and~~ from the state-imposed tax, and from the other taxes imposed under section 423A.4.

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

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

3. The director, in consultation with local officials, shall collect and account for a local hotel and motel tax and a transit hotel and motel tax and shall credit all revenues to the local transient guest tax fund created in section 423A.7. Local authorities shall not require any tax permit not required by the director of revenue.

4. Section 422.25, subsection 4, sections 422.30, 422.67,

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

New

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

2. All moneys in the local transient guest tax fund shall be remitted at least quarterly by the department, pursuant to rules of the director of revenue, to each city in the amount collected under section 423A.4, subsection 1, paragraph "a", from businesses in that city, to each county in the amount collected under section 423A.4, subsection 1, paragraph "a", from businesses in the unincorporated areas of the county, ~~and~~ to each land use district in the amount collected under section 423A.4, subsection 1, paragraph "a", from businesses in that land use district, to each regional transit district in the amount collected under section 423A.4, subsection 1, paragraph "b", from businesses within the boundaries of the regional transit district and to each city in the amount collected under section 423A.4, subsection 1, paragraph "b", from businesses in that city.

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

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

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

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