SENATE FILE 619
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1276)

(As Amended and Passed by the Senate May 17, 2021)

_____ = New Language by the Senate

ALL New Language by the Senate

A BILL FOR

An Act relating to state and local revenue and finance by modifying future tax contingencies, the state inheritance tax, the sales and use tax relating to food banks, the tax on promotional play receipts, the sales and use tax relating to food banks, the tax on promotional play receipts, mental health and disability services funding, school district funding, commercial and industrial property tax replacement payments, providing for housing incentives, providing for other properly related matters, making appropriations, and including effective date, applicability, and retroactive applicability provisions.

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

DIVISION I

FUTURE TAX CONTINGENCIES

Section 1. 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 II

CHILD DEPENDENT AND DEVELOPMENT TAX CREDITS

Sec. 2. Section 422.12C, subsection 1, paragraphs f and g, Code 2021, are amended to read as follows:

f. For a taxpayer with net income of forty thousand dollars or more but less than ~~forty-five~~ ninety thousand dollars, thirty percent.

g. For a taxpayer with net income of ~~forty-five~~ ninety thousand dollars or more, zero percent.

Sec. 3. Section 422.12C, subsection 2, paragraph a, Code 2021, is amended to read as follows:

a. The taxes imposed under this subchapter, less the amounts of nonrefundable credits allowed under this subchapter, may be reduced by an early childhood development tax credit equal to twenty-five percent of the first one thousand dollars which the taxpayer has paid to others for each dependent, as defined in the Internal Revenue Code, ages three through five for early childhood development expenses. In determining the amount of early childhood development expenses for the tax year beginning in the 2006 calendar year only, such expenses paid during November and December of the previous tax year shall be considered paid in the tax year for which the tax credit is claimed. This credit is available to a taxpayer whose net income is less than ~~forty-five~~ ninety thousand dollars. If the early childhood development tax credit is claimed for a tax year, the taxpayer and the taxpayer's spouse shall not claim the child and dependent care credit under subsection 1.

Sec. 4. RETROACTIVE APPLICABILITY. This division of this

Act applies retroactively to tax years beginning on or after January 1, 2021.

DIVISION III

COVID-19 RELATED GRANTS — TAXATION

Sec. 5. Section 422.7, subsection 62, Code 2021, is amended to read as follows:

62. *a.* Subtract, to the extent included, the amount of any ~~financial assistance~~ qualifying COVID-19 grant ~~provided to an eligible small~~ issued to an individual or business by the economic development authority ~~under the Iowa small business relief grant program created during calendar year 2020 to provide financial assistance to eligible small businesses economically impacted by the COVID-19 pandemic~~, the Iowa finance authority, or the department of agriculture and land stewardship.

b. For purposes of this subsection, "*qualifying COVID-19 grant*" includes any grant that was issued between March 17, 2020, and December 31, 2021, identified by the department by rule under a grant program created to primarily provide COVID-19 related financial assistance to economically impacted individuals and businesses located in this state, and administered by the economic development authority, Iowa finance authority, or the department of agriculture and land stewardship.

c. The economic development authority, Iowa finance authority, or the department of agriculture and land stewardship shall notify the department of any COVID-19 grant program that may qualify under this subsection in the manner and form prescribed by the department.

d. This subsection is repealed January 1, 2024, and does not apply to tax years beginning on or after that date.

Sec. 6. Section 422.35, subsection 30, Code 2021, is amended to read as follows:

30. *a.* Subtract, to the extent included, the amount of any ~~financial assistance~~ qualifying COVID-19 grant ~~provided~~

~~to an eligible small~~ issued to a business by the economic development authority ~~under the Iowa small business relief grant program created during calendar year 2020 to provide financial assistance to eligible small businesses economically impacted by the COVID-19 pandemic~~, the Iowa finance authority, or the department of agriculture and land stewardship.

b. For purposes of this subsection, "*qualifying COVID-19 grant*" means the same as defined in section 422.7, subsection 62, paragraph "*b*".

c. The economic development authority, Iowa finance authority, or the department of agriculture and land stewardship shall notify the department of any COVID-19 grant program that may qualify under this subsection in the manner and form prescribed by the department.

d. This subsection is repealed January 1, 2024, and does not apply to tax years beginning on or after that date.

Sec. 7. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 8. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to March 17, 2020, for tax years ending on or after that date.

DIVISION IV

FEDERAL PAYCHECK PROTECTION PROGRAM

Sec. 9. FEDERAL PAYCHECK PROTECTION PROGRAM. Notwithstanding any other provision of the law to the contrary, for any tax year ending after March 27, 2020, Division N, Tit. II, subtit. B, §276 and §278(a), of the federal Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, applies in computing net income for state tax purposes under section 422.7 or 422.35.

Sec. 10. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION V

STATE INHERITANCE TAX

Sec. 11. Section 450.10, Code 2021, is amended by adding the

following new subsection:

NEW SUBSECTION. 7. *a.* In lieu of each rate of tax imposed in subsections 1 through 4, for property passing from the estate of a decedent dying on or after January 1, 2021, but before January 1, 2022, there shall be imposed a rate of tax equal to the applicable tax rate in subsections 1 through 4, reduced by twenty percent, and rounded to the nearest one-hundredth of one percent.

b. In lieu of each rate of tax imposed in subsections 1 through 4, for property passing from the estate of a decedent dying on or after January 1, 2022, but before January 1, 2023, there shall be imposed a rate of tax equal to the applicable tax rate in subsections 1 through 4, reduced by forty percent, and rounded to the nearest one-hundredth of one percent.

c. In lieu of each rate of tax imposed in subsections 1 through 4, for property passing from the estate of a decedent dying on or after January 1, 2023, but before January 1, 2024, there shall be imposed a rate of tax equal to the applicable tax rate in subsections 1 through 4, reduced by sixty percent, and rounded to the nearest one-hundredth of one percent.

d. In lieu of each rate of tax imposed in subsections 1 through 4, for property passing from the estate of a decedent dying on or after January 1, 2024, but before January 1, 2025, there shall be imposed a rate of tax equal to the applicable tax rate in subsections 1 through 4, reduced by eighty percent, and rounded to the nearest one-hundredth of one percent.

Sec. 12. NEW SECTION. **450.98 Tax repealed.**

Effective January 1, 2025, this chapter shall not apply to property of estates of decedents dying on or after January 1, 2025. The inheritance tax shall not be imposed under this chapter in the event the decedent dies on or after January 1, 2025, and, to this extent, this chapter is repealed.

Sec. 13. NEW SECTION. **450B.8 Tax repealed.**

Effective January 1, 2025, this chapter shall not apply to property of estates of decedents dying on or after January 1,

2025. The qualified use inheritance tax shall not be imposed under this chapter in the event the decedent dies on or after January 1, 2025, and, to this extent, this chapter is repealed.

Sec. 14. DEPARTMENT OF REVENUE. The department of revenue is directed to review references to Code chapters 450 and 450B and submit proposed corrections to such references in bill form to the general assembly by the 2022 regular session of the eighty-ninth general assembly.

Sec. 15. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 16. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to the estates of decedents dying on or after January 1, 2021.

DIVISION VI

HOUSING TRUST FUND

Sec. 17. Section 428A.8, subsection 3, Code 2021, is amended to read as follows:

3. Notwithstanding subsection 2, the amount of money that shall be transferred pursuant to this section to the housing trust fund in any one fiscal year shall not exceed ~~three~~ seven million dollars. Any money that otherwise would be transferred pursuant to this section to the housing trust fund in excess of that amount shall be deposited in the general fund of the state.

DIVISION VII

HIGH QUALITY JOBS PROGRAM — DAY CARE CENTERS

Sec. 18. Section 15.327, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 016. *"Licensed center"* means the same as defined in section 237A.1.

Sec. 19. Section 15.329, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. In addition to the factors in subsection 3, in determining the eligibility of a business to participate in the program the authority may consider whether a

proposed project will provide a licensed center for use by the business's employees.

DIVISION VIII

TELEHEALTH

Sec. 20. Section 514C.34, subsection 1, Code 2021, is amended by adding the following new paragraphs:

NEW PARAGRAPH. *0a. "Covered person"* means the same as defined in section 514J.102.

NEW PARAGRAPH. *00a. "Facility"* means the same as defined in section 514J.102.

NEW PARAGRAPH. *0c. "Health carrier"* means the same as defined in section 514J.102.

Sec. 21. Section 514C.34, subsection 1, paragraph c, Code 2021, is amended to read as follows:

c. "Telehealth" means the delivery of health care services through the use of real-time interactive audio and video, or other real-time interactive electronic media, regardless of where the health care professional and the covered person are each located. *"Telehealth"* does not include the delivery of health care services delivered solely through an audio-only telephone, electronic mail message, or facsimile transmission.

Sec. 22. Section 514C.34, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. *a.* A health carrier shall reimburse a health care professional and a facility for health care services provided by telehealth to a covered person for a mental health condition, illness, injury, or disease on the same basis and at the same rate as the health carrier would apply to the same health care services for a mental health condition, illness, injury, or disease provided in person to a covered person by the health care professional or the facility.

b. As a condition of reimbursement pursuant to paragraph *"a"*, a health carrier shall not require that an additional health care professional be located in the same room as a covered person while health care services for a mental health

condition, illness, injury, or disease are provided via telehealth by another health care professional to the covered person.

Sec. 23. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 24. RETROACTIVE APPLICABILITY. This division of this Act applies to health care services for a mental health condition, illness, injury, or disease provided by a health care professional or a facility to a covered person by telehealth on or after January 1, 2021.

DIVISION IX

HIGH QUALITY JOBS AND RENEWABLE CHEMICAL PRODUCTION TAX CREDITS

Sec. 25. Section 15.119, subsection 2, paragraph a, subparagraphs (2) and (3), Code 2021, are amended to read as follows:

(2) In allocating tax credits pursuant to this subsection for ~~each fiscal year of the fiscal period beginning July 1, 2016, and ending June 30, 2021~~ the fiscal year beginning July 1, 2021, and for each fiscal year thereafter, the authority shall not allocate more than ~~one hundred five~~ seventy million dollars for purposes of this paragraph. ~~This subparagraph (2) is repealed July 1, 2021.~~

~~(3) (a) In allocating tax credits pursuant to this subsection for the fiscal year beginning July 1, 2021, and ending June 30, 2022, the authority shall not allocate more than one hundred five million dollars for purposes of this paragraph if the aggregate amount of renewable chemical production tax credits under section 15.319 that were awarded on or after July 1, 2018, but before July 1, 2021, equals or exceeds twenty-seven million dollars.~~

~~(b) As soon as practicable after June 30, 2021, the authority shall notify the general assembly of the aggregate amount of renewable chemical production tax credits awarded under section 15.319 on or after July 1, 2018, but before July 1, 2021, and whether or not the tax credit allocation~~

~~limitation described in subparagraph division (a) is applicable.~~

~~(c) This subparagraph (3) is repealed July 1, 2022.~~

Sec. 26. Section 15.119, subsection 2, paragraph h, Code 2021, is amended to read as follows:

h. The renewable chemical production tax credit program administered pursuant to sections 15.315 through 15.322. In allocating tax credits pursuant to this subsection for the fiscal year beginning July 1, 2021, and for each fiscal year thereafter, the authority shall not allocate more than ~~ten~~ five million dollars for purposes of this paragraph. This paragraph is repealed July 1, 2030.

Sec. 27. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION X

HIGH QUALITY JOBS — ELIGIBILITY REQUIREMENTS

Sec. 28. HIGH QUALITY JOBS — REDUCTIONS IN OPERATIONS.

1. Notwithstanding section 15.329, subsection 1, paragraph "b", subparagraph (2), the economic development authority shall not presume that a reduction in operations is a reduction in operations while simultaneously applying for assistance with regard to a business that submits an application on or before June 30, 2022, if the business demonstrates to the satisfaction of the authority all of the following:

a. That the reduction in operations occurred after March 1, 2020.

b. That the reduction in operations was caused by the COVID-19 pandemic.

2. The economic development authority shall consider whether the benefit of the project proposed by a business under subsection 1 outweighs any negative impact related to the business's reduction in operations. The business shall remain subject to all other eligibility requirements pursuant to section 15.329.

3. This section is repealed July 1, 2022.

DIVISION XI

MANUFACTURING 4.0

Sec. 29. NEW SECTION. **15.371 Manufacturing 4.0 technology investment program.**

1. This section shall be known as and may be cited as the *"Manufacturing 4.0 Technology Investment Program"*.

2. For purposes of this section unless the context otherwise requires:

a. "Financial assistance" means the same as defined in section 15.102.

b. "Manufacturing 4.0 technology investments" means projects that are intended to lead to the adoption of, and integration of, smart technologies into existing manufacturing operations located in the state by mitigating the risk to the manufacturer of significant technology investments. Projects may include investments in specialized hardware, software, or other equipment intended to assist a manufacturer in increasing the manufacturer's productivity, efficiency, and competitiveness.

3. *a.* A manufacturing 4.0 technology investment fund is created within the state treasury under the control of the authority for the purpose of financing manufacturing 4.0 technology investments as described in this section.

b. The fund may be administered as a revolving fund and may consist of any moneys appropriated by the general assembly for purposes of this section and any other moneys that are lawfully available to the authority. Any moneys appropriated to the fund shall be used for purposes of the manufacturing 4.0 technology investment program. The authority may use all other moneys in the fund, including interest, earnings, and recaptures, for purposes of this section.

c. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

d. Notwithstanding any law to the contrary, the authority may transfer any unobligated and unencumbered moneys in the fund, except for moneys appropriated for purposes of this section, to any fund created pursuant to section 15.106A, subsection 1, paragraph *"o"*.

4. The authority shall establish and administer a manufacturing 4.0 technology investment program and shall use moneys in the fund to award financial assistance to eligible manufacturers for manufacturing 4.0 technology investments.

5. To be eligible for a financial assistance award under the manufacturing 4.0 technology investment program, a manufacturer must do all of the following:

a. Manufacture goods at a facility located in this state.

b. Have a North American industry classification system number within the manufacturing sector range of 31-33.

c. Have been an established business for a minimum of three years prior to the date of application to the program.

d. Derive a minimum of fifty-one percent of the manufacturer's gross revenue from the sale of manufactured goods.

e. Employ a minimum of three full-time employees and no more than seventy-five full-time employees across all of the manufacturer's locations.

f. Have an assessment of the manufacturer's proposed manufacturing 4.0 technology investment completed by the center for industrial research and service at Iowa state university of science and technology.

g. Demonstrate the ability to provide matching financial support for the manufacturer's manufacturing 4.0 technology investment on a one-to-one basis. The matching financial support must be obtained from private sources.

6. Eligible manufacturers shall submit applications to the manufacturing 4.0 technology investment program in the manner prescribed by the authority by rule.

7. *a.* The authority may accept applications during one

or more application periods each fiscal year as determined by the authority. All completed applications shall be reviewed and scored on a competitive basis pursuant to rules adopted by the authority. The authority may engage an outside technical review panel to complete technical reviews of applications. The board shall review the recommendations of the authority and of the technical review panel, if applicable, and shall approve, defer, or deny each application.

b. In making recommendations to the board, the authority and the technical review panel, if applicable, shall consider all of the following:

(1) The completeness of the manufacturer's application.

(2) Whether the board should approve or deny an application.

(3) If the board approves an application, the type and amount of financial assistance that should to be awarded to the applicant.

(4) The percentage of the manufacturer's gross revenue that is derived from the sale of manufactured goods pursuant to subsection 5, paragraph *"d"*.

(5) Whether the manufacturer's proposed manufacturing 4.0 technology investment is consistent with the assessment completed by the center for industrial research and service at Iowa state university of science and technology pursuant to subsection 5, paragraph *"f"*.

c. The board shall not approve an application for financial assistance for a manufacturing 4.0 technology investment that was made prior to the date of the application.

8. From moneys appropriated to the manufacturing 4.0 technology investment fund from the general fund of the state and any other state moneys lawfully available to the authority for the manufacturing 4.0 technology investment program, the maximum amount of financial assistance awarded from such moneys to an eligible manufacturer shall not exceed seventy-five thousand dollars.

9. The authority shall adopt rules pursuant to chapter 17A

necessary to implement and administer this section.

DIVISION XII

ENERGY INFRASTRUCTURE REVOLVING LOAN PROGRAM

Sec. 30. Section 476.10A, subsection 2, Code 2021, is amended to read as follows:

2. Notwithstanding section 8.33, any unexpended moneys remitted to the treasurer of state under this section shall be retained for the purposes designated. ~~Notwithstanding section 12C.7, subsection 2, interest or earnings on investments or time deposits of the moneys remitted under this section shall be retained and used for the purposes designated, pursuant to section 476.46.~~

Sec. 31. Section 476.46, subsection 2, paragraph e, subparagraph (3), Code 2021, is amended to read as follows:

(3) Interest on the fund shall be deposited in the fund. ~~A portion of the interest on the fund, not to exceed fifty percent of the total interest accrued, shall be used for promotion and administration of the fund.~~

Sec. 32. Section 476.46, Code 2021, is amended by adding the following new subsections:

NEW SUBSECTION. 3. The Iowa energy center shall not initiate any new loans under this section after June 30, 2021.

NEW SUBSECTION. 4. Loan payments received under this section on or after July 1, 2021, and any other moneys in the fund on or after July 1, 2021, shall be deposited in the energy infrastructure revolving loan fund created in section 476.46A.

Sec. 33. NEW SECTION. **476.46A Energy infrastructure revolving loan program.**

1. *a.* An energy infrastructure revolving loan fund is created in the office of the treasurer of state and shall be administered by the Iowa energy center established in section 15.120.

b. The fund may be administered as a revolving fund and may consist of any moneys appropriated by the general assembly for purposes of this section and any other moneys that are lawfully

directed to the fund.

c. Moneys in the fund shall be used to provide financial assistance for the development and construction of energy infrastructure, including projects that support electric or gas generation transmission, storage, or distribution; electric grid modernization; energy-sector workforce development; emergency preparedness for rural and underserved areas; the expansion of biomass, biogas, and renewable natural gas; innovative technologies; and the development of infrastructure for alternative fuel vehicles.

d. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

e. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the fund shall be credited to the fund.

2. *a.* The Iowa energy center shall establish and administer an energy infrastructure revolving loan program to encourage the development of energy infrastructure within the state.

b. An individual, business, rural electric cooperative, or municipal utility located and operating in this state shall be eligible for financial assistance under the program. With the approval of the Iowa energy center governing board established under section 15.120, subsection 2, the economic development authority shall determine the amount and the terms of all financial assistance awarded to an individual, business, rural electric cooperative, or municipal utility under the program. All agreements and administrative authority shall be vested in the Iowa energy center governing board.

c. The economic development authority may use not more than five percent of the moneys in the fund at the beginning of each fiscal year for purposes of administrative costs, marketing, technical assistance, and other program support.

3. For the purposes of this section:

a. *"Energy infrastructure"* means land, buildings, physical plant and equipment, and services directly related to the development of projects used for, or useful for, electricity or gas generation, transmission, storage, or distribution.

b. *"Financial assistance"* means the same as defined in section 15.102.

Sec. 34. ALTERNATE ENERGY REVOLVING LOAN FUND — MONEYS TRANSFERRED AND APPROPRIATED. Any unencumbered or unobligated moneys remaining after June 30, 2021, in the alternate energy revolving loan fund created pursuant to section 476.46, are transferred and appropriated to the energy infrastructure revolving loan fund created pursuant to section 476.46A, to be used for purposes of the energy infrastructure revolving loan program.

DIVISION XIII

WORKFORCE HOUSING TAX INCENTIVES

Sec. 35. Section 15.119, subsection 2, paragraph g, Code 2021, is amended to read as follows:

g. (1) The workforce housing tax incentives program administered pursuant to sections 15.351 through 15.356. In allocating tax credits pursuant to this subsection, the authority shall not allocate more than ~~twenty-five~~ thirty-five million dollars for purposes of this paragraph. Of the moneys allocated under this paragraph, ~~ten~~ seventeen million five hundred thousand dollars shall be reserved for allocation to qualified housing projects in small cities, as defined in section 15.352, that are registered on or after July 1, 2017.

(2) (a) Notwithstanding subparagraph (1), in allocating tax credits pursuant to this subsection for the fiscal year beginning July 1, 2021, and ending June 30, 2022, the authority shall not allocate more than forty million dollars for the purposes of this paragraph. Of the moneys allocated under this paragraph for the fiscal year beginning July 1, 2021, and ending June 30, 2022, twelve million dollars shall be reserved for allocation to qualified housing projects in small cities,

as defined in section 15.352, that are registered on or after July 1, 2017.

(b) This subparagraph is repealed July 1, 2022.

Sec. 36. Section 15.354, subsection 3, paragraph d, Code 2021, is amended to read as follows:

d. Upon completion of a housing project, ~~an~~ a housing business shall submit all of the following to the authority:

(1) An examination of the project in accordance with the American institute of certified public accountants' statements on standards for attestation engagements, completed by a certified public accountant authorized to practice in this state~~, shall be submitted to the authority~~.

(2) A statement of the final amount of qualifying new investment for the housing project.

(3) Any information the authority deems necessary to ensure compliance with the agreement signed by the housing business pursuant to paragraph "*a*", the requirements of this part, and rules the authority and the department of revenue adopt pursuant to section 15.356.

Sec. 37. Section 15.354, subsection 3, paragraph e, subparagraph (1), Code 2021, is amended to read as follows:

(1) Upon review of the examination, ~~and~~ verification of the amount of the qualifying new investment, and review of any other information submitted pursuant to paragraph "*d*", subparagraph (3), the authority may notify the housing business of the amount that the housing business may claim as a refund of the sales and use tax under section 15.355, subsection 2, and may issue a tax credit certificate to the housing business stating the amount of workforce housing investment tax credits under section 15.355, subsection 3, the eligible housing business may claim. The sum of the amount that the housing business may claim as a refund of the sales and use tax and the amount of the tax credit certificate shall not exceed the amount of the tax incentive award.

Sec. 38. Section 15.354, subsection 6, paragraphs b and c,

Code 2021, are amended to read as follows:

b. Notwithstanding subsection 1, the authority may ~~accept applications for disaster recovery housing projects on a continuous basis~~ establish a disaster recovery application period following the declaration of a major disaster by the president of the United States for a county in Iowa.

c. ~~Notwithstanding subsection 2, paragraphs "a", "b", and "d", upon~~ Upon review ~~of a housing business's application~~, and scoring of all applications received during a disaster recovery application period, the authority may make a tax incentive award to a disaster recovery housing project. The tax incentive award shall represent the maximum amount of tax incentives that the disaster recovery housing project may qualify for under the program. In determining a tax incentive award, the authority shall not use an amount of project costs that exceeds the amount included in the application of the housing business. Tax incentive awards shall be approved by the director of the authority.

Sec. 39. Section 15.355, subsection 2, Code 2021, is amended to read as follows:

2. A housing business may claim a refund of the sales and use taxes paid under chapter 423 that are directly related to a housing project and specified in the agreement. The refund available pursuant to this subsection shall be as provided in section 15.331A, excluding subsection 2, paragraph "c", of that section. For purposes of the program, the term "*project completion*", as used in section 15.331A, shall mean the date on which the authority notifies the department of revenue that all applicable requirements of ~~an~~ the agreement entered into pursuant to section 15.354, subsection 3, paragraph "a", and all applicable requirements of this part, including the rules the authority and the department of revenue adopted pursuant to section 15.356, are satisfied.

DIVISION XIV

BROWNFIELDS AND GRAYFIELDS

Sec. 40. Section 15.119, subsection 3, Code 2021, is amended to read as follows:

3. In allocating the amount of tax credits authorized pursuant to subsection 1 among the programs specified in subsection 2, the authority shall not allocate more than ~~ten~~ fifteen million dollars for purposes of subsection 2, paragraph "f".

Sec. 41. Section 15.293A, subsection 8, Code 2021, is amended to read as follows:

8. This section is repealed on June 30, ~~2021~~ 2031.

Sec. 42. Section 15.293B, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 5A. *a.* Tax credits revoked under subsection 3 including tax credits revoked up to five years prior to the effective date of this division of this Act, and tax credits not awarded under subsection 4 or 5, may be awarded in the next annual application period established in subsection 1, paragraph "c".

b. Tax credits awarded pursuant to paragraph "a" shall not be counted against the limit under section 15.119, subsection 3.

Sec. 43. Section 15.293B, subsection 7, Code 2021, is amended to read as follows:

7. This section is repealed on June 30, ~~2021~~ 2031.

Sec. 44. EFFECTIVE DATE. The following, being deemed of immediate importance, take effect upon enactment:

1. The section of this division of this Act amending section 15.293A, subsection 8.

2. The section of this division of this Act amending section 15.293B, subsection 7.

DIVISION XV

DOWNTOWN LOAN GUARANTEE PROGRAM

Sec. 45. NEW SECTION. **15.431 Downtown loan guarantee program.**

1. The economic development authority, in partnership with

the Iowa finance authority, shall establish and administer a downtown loan guarantee program to encourage Iowa downtown businesses and banks to reinvest and reopen following the COVID-19 pandemic.

2. In order for a loan to be guaranteed, all of the following conditions must be true:

a. The loan finances an eligible downtown resource center community catalyst building remediation grant project or main street Iowa challenge grant within a designated district.

b. The loan finances a rehabilitation project, or finances acquisition or refinancing costs associated with the project.

c. At least twenty-five percent of the project costs are used for construction on the project or renovation.

d. The project includes a housing component.

e. The loan is used for construction of the project, permanent financing of the project, or both.

f. A federally insured financial lending institution issued the loan.

g. The loan does not reimburse the borrower for working capital, operations, or similar expenses.

h. The project meets downtown resource center and main street Iowa design review.

3. *a.* For a loan amount less than or equal to five hundred thousand dollars, the economic development authority may guarantee up to fifty percent of the loan amount.

b. For a loan amount greater than five hundred thousand dollars, the economic development authority may provide a maximum loan guarantee of up to two hundred fifty thousand dollars.

4. A project loan must be secured by a mortgage against the project property.

5. The economic development authority may guarantee loans for up to five years. The economic development authority may extend the loan guarantee for an additional five years if an underwriting review finds that an extension would be

beneficial.

6. The lender shall pay an annual loan guarantee fee as set forth by rule.

7. The economic development authority reserves the right to deny a loan guarantee for unreasonable bank loan fees or interest rate.

8. The loan must not be insured or guaranteed by another local, state, or federal guarantee program.

9. The loan guarantee is not transferable if the loan or the project is sold or transferred.

10. In the event of a loss due to default, the loan guarantee proportionally pays the guarantee percentage of the loss to the lender.

11. Moneys for the program may consist of any moneys appropriated by the general assembly for purposes of this section, and any other moneys that are lawfully available to the economic development authority, including moneys transferred or deposited from other funds created pursuant to section 15.106A, subsection 1, paragraph *"o"*.

DIVISION XVI

DISASTER RECOVERY HOUSING ASSISTANCE

Sec. 46. NEW SECTION. **16.57A Transfer of unobligated or unencumbered funds — report.**

1. Notwithstanding any other provision of law to the contrary, the authority may transfer any unobligated and unencumbered moneys in any revolving loan program fund created pursuant to section 16.46, 16.47, 16.48, or 16.49, for deposit in the disaster recovery housing assistance fund created in section 16.57B.

2. Notwithstanding section 8.39, and any other law to the contrary, with the prior written consent and approval of the governor, the executive director of the authority may transfer any unobligated and unencumbered moneys in any fund created pursuant to section 16.5, subsection 1, paragraph *"s"*, for deposit in the disaster recovery housing assistance

fund created in section 16.57B. The prior written consent and approval of the director of the department of management shall not be required to transfer the unobligated and unencumbered moneys.

3. Notwithstanding section 8.39, and any other law to the contrary, with the prior written approval of the governor, the director of the economic development authority may transfer any unobligated and unencumbered moneys in any fund created pursuant to section 15.106A, subsection 1, paragraph *"o"*, for deposit in the disaster recovery housing assistance fund created in section 16.57B.

4. Any transfer made under this section shall be reported in the same manner as provided in section 8.39, subsection 5.

Sec. 47. NEW SECTION. **16.57B Disaster recovery housing assistance program — fund.**

1. *Definitions.* As used in this section, unless the context otherwise requires:

a. "Disaster-affected home" means a primary residence that is destroyed or damaged due to a natural disaster that occurs on or after the effective date of this division of this Act, and the primary residence is located in a county that is the subject of a state of disaster emergency proclamation by the governor that authorizes disaster recovery housing assistance.

b. "Fund" means the disaster recovery housing assistance fund.

c. "Local program administrator" means any of the following:

(1) The cities of Ames, Cedar Falls, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo, and West Des Moines.

(2) A council of governments whose territory includes at least one county that is the subject of a state of disaster emergency proclamation by the governor that authorizes disaster recovery housing assistance or the eviction prevention program under section 16.57C on or after the effective date of this division of this Act.

(3) A community action agency as defined in section 216A.91 and whose territory includes at least one county that is the subject of a state of disaster emergency proclamation by the governor that authorizes disaster recovery housing assistance or the eviction prevention program under section 16.57C on or after the effective date of this division of this Act.

(4) A qualified local organization or governmental entity as determined by rules adopted by the authority.

d. *"Program"* means the disaster recovery housing assistance program.

e. *"Replacement housing"* means housing purchased by a homeowner or leased by a renter needed to replace a disaster-affected home that is destroyed or damaged beyond reasonable repair as determined by a local program administrator.

f. *"State of disaster emergency"* means the same as described in section 29C.6, subsection 1.

2. *Fund.*

a. (1) A disaster recovery housing assistance fund is created within the authority. The moneys in the fund shall be used by the authority for the development and operation of a forgivable loan and grant program for homeowners and renters with disaster-affected homes, and for the eviction prevention program pursuant to section 16.57C.

(2) Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the fund shall be credited to the fund. Notwithstanding section 8.33, moneys credited to the fund shall not revert at the close of a fiscal year.

b. Moneys transferred by the authority for deposit in the fund, moneys appropriated to the fund, and any other moneys available to and obtained or accepted by the authority for placement in the fund shall be deposited in the fund.

c. The authority shall not use more than five percent of the moneys in the fund on July 1 of a fiscal year for purposes of administrative costs and other program support during the

fiscal year.

3. *Program.*

a. The authority shall establish and administer a disaster recovery housing assistance program and shall use moneys in the fund to award forgivable loans to eligible homeowners and grants to eligible renters of disaster-affected homes. Moneys in the fund may be expended following a state of disaster emergency proclamation by the governor pursuant to section 29C.6 that authorizes disaster recovery housing assistance.

b. The authority may enter into an agreement with one or more local program administrators to administer the program.

4. *Registration required.* To be considered for a forgivable loan or grant under the program, a homeowner or renter must register for the disaster case management program established pursuant to section 29C.20B. The disaster case manager may refer the homeowner or renter to the appropriate local program administrator.

5. *Homeowners.*

a. To be eligible for a forgivable loan under the program, all of the following requirements shall apply:

(1) The homeowner's disaster-affected home must have sustained damage greater than the damage that is covered by the homeowner's property and casualty insurance policy insuring the home plus any other state or federal disaster-related financial assistance that the homeowner is eligible to receive.

(2) A local official must either deem the disaster-affected home suitable for rehabilitation or damaged beyond reasonable repair.

(3) The disaster-affected home is not eligible for buyout by the county or city where the disaster-affected home is located, or the disaster-affected home is eligible for a buyout by the county or city where the disaster-affected home is located, but the homeowner is requesting a forgivable loan for the repair or rehabilitation of the homeowner's disaster-affected home in lieu of a buyout.

(4) Assistance under the program must not duplicate benefits provided by any local, state, or federal disaster recovery assistance program.

b. If a homeowner is referred to the authority or to a local program administrator by the disaster case manager of the homeowner, the authority may award a forgivable loan to the eligible homeowner for any of the following purposes:

(1) Repair or rehabilitation of the disaster-affected home.

(2) (a) Down payment assistance on the purchase of replacement housing, and the cost of reasonable repairs to be performed on the replacement housing to render the replacement housing decent, safe, sanitary, and in good repair.

(b) Replacement housing shall not be located in a one-hundred-year floodplain.

(c) For purposes of this subparagraph, *"decent, safe, sanitary, and in good repair"* means the same as described in 24 C.F.R. §5.703.

c. The authority shall determine the interest rate for the forgivable loan.

d. If a homeowner who has been awarded a forgivable loan sells a disaster-affected home or replacement housing for which the homeowner received the forgivable loan prior to the end of the loan term, the remaining principal on the forgivable loan shall be due and payable pursuant to rules adopted by the authority.

6. *Renters.*

a. To be eligible for a grant under the program, all of the following requirements shall apply:

(1) A local program administrator either deems the disaster-affected home of the renter suitable for rehabilitation but unsuitable for current short-term habitation, or the disaster-affected home is damaged beyond reasonable repair.

(2) Assistance under the program must not duplicate benefits provided by any local, state, or federal disaster

recovery assistance program.

b. If a renter is referred to the authority or to a local program administrator by the disaster case manager of the renter, the authority may award a grant to the eligible renter to provide short-term financial assistance for the payment of rent for replacement housing.

7. *Report.* On or before January 31 of each year, the authority shall submit a report to the general assembly that identifies all of the following for the calendar year immediately preceding the year of the report:

a. The date of each state of disaster emergency proclamation by the governor that authorized disaster recovery housing assistance under this section.

b. The total number of forgivable loans and grants awarded.

c. The total number of forgivable loans, and the amount of each loan awarded for repair or rehabilitation.

d. The total number of forgivable loans, and the amount of each loan, awarded for down payment assistance on the purchase of replacement housing and the cost of reasonable repairs to be performed on the replacement housing to render the replacement housing decent, safe, sanitary, and in good repair.

e. The total number of grants, and the amount of each grant, awarded for rental assistance.

f. The total number of forgivable loans and grants awarded in each county in which at least one homeowner or renter has been awarded a forgivable loan or grant.

g. Each local program administrator involved in the administration of the program.

h. The total amount of forgivable loan principal repaid.

Sec. 48. NEW SECTION. **16.57C Eviction prevention program.**

1. *a. "Eligible renter"* means a renter whose income meets the qualifications of the program, who is at risk of eviction, and who resides in a county that is the subject of a state of disaster emergency proclamation by the governor that authorizes the eviction prevention program.

b. "Eviction prevention partner" means a qualified local organization or governmental entity as determined by rule by the authority.

2. The authority shall establish and administer an eviction prevention program. Under the eviction prevention program, the authority shall award grants to eligible renters and to eviction prevention partners for purposes of this section. Grants may be awarded upon a state of disaster emergency proclamation by the governor that authorizes the eviction prevention program. Eviction prevention assistance shall be paid out of the fund established in section 16.57B.

3. *a.* Grants awarded to eligible renters pursuant to this section shall be used for short-term financial rent assistance to keep eligible renters in the current residences of such renters.

b. Grants awarded to eviction prevention partners pursuant to this section shall be used to pay for rent or services provided to eligible renters for the purpose of preventing the eviction of eligible renters.

4. The authority may enter into an agreement with one or more local program administrators to administer the program.

Sec. 49. NEW SECTION. **16.57D Rules.**

The authority shall adopt rules pursuant to chapter 17A to implement and administer this part, including rules to do all of the following:

1. Establish the maximum forgivable loan and grant amounts awarded under the program.

2. Establish the terms of any forgivable loan provided under the program.

3. Income qualifications of eligible renters in the eviction prevention program.

Sec. 50. CODE EDITOR DIRECTIVE. The Code editor shall designate sections 16.57A through 16.57D, as enacted by this division of this Act, as a new part within chapter 16, subchapter VIII, and may redesignate the new and preexisting

parts, replace references to sections 16.57A through 16.57D with references to the new part, and correct internal references as necessary, including references in subchapter or part headnotes.

Sec. 51. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION XVII

BONUS DEPRECIATION

Sec. 52. Section 422.7, subsection 39A, Code 2021, is amended by striking the subsection.

Sec. 53. Section 422.35, subsection 19A, Code 2021, is amended by striking the subsection.

Sec. 54. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2021, for tax years beginning on or after that date, and for qualified property placed in service on or after that date.

DIVISION XVIII

BUSINESS INTEREST EXPENSE DEDUCTION

Sec. 55. Section 422.7, subsection 60, paragraph b, Code 2021, is amended by striking the paragraph.

Sec. 56. Section 422.35, subsection 27, paragraph b, Code 2021, is amended by striking the paragraph.

Sec. 57. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2021, for tax years beginning on or after that date.

DIVISION XIX

BEGINNING FARMER TAX CREDIT

Sec. 58. Section 16.58, subsections 1, 2, and 3, Code 2021, are amended to read as follows:

1. *"Agricultural assets"* means agricultural land, agricultural improvements, depreciable agricultural property, crops, or livestock.

2. *"Agricultural ~~improvements~~"* *improvement"* means any improvements, including buildings, structures, or fixtures suitable for use in farming ~~which are~~, if located on any size

parcel of agricultural land.

3. *"Agricultural land"* means land suitable for use in farming, any portion of which may include an agricultural improvement.

Sec. 59. Section 16.77, subsection 2, Code 2021, is amended to read as follows:

2. *"Agricultural lease agreement"* or *"agreement"* means an agreement for the transfer of agricultural assets~~, that must at least include a lease of agricultural land,~~ from an eligible taxpayer to a qualified beginning farmer as provided in section 16.79A.

Sec. 60. Section 16.79A, subsection 1, Code 2021, is amended to read as follows:

1. *a.* A beginning farmer tax credit is allowed only for agricultural assets that are subject to an agricultural lease agreement entered into by an eligible taxpayer and a qualifying beginning farmer participating in the beginning farmer tax credit program established pursuant to section 16.78.

b. The tax credit is allowed regardless of whether the principle agricultural asset is soil, pasture, or a building or other structure used in farming.

Sec. 61. Section 16.79A, subsection 2, Code 2021, is amended to read as follows:

2. The agreement must include the lease of agricultural land located in this state~~, including any~~ or agricultural improvements located in this state, and may provide for the rental of agricultural equipment as defined in section 322F.1.

Sec. 62. Section 16.79A, subsection 3, paragraph c, Code 2021, is amended to read as follows:

c. The agreement must be for at least two years, but not more than five years. The agreement may be renewed any number of times by the eligible taxpayer and qualified beginning farmer for a term of at least two years, but not more than five years. However, an eligible taxpayer shall not participate in the program for more than fifteen years.

Sec. 63. Section 16.81, subsection 4, Code 2021, is amended by striking the subsection.

Sec. 64. Section 16.81, subsection 6, Code 2021, is amended to read as follows:

6. The authority shall approve all beginning farmer tax credit applications that meet the requirements of this subpart and make tax credit awards on a first-come, first-served basis, subject to the limitations in section 16.82A. An eligible taxpayer may apply and be approved to enter into agreements with different qualified beginning farmers.

Sec. 65. Section 16.82, subsection 5, Code 2021, is amended to read as follows:

5. The amount of tax credits that may be awarded to an eligible taxpayer for any one year under ~~all agreements~~ an agreement shall not exceed fifty thousand dollars.

Sec. 66. BEGINNING FARMER TAX CREDIT PROGRAM — FORMER PERIOD OF PARTICIPATION EXTENDED. An eligible taxpayer first participating in the beginning farmer tax credit program on or after January 1, 2019, as provided in 2019 Iowa Acts, chapter 161, for a tax year beginning on or after that date, may participate in the program for not more than fifteen years in the same manner as provided in section 16.79A, as amended by this division of this Act.

Sec. 67. EFFECTIVE DATE. This division of this Act takes effect January 1, 2022.

DIVISION XX

PROMOTIONAL PLAY

Sec. 68. Section 99F.1, subsections 1, 25, and 30, Code 2021, are amended to read as follows:

1. *"Adjusted gross receipts"* means the gross receipts on gambling games less winnings paid to wagerers on gambling games and less promotional play receipts on gambling games. However, for each fiscal year during the time period beginning July 1, 2021, and ending June 30, 2026, *"adjusted gross receipts"* ~~does not~~ shall include promotional play receipts ~~received after the~~

~~date in any fiscal year that the commission determines that the wagering tax imposed pursuant to section 99F.11 on all licensees in that fiscal year on promotional play receipts exceeds twenty-five million eight hundred twenty thousand dollars~~ on gambling games.

25. *"Promotional play receipts"* means the total sums wagered ~~on gambling games~~ with tokens, chips, electronic credits, or other forms of cashless wagering provided by the licensee without an exchange of money as described in section 99F.9, subsection 3.

30. *"Sports wagering net receipts"* means the gross receipts less winnings paid to wagerers and less promotional play receipts on sports wagering.

Sec. 69. Section 99F.6, subsection 4, paragraph a, subparagraphs (3) and (5), Code 2021, are amended to read as follows:

(3) The commission shall authorize, subject to the debt payments for horse racetracks and the provisions of paragraph *"b"* for dog racetracks, a licensee who is also licensed to conduct pari-mutuel dog or horse racing to use receipts from gambling games and sports wagering within the racetrack enclosure to supplement purses for races particularly for Iowa-bred horses pursuant to an agreement which shall be negotiated between the licensee and representatives of the dog or horse owners. For agreements subject to commission approval concerning purses for horse racing beginning on or after January 1, 2006, the agreements shall provide that total annual purses for all horse racing shall be four percent of sports wagering net receipts and promotional play receipts on sports wagering and no less than eleven percent of the first two hundred million dollars of net receipts, and six percent of net receipts above two hundred million dollars. In addition, live standardbred horse racing shall not be conducted at the horse racetrack in Polk county, but the purse moneys designated for standardbred racing pursuant to section 99D.7, subsection

5, paragraph "*b*", shall be included in calculating the total annual purses required to be paid pursuant to this subsection. Agreements that are subject to commission approval concerning horse purses for a period of time beginning on or after January 1, 2006, shall be jointly submitted to the commission for approval.

(5) For purposes of this paragraph, "*net receipts*" means the annual adjusted gross receipts from all gambling games and, beginning July 1, 2026, promotional play receipts on all gambling games less the annual amount of money pledged by the owner of the facility to fund a project approved to receive vision Iowa funds as of July 1, 2004.

Sec. 70. Section 99F.11, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. *a.* Notwithstanding any provision of this section to the contrary, the tax rate imposed on a licensee each fiscal year on any amount of promotional play receipts on gambling games included as adjusted gross receipts shall be determined by multiplying the adjusted percentage by the wagering tax applicable to the licensee pursuant to subsection 2.

b. For purposes of this subsection, "*adjusted percentage*" means as follows:

(1) For the fiscal year beginning July 1, 2021, and ending June 30, 2022, eighty-three and one-third percent.

(2) For the fiscal year beginning July 1, 2022, and ending June 30, 2023, sixty-six and two-thirds percent.

(3) For the fiscal year beginning July 1, 2023, and ending June 30, 2024, fifty percent.

(4) For the fiscal year beginning July 1, 2024, and ending June 30, 2025, thirty-three and one-third percent.

(5) For the fiscal year beginning July 1, 2025, and ending June 30, 2026, sixteen and two-thirds percent.

c. This subsection is repealed July 1, 2026.

DIVISION XXI

TARGETED JOBS WITHHOLDING CREDIT

Sec. 71. Section 403.19A, subsection 3, paragraph c, subparagraph (2), Code 2021, is amended to read as follows:

(2) The pilot project city and the economic development authority shall not enter into a withholding agreement after June 30, ~~2021~~ 2024.

DIVISION XXII

FOOD BANKS

Sec. 72. Section 423.3, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 107. The sales price of the sale or rental of tangible personal property sold to and of services furnished to a nonprofit food bank, if the property or services are used by the nonprofit food bank for a charitable purpose. For purposes of this subsection, "*nonprofit food bank*" means an organization organized under chapter 504 and qualifying under section 501(c)(3) of the Internal Revenue Code as an organization exempt from federal income tax under section 501(a) of the Internal Revenue Code that maintains an established operation involving the provision of food or edible commodities or the products thereof on a regular basis to persons in need or to food pantries, soup kitchens, hunger relief centers, or other food or feeding centers that, as an integral part of their normal activities, provide meals or food on a regular basis to persons in need.

DIVISION XXIII

EMERGENCY VOLUNTEER — TAX CREDIT

Sec. 73. Section 422.12, subsection 2, paragraph c, subparagraph (1), Code 2021, is amended to read as follows:

(1) A volunteer fire fighter and volunteer emergency medical services personnel member credit equal to ~~one~~ two hundred fifty dollars to compensate the taxpayer for the voluntary services if the volunteer served for the entire tax year. A taxpayer who is a paid employee of an emergency medical services program or a fire department and who is also

a volunteer emergency medical services personnel member or volunteer fire fighter in a city, county, or area governed by an agreement pursuant to chapter 28E where the emergency medical services program or fire department performs services, shall qualify for the credit provided under this paragraph "c".

Sec. 74. Section 422.12, subsection 2, paragraph d, subparagraph (1), Code 2021, is amended to read as follows:

(1) A reserve peace officer credit equal to ~~one~~ two hundred fifty dollars to compensate the taxpayer for services as a reserve peace officer if the reserve peace officer served for the entire tax year.

Sec. 75. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2021, for tax years beginning on or after that date.

DIVISION XXIV

INDIVIDUAL INCOME TAX CHECKOFFS

Sec. 76. Section 173.22, subsection 2, Code 2021, is amended to read as follows:

2. A foundation fund is created within the state treasury composed of moneys appropriated or available to and obtained or accepted by the foundation. The foundation fund shall also include moneys ~~credited~~ transferred to the fund ~~as provided in section 422.12I~~.

Sec. 77. NEW SECTION. **422.12D Income tax checkoff for the Iowa state fair foundation fund.**

1. A person who files an individual or a joint income tax return with the department of revenue under section 422.13 may designate one dollar or more to be paid to the foundation fund of the Iowa state fair foundation as established in section 173.22. If the refund due on the return or the payment remitted with the return is insufficient to pay the amount designated by the taxpayer to the foundation fund, the amount designated shall be reduced to the remaining amount of the refund or the remaining amount remitted with the return. The designation of a contribution to the foundation fund under this

section is irrevocable.

2. The director of revenue shall draft the income tax form to allow the designation of contributions to the foundation fund on the tax return. The department, on or before January 31, shall transfer the total amount designated on the tax form due in the preceding year to the foundation fund. However, before a checkoff pursuant to this section shall be permitted, all liabilities on the books of the department of administrative services and accounts identified as owing under section 8A.504 shall be satisfied.

3. The Iowa state fair board may authorize payment from the foundation fund for purposes of supporting foundation activities.

4. The department of revenue may adopt rules to implement this section.

5. This section is subject to repeal under section 422.12E.

Sec. 78. NEW SECTION. **422.12L Joint income tax checkoff for veterans trust fund and volunteer fire fighter preparedness fund.**

1. A person who files an individual or a joint income tax return with the department of revenue under section 422.13 may designate one dollar or more to be paid jointly to the veterans trust fund created in section 35A.13 and to the volunteer fire fighter preparedness fund created in section 100B.13. If the refund due on the return or the payment remitted with the return is insufficient to pay the additional amount designated by the taxpayer, the amount designated shall be reduced to the remaining amount of refund or the remaining amount remitted with the return. The designation of a contribution under this section is irrevocable.

2. The director of revenue shall draft the income tax form to allow the designation of contributions to the veterans trust fund and to the volunteer fire fighter preparedness fund as one checkoff on the tax return. The department of revenue, on or before January 31, shall transfer one-half of the total amount designated on the tax return forms due in the preceding

calendar year to the veterans trust fund and the remaining one-half to the volunteer fire fighter preparedness fund. However, before a checkoff pursuant to this section shall be permitted, all liabilities on the books of the department of administrative services and accounts identified as owing under section 8A.504 shall be satisfied.

3. The department of revenue may adopt rules to administer this section.

4. This section is subject to repeal under section 422.12E.

DIVISION XXV

MENTAL HEALTH FUNDING

Sec. 79. 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. 80. 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. 81. 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. 82. Section 225C.4, subsection 1, paragraph i, Code 2021, is amended to read as follows:

i. Administer and distribute state appropriations in connection with the mental health and disability services regional ~~services~~ service fund established by section 225C.7A.

Sec. 83. Section 225C.7A, Code 2021, is amended by striking the section and inserting in lieu thereof the following:

225C.7A Mental health and disability services regional service fund — region incentive fund.

1. A mental health and disability services regional service fund is created in the office of the treasurer of state under the authority of the department. 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 service payments and incentive payments under this section.

2. *a.* 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 service fund an amount necessary to make all regional service payments under this section for that fiscal year.

b. The department shall distribute the moneys appropriated from the mental health and disability services regional service fund to mental health and disability services regions for funding of services in accordance with performance-based contracts with the regions and in the manner provided in this section.

c. The performance-based contracts between the department and each mental health and disability services region shall be in effect beginning January 1, 2022, and shall include all of the following:

(1) Authority for the department to approve, deny, or revise each mental health and disability services region's annual service and budget plan under section 331.393.

(2) A requirement for the mental health and disability services region to provide access to all core services under section 331.397.

(3) A requirement that the mental health and disability services region utilize all federal government funding, including Medicaid funding, third-party payment sources, and other nongovernmental funding prior to using regional service payments received under this section.

(4) An annual review of the mental health and disability services region's administrative costs conducted by the department.

(5) Authority for the department to establish outcome improvement goals for populations served by the region including but not limited to decreases in emergency department visits, improved use of mobile crisis response and jail

diversion programs, and improved employment-based outcomes.

(6) Provisions authorizing the department, in response to a mental health and disability services region's violation of the contract, to implement the actions described under section 331.389, subsection 5, paragraph "*a*".

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 regional service fund, except for moneys in the region incentive fund under subsection 8, are appropriated to the department and shall be distributed to each region on a per capita basis calculated under subsection 4 using each region's population, as defined in section 331.388, for that fiscal year.

4. The amount of each region's regional service 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 service payments under this subsection for the immediately preceding fiscal year plus the regional service growth factor for the fiscal year.

(2) For purposes of this paragraph, *"regional service growth factor"* for a fiscal year is an amount equal to the product of the dollar amount used to calculate the regional service 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 service 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 service payments from the mental health and disability services regional service 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 service 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 service 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 region incentive fund under subsection 8.

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 service 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 service 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 region incentive fund under subsection 8.

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 service 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 service 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 region incentive fund under subsection 8.

8. *a.* A region incentive fund is created in the mental health and disability services regional service fund under subsection 1. The incentive fund shall consist of the moneys appropriated or credited to the incentive fund by law, including amounts credited to the incentive fund under subsection 7. Notwithstanding section 8.33, moneys in the incentive fund at the end of each fiscal year shall not revert to any other fund but shall remain in the incentive fund for use in subsequent fiscal years. For fiscal years beginning on or after July 1, 2021, there is appropriated from the general fund of the state to the incentive fund the following amounts to be used for the purposes of this subsection:

(1) For the fiscal year beginning July 1, 2021, three million dollars.

(2) (a) For each fiscal year beginning on or after July 1, 2025, an amount equal to the incentive fund growth factor multiplied by the ending balance of the incentive fund at the conclusion of the fiscal year ending June 30 immediately preceding the application deadline under paragraph "b" for the fiscal year for which the appropriation is made.

(b) For purposes of this subparagraph, the "*incentive fund 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 incentive fund growth factor for any fiscal year shall not exceed three and one-half percent.

b. To receive funding from the incentive fund, a regional administrator must submit to the department sufficient data to demonstrate that the region has met the standards outlined in the region's performance-based contract. The purpose of the incentive fund shall be to provide appropriate financial incentives for outcomes met from services provided by the regional administrator's mental health and disability services region. The department shall make its final decisions on or before December 15 regarding acceptance or rejection of the submissions for incentive funds applications for assistance and the total amount accepted shall be considered obligated.

c. In addition to incentive submission requirements under paragraphs "*d*", "*e*", and "*g*", basic eligibility for incentive funds requires that a mental health and disability services region meet all of the following conditions:

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

(2) (a) In the fiscal year that commenced two years prior to the fiscal year of application for incentive funds, 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 division (b) for the fiscal year for which assistance is requested.

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

(i) For applications 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.

(ii) For applications 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.

(iii) For applications 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.

d. The department shall review the fiscal year-end financial records for all mental health and disability services regions that are granted incentive funds. If the department determines a mental health and disability services region's actual need for incentive funds was less than the amount of incentive funds 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 department. Refunds shall be credited to the incentive fund.

e. The department shall determine application requirements to ensure prudent use of the incentive fund. The department may accept or reject an application for incentive funds in whole or in part. The decision of the department is final.

f. The total amount of incentive funds approved shall be limited to the amount available in the incentive fund for a

fiscal year. Any unobligated balance in the incentive fund at the close of a fiscal year shall remain in the incentive fund for distribution in the succeeding fiscal year.

g. Incentive funds shall only be made available to address one or more of the following circumstances:

(1) To reimburse regions for reductions in available funding for core services as the result of the reduction and elimination of the levy under section 331.424A, Code 2021, if the region has an operating deficit. The department shall prioritize approval of incentive funds for the circumstances specified in this subparagraph.

(2) To incentivize quality core services that meet or exceed the defined outcomes in the performance-based contract.

(3) To support regional efforts to fund non-core services that support the defined outcomes of core services in the performance-based contract.

(4) To support non-core services to 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.

h. Subject to the amount available and obligated from the incentive fund for a fiscal year, the department shall annually calculate the amount of moneys due to eligible mental health and disability services regions in accordance with the department's decisions and that amount is appropriated from the incentive fund to the department for payment of the moneys due. The department shall distribute incentive funds payable to the mental health and disability services regions for the amounts due on or before January 1.

i. On or before March 1 and September 1 of each fiscal year, the department shall provide the governor's office and the general assembly with a report of the financial condition of the incentive fund. 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.

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

9. The commission shall consult with regional administrators and the director in prescribing forms and adopting rules to administer this section.

Sec. 84. 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. 85. 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. 86. 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 225C.7A, not to exceed fifteen percent of the amount.

Sec. 87. Section 331.391, subsections 1 and 3, Code 2021, are 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 225C.7A 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.

3. The funding provided pursuant to appropriations from the mental health and disability services regional ~~services~~ service fund created in section 225C.7A and from performance-based contracts with the department shall be credited to the account ~~or accounts~~ under the control of the governing board.

Sec. 88. 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. 89. 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. 90. 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. 91. 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. 92. Section 331.398, subsection 1, Code 2021, is amended to read as follows:

1. The financing of a regional mental health and disability service system is limited to a fixed budget amount. The fixed budget amount shall be the amount identified in a regional service system management plan and budget for the fiscal year. ~~A region shall receive state funding for growth in non-Medicaid expenditures through the mental health and disability regional services fund created in section 225C.7A to address increased service costs, additional service populations, additional core service domains, and increased numbers of persons receiving services.~~

Sec. 93. NEW SECTION. **331.400 Quarterly reports.**

Beginning with the fiscal year, beginning July 1, 2022, the department shall deliver on a quarterly basis a report to the general assembly that provides a summary of the status of implementing core services in each region, the accessibility of core services in each region, how each region is using the funding provided under section 225C.7A, and recommendations for improvements to the mental health and disability services system in order to attain the outcome improvement goals set by the department consistent with the goals specified in the performance-based contracts under section 225C.7A, subsection 2, paragraph "*c*", subparagraph (5).

Sec. 94. Section 331.424A, subsection 1, paragraph b, Code 2021, is amended by striking the paragraph.

Sec. 95. 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. 96. 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. 97. Section 331.424A, subsection 4, paragraphs c and d, Code 2021, are amended by striking the paragraphs.

Sec. 98. 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. 99. Section 331.424A, Code 2021, is amended by adding the following new subsection:

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

Sec. 100. 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. 101. Section 347.7, subsection 1, paragraph c, Code 2021, is amended by striking the paragraph.

Sec. 102. 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. 103. 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. 104. 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. 105. ADJUSTMENT TO PROPERTY TAXES CERTIFIED UNDER SECTION 331.424A — FY 2021-2022. 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. 106. IMPLEMENTATION OF REGION INCENTIVE FUND UNDER SECTION 225C.7A — EMERGENCY RULEMAKING.

1. In order to timely implement the provisions of this division of this Act establishing the region incentive fund under section 225C.7A, subsection 8, for mental health and disability services regions for funding the fiscal year beginning July 1, 2021, and the fiscal year beginning July 1, 2022, the director of human services shall 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, subsections 9 and 10, shall be applicable to a delay imposed under this section, notwithstanding a provision in those subsections making them 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. 107. DEPARTMENT OF HUMAN SERVICES — MENTAL HEALTH AND DISABILITY REGIONS STUDY. The department of human services shall convene a study committee to evaluate the current mental health and disability region structure and operations in the context of the changes made and the funding provided by this

division of this Act. The study shall, at a minimum, review how effectively each mental health and disability services region has implemented the core services outlined in sections 331.397 and 331.397A, including the degree of uniformity of the core services between the regions. The department shall be authorized to contract with and retain the services of an independent contractor in order to conduct the study. The department shall submit a report detailing the study's findings and recommendations to the general assembly and the governor no later than December 15, 2022.

Sec. 108. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION XXVI

COMMERCIAL AND INDUSTRIAL PROPERTY TAX REPLACEMENT PAYMENTS

Sec. 109. Section 2.48, subsection 3, paragraph f, subparagraph (6), Code 2021, is amended by striking the subparagraph.

Sec. 110. Section 331.512, subsection 15, Code 2021, is amended by striking the subsection.

Sec. 111. Section 331.559, subsection 27, Code 2021, is amended by striking the subsection.

Sec. 112. 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, 2029, 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. 113. 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, 2029, 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. 114. 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. 115. 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, 2029, 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, seven-eighths 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, six-eighths 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, five-eighths 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, four-eighths 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, three-eighths of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.

(f) For the fiscal year beginning July 1, 2027, two-eighths of the amount received by the taxing authority under this section for the fiscal year beginning July 1, 2021.

(g) For the fiscal year beginning July 1, 2028, one-eighth 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, four-fifths 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, three-fifths 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, two-fifths

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, one-fifth 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, and each succeeding fiscal year beginning before July 1, 2029, 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. 116. 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. 117. 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. 118. 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. 119. 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, 2029, 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, 2029.

Sec. 120. EFFECTIVE DATE. The following take effect July 1, 2029:

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 XXVII

SCHOOL FOUNDATION PERCENTAGE

Sec. 121. 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. 122. Section 257.3, subsection 1, paragraph d, Code 2021, is amended by striking the paragraph.

Sec. 123. EFFECTIVE DATE. The section of this division of this Act amending section 257.3, subsection 1, paragraph "d", takes effect July 1, 2022.

DIVISION XXVIII

ELDERLY PROPERTY TAX CREDIT

Sec. 124. 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 section 425.39, subsection 1, paragraph "*b*".

Sec. 125. 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. 126. 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. 127. 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. 128. 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. 129. 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. 130. 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. 131. APPLICABILITY. This division of this Act applies to claims under chapter 425, subchapter II, filed on or after January 1, 2022.