

Senate File 2217 - Reprinted

SENATE FILE 2217

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 3130)

(As Amended and Passed by the Senate February 28, 2012)

A BILL FOR

1 An Act relating to flood mitigation by establishing a flood
2 mitigation program, establishing a flood mitigation board,
3 authorizing the use of certain sales tax revenue and
4 other financial assistance for flood mitigation projects,
5 establishing a flood mitigation fund, authorizing the
6 issuance of bonds for certain flood mitigation projects,
7 providing for appropriations, and including effective date
8 provisions.

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

1 Section 1. Section 29C.8, subsection 3, Code Supplement
2 2011, is amended by adding the following new paragraph:

3 NEW PARAGRAPH. *h.* Carry out duties related to the flood
4 mitigation program and the flood mitigation board under chapter
5 418.

6 Sec. 2. Section 331.430, subsection 2, Code 2011, is amended
7 by adding the following new paragraph:

8 NEW PARAGRAPH. *d.* Payments authorized to be made from the
9 debt service fund to a flood project fund under section 418.14,
10 subsection 4.

11 Sec. 3. Section 384.4, subsection 1, Code 2011, is amended
12 by adding the following new paragraph:

13 NEW PARAGRAPH. *e.* Payments authorized to be made from the
14 debt service fund to a flood project fund under section 418.14,
15 subsection 4.

16 Sec. 4. NEW SECTION. **418.1 Definitions.**

17 For purposes of this chapter, unless the context otherwise
18 requires:

19 1. "*Base year*" means the fiscal year ending during the
20 calendar year in which the governmental entity's project is
21 approved by the board under section 418.9.

22 2. "*Board*" means the flood mitigation board as created in
23 section 418.5.

24 3. "*Division*" means the homeland security and emergency
25 management division of the department of public defense.

26 4. "*Governmental entity*" means any of the following:

27 *a.* A county.

28 *b.* A city.

29 *c.* A joint board or other legal or administrative entity
30 established or designated in an agreement pursuant to chapter
31 28E between any of the following:

32 (1) Two or more cities located in whole or in part within
33 the same county.

34 (2) A county and one or more cities that are located in
35 whole or in part within the county.

1 (3) A county, one or more cities that are located in whole
2 or in part within the county, and a drainage district formed by
3 mutual agreement under section 468.142 located in whole or in
4 part within the county.

5 5. "*Project*" means the construction and reconstruction
6 of levees, embankments, impounding reservoirs, or conduits
7 that are necessary for the protection of property from the
8 effects of floodwaters and may include the deepening, widening,
9 alteration, change, diversion, or other improvement of
10 watercourses if necessary for the protection of such property
11 from the effects of floodwaters. A project may consist of
12 one or more phases of construction or reconstruction that are
13 contracted for separately if the larger project, of which the
14 project is a part, otherwise meets the requirements of this
15 subsection.

16 6. "*Retail establishment*" means a business operated by a
17 retailer as defined in section 423.1.

18 7. "*Sales tax*" means the sales and services tax imposed
19 pursuant to section 423.2.

20 Sec. 5. NEW SECTION. **418.4 Projects.**

21 1. *a.* A governmental entity may use the moneys in its flood
22 project fund established pursuant to section 418.13 to fund
23 projects that meet the requirements of this section.

24 *b.* A governmental entity as defined in section 418.1,
25 subsection 4, paragraph "*c*", shall have the power to construct,
26 acquire, own, repair, improve, operate, and maintain a project,
27 may sue and be sued, contract, and acquire and hold real and
28 personal property, subject to the limitation in paragraph "*c*",
29 and such other powers as may be included in the chapter 28E
30 agreement. Such a governmental entity may contract with a city
31 or the county participating in the chapter 28E agreement to
32 perform any governmental service, activity, or undertaking that
33 the city or county is authorized by law to perform, including
34 but not limited to contracts for administrative services.

35 *c.* A governmental entity's authority, established under

1 paragraph "b" or other provision of law, to acquire or hold real
2 and personal property shall for the purposes of undertaking
3 a project under this chapter be limited to acquiring and
4 holding that portion of such property which is necessary for
5 infrastructure related to flood mitigation.

6 2. Prior to undertaking a project, the governmental entity
7 shall adopt a project plan. The project plan shall include
8 a detailed description of the project, including all phases
9 of construction or reconstruction included in the project,
10 state the estimated cost of the project and the maximum amount
11 of debt to be incurred for purposes of funding the project,
12 and include a detailed description of all anticipated funding
13 sources for the project, including information relating to
14 either the proposed use of financial assistance from the flood
15 mitigation fund under section 418.10 or the proposed use of
16 sales tax increment revenues received under section 418.12.
17 The project plan shall also include information related to the
18 approval criteria in section 418.9, subsection 2.

19 3. A governmental entity shall not award a contract for
20 the construction or reconstruction of or otherwise undertake
21 construction or reconstruction of a project under this chapter
22 unless all of the following conditions are met:

23 a. Bidding for the project has been completed. A
24 governmental entity shall comply with the competitive bid
25 procedures in chapter 26 for the bidding and construction of
26 the project and shall comply with the provisions of chapter
27 573.

28 b. For projects proposing to use sales tax increment
29 revenues or approved by the board to use sales tax increment
30 revenues, the project, or an earlier phase of the project, has
31 been approved to receive financial assistance in an amount
32 equal to at least twenty percent of the total project cost or
33 thirty million dollars, whichever is less, under the federal
34 Water Resources Development Act or other federal program
35 providing assistance specifically for hazard mitigation.

1 *c.* The project plan has been approved by the board under
2 section 418.9.

3 *d.* Following approval of the project plan by the board,
4 the governmental entity has adopted a resolution authorizing
5 the use of sales tax increment revenue from the governmental
6 entity's flood project fund, if sales tax increment revenue
7 was approved by the board as a funding source for the project.
8 Within ten days of adoption, the governmental entity shall
9 provide a copy of the resolution to the department of revenue.

10 4. A governmental entity shall not seek approval from the
11 board for a project if the governmental entity previously
12 had a project approved pursuant to section 418.9 or if the
13 governmental entity previously was part of a governmental
14 entity as defined in section 418.1, subsection 4, paragraph "c",
15 that had a project approved pursuant to section 418.9.

16 5. If a project is eligible for state financial assistance
17 under section 29C.6, subsection 17, such project is ineligible
18 for approval by the board under this chapter.

19 6. Following approval of a project under section 418.9, the
20 governmental entity shall on or before December 15 of each year
21 submit a report to the board detailing all of the following:

22 *a.* The current status of the project.

23 *b.* Total expenditures and the types of expenditures that
24 have been made related to the project.

25 *c.* The amount of the total project cost remaining as of the
26 date the report is submitted.

27 *d.* The amounts, types, and sources of funding being used.

28 *e.* The amount of bonds issued or other indebtedness incurred
29 for the project, including information related to the rate of
30 interest, length of term, costs of issuance, and net proceeds.
31 The report shall also include the amounts and types of moneys
32 used for payment of such bonds or indebtedness.

33 7. A governmental entity may contract with a council of
34 governments to perform any duty or power authorized under this
35 chapter or for the completion of a project.

1 Sec. 6. NEW SECTION. **418.5 Flood mitigation board.**

2 1. The flood mitigation board is established consisting of
3 nine voting members and four ex officio, nonvoting members, and
4 is located for administrative purposes within the division.
5 The administrator of the division shall provide office space,
6 staff assistance, and necessary supplies and equipment for
7 the board. The administrator shall budget funds to pay the
8 necessary expenses of the board. In performing its functions,
9 the board is performing a public function on behalf of the
10 state and is a public instrumentality of the state.

11 2. The voting membership of the board shall include all of
12 the following:

13 *a.* Four members of the general public. Two general public
14 members shall have demonstrable experience or expertise in
15 the field of natural disaster recovery and two general public
16 members shall have demonstrable experience or expertise in the
17 field of flood mitigation.

18 *b.* The director of the department of natural resources or
19 the director's designee.

20 *c.* The secretary of agriculture or the secretary's designee.

21 *d.* The treasurer of state or the treasurer's designee.

22 *e.* The administrator of the division or the administrator's
23 designee.

24 *f.* The executive director of the Iowa finance authority or
25 the executive director's designee.

26 3. The general public members shall be appointed by
27 the governor, subject to confirmation by the senate. The
28 appointments shall comply with sections 69.16 and 69.16A.

29 4. The chairperson and vice chairperson of the board shall
30 be designated by the governor from the board members listed
31 in subsection 2. In case of the absence or disability of the
32 chairperson and vice chairperson, the members of the board
33 shall elect a temporary chairperson by a majority vote of those
34 members who are present and voting.

35 5. The members appointed under subsection 2, paragraph

1 "a", shall be appointed to three-year staggered terms and the
2 terms shall commence and end as provided by section 69.19. If
3 a vacancy occurs, a successor shall be appointed to serve the
4 unexpired term. A successor shall be appointed in the same
5 manner and subject to the same qualifications as the original
6 appointment.

7 6. The board's ex officio membership shall include four
8 members of the general assembly with one each appointed by
9 the majority leader of the senate, the minority leader of the
10 senate, the speaker of the house of representatives, and the
11 minority leader of the house of representatives. A legislative
12 member serves for a term as provided in section 69.16B in an ex
13 officio, nonvoting capacity and is eligible for per diem and
14 expenses as provided in section 2.10.

15 7. A majority of the board constitutes a quorum.

16 Sec. 7. NEW SECTION. **418.6 Expenses of board members.**

17 The voting members of the board are entitled to receive
18 reimbursement for actual expenses incurred while engaged in the
19 performance of official duties. A member of the board is not
20 eligible to receive the additional expense allowance provided
21 in section 7E.6, subsection 2.

22 Sec. 8. NEW SECTION. **418.7 Division duties.**

23 The division, subject to approval by the board, shall
24 adopt administrative rules pursuant to chapter 17A necessary
25 to administer the flood mitigation program. The division
26 shall provide the board with assistance in implementing
27 administrative functions and providing technical assistance and
28 application assistance to applicants under the program.

29 Sec. 9. NEW SECTION. **418.8 Flood mitigation program.**

30 1. The board shall establish and the division, subject
31 to direction and approval by the board, shall administer a
32 flood mitigation program to assist governmental entities
33 in undertaking projects approved under this chapter. The
34 flood mitigation program shall include projects approved
35 by the board to utilize either financial assistance from

1 the flood mitigation fund created under section 418.10 or
2 sales tax revenues remitted to the governmental entity under
3 section 418.12. A governmental entity shall not be approved
4 by the board to utilize both financial assistance from the
5 flood mitigation fund and sales tax revenues remitted to the
6 governmental entity.

7 2. The board shall, by rules adopted under section
8 418.7, prescribe application instructions, forms, and other
9 requirements deemed necessary to operate the flood mitigation
10 program.

11 3. The board may contract with or otherwise consult with the
12 Iowa flood center, established under section 466C.1, to assist
13 the board in administering the flood mitigation program.

14 4. The board shall submit a written report to the governor
15 and the general assembly on or before January 15 of each year.
16 The report shall include information relating to all projects
17 approved by the board for inclusion in the flood mitigation
18 program, the status of such projects, summaries of each report
19 submitted to the board under section 418.4, subsection 6,
20 information relating to the types of funding being used for
21 each approved project, including all indebtedness incurred by
22 the applicable governmental entities, and any recommendations
23 for legislative action to modify the provisions of this
24 chapter.

25 Sec. 10. NEW SECTION. 418.9 Project application review.

26 1. a. A governmental entity shall submit an application
27 to the board for approval of a project plan. The board shall
28 not approve a project for inclusion in the program if the
29 application is submitted after January 1, 2016.

30 b. The application shall specify whether the governmental
31 entity is requesting financial assistance from the flood
32 mitigation fund or approval for the use of sales tax revenues.
33 Applications for financial assistance from the flood mitigation
34 fund shall describe the type and amount of assistance
35 requested. Applications for the use of sales tax revenues

1 shall state the amount of sales tax revenues necessary for
2 completion of the project.

3 2. Each application shall include or have attached to
4 the application, the governmental entity's project plan
5 adopted under section 418.4, subsection 2. When reviewing
6 applications, in addition to the project plan, the board shall
7 consider, at a minimum, all of the following:

8 a. Whether the project is designed to mitigate future
9 flooding of property that has sustained significant flood
10 damage and is likely to sustain significant flood damage in the
11 future.

12 b. Whether the project plan addresses the impact of flooding
13 both upstream and downstream from the area where the project
14 is to be undertaken and whether the project conforms to any
15 applicable floodplain ordinance.

16 c. Whether the area that would benefit from the project's
17 flood mitigation efforts is sufficiently valuable to the
18 economic viability of the state or is of sufficient historic
19 value to the state to justify the cost of the project.

20 d. The extent to which the project would utilize local
21 matching funds. The board shall not approve a project unless
22 at least fifty percent of the total cost of the project, less
23 any federal financial assistance for the project, is funded
24 using local matching funds, and unless the project will result
25 in nonpublic investment in the governmental entity's area as
26 defined in section 418.11, subsection 3, of an amount equal to
27 fifty percent of the total cost of the project. For purposes
28 of this paragraph, "nonpublic investment" means investment
29 by nonpublic entities consisting of capital investment or
30 infrastructure improvements occurring in anticipation of or as
31 a result of the project during the period of time between July
32 1, 2008, and ten years after the board approved the project.

33 e. The extent of nonfinancial support committed to the
34 project from public and nonpublic sources.

35 f. Whether the project is designed in coordination with

1 other watershed management measures adopted by the governmental
2 entity or adopted by the participating jurisdictions of the
3 governmental entity, as applicable.

4 *g.* Whether the project plan is consistent with the
5 applicable comprehensive, countywide emergency operations plan
6 in effect and other applicable local hazard mitigation plans.

7 *h.* Whether financial assistance through the flood mitigation
8 program is essential to meet the necessary expenses or serious
9 needs of the governmental entity related to flood mitigation.

10 3. If requested by the board during consideration of
11 an application, the governmental entity shall pay for an
12 independent engineering review of the project to determine
13 the technical feasibility, engineering standards, and total
14 estimated cost of the project. An engineering review required
15 by the board under this subsection may be completed by the
16 United States army corps of engineers.

17 4. Upon review of the applications, the board, following
18 consultation with the economic development authority, shall
19 approve, defer, or deny the applications. If a project plan
20 is denied, the board shall state the reasons for the denial
21 and the governmental entity may resubmit the application so
22 long as the application is filed on or before January 1, 2016.
23 If a project plan application is approved, the board shall
24 specify whether the governmental entity is approved for the
25 use of sales tax revenues under section 418.12 or whether the
26 governmental entity is approved to receive financial assistance
27 from the flood mitigation fund under section 418.10. If
28 the board approves a project plan application that includes
29 financial assistance from the flood mitigation fund, the board
30 shall negotiate and execute on behalf of the division all
31 necessary agreements to provide such financial assistance. If
32 the board approves a project plan application that includes
33 the use of sales tax increment revenues, the board shall
34 establish the annual maximum amount of such revenues that
35 may be remitted to the governmental entity not to exceed the

1 limitations in section 418.12, subsection 4. The board may,
2 however, establish remittance limitations for the project lower
3 than the individual project remittance limitations specified
4 for projects under section 418.12, subsection 4.

5 5. The board shall not approve a project plan application
6 that includes financial assistance from the flood mitigation
7 fund or the use of sales tax revenue to pay principal and
8 interest on or to refinance any debt or other obligation
9 existing prior to the approval of the project.

10 6. The board shall not approve a project plan application
11 for which the amount of sales tax increment revenue remitted to
12 the governmental entity would exceed fifteen million dollars in
13 any one fiscal year or if approval of the project would result
14 in total remittances in any one fiscal year for all approved
15 projects to exceed, in the aggregate, thirty million dollars.

16 7. Upon approval of an application for financial assistance
17 under the program, the board shall notify the treasurer of
18 state regarding the amount of moneys needed to satisfy the
19 award of financial assistance and the terms of the award. The
20 treasurer of state shall notify the division any time moneys
21 are disbursed to a recipient of financial assistance under the
22 program.

23 8. If, following approval of a project application under the
24 program, it is determined that the amount of federal financial
25 assistance exceeds the amount of federal financial assistance
26 specified in the application, the board shall reduce the award
27 of financial assistance from the flood mitigation fund or
28 reduce the amount of sales tax revenue to be received for the
29 project by a corresponding amount.

30 Sec. 11. NEW SECTION. 418.10 Flood mitigation fund.

31 1. A flood mitigation fund is created as a separate and
32 distinct fund in the state treasury under the control of the
33 board and consists of moneys appropriated by the general
34 assembly and any other moneys available to and obtained or
35 accepted by the board for placement in the fund. Moneys in the

1 fund shall only be used for the purposes of this section.

2 2. Payments of interest, repayments of moneys loaned
3 pursuant to this chapter, and recaptures of grants, if provided
4 for in the financial assistance agreements, shall be deposited
5 in the fund.

6 3. The moneys in the fund shall be used to provide
7 assistance in the form of grants, loans, and forgivable loans.
8 The board may only provide financial assistance from moneys in
9 the fund.

10 4. Moneys credited to the fund are not subject to
11 section 8.33 and shall not be transferred, used, obligated,
12 appropriated, or otherwise encumbered except as provided in
13 this chapter. Notwithstanding section 12C.7, subsection 2,
14 interest or earnings on moneys in the fund shall be credited
15 to the fund.

16 5. If any portion of the moneys appropriated for deposit
17 in the fund have not been awarded during the fiscal year for
18 which the appropriation is made, the portion which has not
19 been awarded may be utilized by the board to provide financial
20 assistance under the program in subsequent fiscal years.

21 6. The board may make a multiyear commitment to a
22 governmental entity of up to four million dollars in any one
23 fiscal year.

24 7. Moneys received by a governmental entity from the fund
25 shall be deposited in the governmental entity's flood project
26 fund under section 418.13.

27 8. The board is not required to award financial assistance
28 pursuant to this section unless moneys are appropriated to and
29 available from the fund.

30 9. Following completion of all projects approved to utilize
31 financial assistance from the fund and upon a determination
32 by the board that remaining moneys in the fund are no longer
33 needed for the program, all moneys remaining in the fund or
34 subsequently deposited in the fund shall be credited for
35 deposit in the general fund of the state.

1 Sec. 12. NEW SECTION. **418.11 Sales tax increment**
2 **calculation.**

3 1. The department of revenue shall calculate quarterly the
4 amount of increased sales tax revenues for each governmental
5 entity approved to use sales tax increment revenues and the
6 amount of such revenues to be transferred to the sales tax
7 increment fund pursuant to section 423.2, subsection 11,
8 paragraph "b".

9 2. The department of revenue shall calculate the amount of
10 the increase for purposes of subsection 1 as follows:

11 a. Determine the amount of sales subject to the tax under
12 section 423.2 in each applicable area specified in subsection
13 3, during the corresponding quarter in the base year from
14 retail establishments in such areas.

15 b. Determine the amount of sales subject to the tax under
16 section 423.2 in each applicable area specified in subsection
17 3, during the corresponding quarter in each subsequent calendar
18 year from retail establishments in such areas.

19 c. Subtract the base year quarterly amount determined under
20 paragraph "a" from the subsequent calendar year quarterly
21 amount in paragraph "b".

22 d. If the amount determined under paragraph "c" is positive,
23 the product of the amount determined under paragraph "c" times
24 the tax rate imposed under section 423.2 shall constitute the
25 amount of increased sales tax revenue pursuant to subsection 1.

26 3. a. For projects approved for a governmental entity as
27 defined in section 418.1, subsection 4, paragraph "a", the area
28 used to determine the sales tax increment shall include only
29 the unincorporated areas of the county.

30 b. For projects approved for a governmental entity as
31 defined in section 418.1, subsection 4, paragraph "b", the area
32 used to determine the sales tax increment shall include only
33 the incorporated areas of the city.

34 c. For projects approved for a governmental entity as
35 defined in section 418.1, subsection 4, paragraph "c", the

1 area used to determine the sales tax increment shall include
2 the incorporated areas of each city that is participating
3 in the chapter 28E agreement, the unincorporated areas of
4 the participating county, and the area of any participating
5 drainage district not otherwise included in the areas of the
6 participating cities or county, as applicable.

7 4. Each governmental entity shall assist the department
8 of revenue in identifying retail establishments in the
9 governmental entity's applicable area that are collecting sales
10 tax. This process shall be ongoing until the governmental
11 entity ceases to utilize sales tax revenue under this chapter.

12 Sec. 13. NEW SECTION. 418.12 Sales tax increment fund.

13 1. A sales tax increment fund is established as a separate
14 and distinct fund in the state treasury under the control of
15 the department of revenue consisting of the amount of the
16 increased state sales and services tax revenues collected by
17 the department of revenue within each applicable area specified
18 in section 418.11, subsection 3, and deposited in the fund
19 pursuant to section 423.2, subsection 11, paragraph "b". Moneys
20 deposited in the fund are appropriated to the department of
21 revenue for the purposes of this section. Moneys in the fund
22 shall only be used for the purposes of this section.

23 2. An account is created within the fund for each
24 governmental entity that has adopted a resolution under section
25 418.4, subsection 3, paragraph "d".

26 3. The department of revenue shall deposit in the fund the
27 moneys described in subsection 1 beginning the first day of the
28 quarter following receipt of a resolution under section 418.4,
29 subsection 3, paragraph "d". However, in no case shall a sales
30 tax increment be calculated under section 418.11 or such moneys
31 be deposited in the fund under this section prior to January
32 1, 2014.

33 4. a. Upon request of a governmental entity, the department
34 of revenue shall remit the moneys in the governmental entity's
35 account within the fund to the governmental entity for deposit

1 in the governmental entity's flood project fund. Such requests
2 shall be made not more than quarterly. Requests for remittance
3 shall be submitted on forms prescribed by the department
4 of revenue. In lieu of quarterly requests, a governmental
5 entity may submit a certified schedule of principal and
6 interest payments on bonds issued under section 418.14. If
7 such a certified schedule is submitted, the department of
8 revenue shall, subject to the remittance limitations of this
9 chapter, remit from the governmental entity's account to the
10 governmental entity for deposit in the governmental entity's
11 flood project fund the amounts necessary for such principal and
12 interest payments in accordance with the certified schedule.
13 Requests for remittance shall be made for the amount of moneys
14 in the governmental entity's account necessary to pay the
15 governmental entity's costs or obligations related to the
16 project, according to the sales tax revenue funding needs
17 specified in the approved project plan. A governmental entity
18 shall not, however, during any fiscal year receive remittances
19 under this section exceeding fifteen million dollars or seventy
20 percent of the total yearly amount of increased sales tax
21 increment revenue in the governmental entity's applicable area
22 and deposited in the governmental entity's account, whichever
23 is less. The total amount of remittances during any fiscal
24 year for all governmental entities approved to use sales tax
25 revenues under this chapter shall not exceed, in the aggregate,
26 thirty million dollars. Remittances from the department of
27 revenue shall be deposited in the governmental entity's flood
28 project fund under section 418.13.

29 *b.* The department of revenue shall adopt rules for the
30 remittance of moneys to governmental entities.

31 5. If the department of revenue determines that the revenue
32 accruing to the fund or accounts within the fund exceeds
33 thirty million dollars or exceeds the amount necessary for
34 the purposes of this chapter if the amount necessary is less
35 than thirty million dollars, then those excess moneys shall

1 be credited by the department of revenue for deposit in the
2 general fund of the state.

3 6. *a.* Each governmental entity approved by the board to
4 use sales tax increment revenues for a project under this
5 chapter shall submit two reports to the board certifying the
6 total amount of nonpublic investment, as defined in section
7 418.9, subsection 2, paragraph "d", that has occurred in
8 the governmental entity's area as defined in section 418.11,
9 subsection 3. The first report shall be submitted not later
10 than five years after the board approved the project. The
11 second report shall be submitted to the board not later than
12 ten years after the board approved the project.

13 *b.* If the nonpublic investment requirements of section
14 418.9, subsection 2, paragraph "d", are not satisfied, the board
15 shall reduce the governmental entity's amount of sales tax
16 increment revenues eligible to be remitted during the remaining
17 period of time for receiving remittances by an amount equal
18 to the shortfall in nonpublic investment. However, such a
19 reduction shall not be to an amount less than zero.

20 Sec. 14. NEW SECTION. **418.13 Flood project fund.**

21 1. Sales tax revenue remitted by the department of revenue
22 to a governmental entity under section 418.12 or financial
23 assistance received by a governmental entity pursuant to
24 section 418.10 shall be deposited in the governmental entity's
25 flood project fund created for purposes of this chapter and
26 shall be used to fund the costs of the governmental entity's
27 approved project and to pay principal and interest on bonds
28 issued pursuant to section 418.14, if applicable.

29 2. In addition to the moneys received pursuant to section
30 418.10 or 418.12, a governmental entity may deposit in the
31 flood project fund any other moneys lawfully received by the
32 governmental entity, including but not limited to local sales
33 and services tax receipts collected under chapter 423B.

34 Sec. 15. NEW SECTION. **418.14 Bond issuance.**

35 1. *a.* A governmental entity receiving sales tax revenues

1 pursuant to this chapter is authorized to issue bonds that are
2 payable from revenues deposited in the governmental entity's
3 flood project fund created pursuant to section 418.13 for the
4 purpose of funding a project in the area from which sales tax
5 revenues will be collected.

6 *b.* A governmental entity shall have the authority to pledge
7 irrevocably to the payment of the bonds an amount of revenue
8 derived from the sales tax revenue received by the governmental
9 entity pursuant to section 418.12 for each of the years the
10 bonds remain outstanding, together with other amounts held in
11 the flood project fund of the governmental entity.

12 *c.* The costs of a project may include but are not limited
13 to administrative expenses, construction and reconstruction
14 costs, engineering, fiscal, financial and legal expenses,
15 surveys, plans and specifications, interest during construction
16 or reconstruction and for one year after completion of the
17 project, initial reserve funds, acquisition of real or personal
18 property necessary for the construction or reconstruction
19 of the project, subject to the limitation in section 418.4,
20 subsection 1, paragraph "c", and such other costs as are
21 necessary and incidental to the construction or reconstruction
22 of the project and the financing thereof. The governmental
23 entity shall have the power to retain and enter into agreements
24 with engineers, fiscal agents, financial advisers, attorneys,
25 architects, and other consultants or advisers for planning,
26 supervision, and financing of a project upon such terms and
27 conditions as shall be deemed by the governing body of the
28 governmental entity as advisable and in the best interest of
29 the governmental entity. Bonds issued under the provisions of
30 this chapter are declared to be investment securities under the
31 laws of the state of Iowa.

32 2. *a.* If a governmental entity elects to authorize the
33 issuance of bonds payable as provided in this section, the
34 governmental entity shall follow the authorization procedures
35 for cities set forth in section 384.83.

1 *b.* A governmental entity shall have the authority to issue
2 bonds for the purpose of refunding outstanding bonds issued
3 under this section without otherwise complying with the notice
4 and hearing provisions of section 384.83.

5 3. *a.* Except as otherwise provided in this section,
6 bonds issued pursuant to this section shall not be subject to
7 the provisions of any other law or charter relating to the
8 authorization, issuance, or sale of bonds. Bonds issued under
9 this section shall not limit or restrict the authority of a
10 governmental entity as defined in section 418.1, subsection 4,
11 paragraphs "*a*" and "*b*", or a city, county, or drainage district
12 participating in a governmental entity as defined in section
13 418.1, subsection 4, paragraph "*c*", to issue bonds for the
14 project under other provisions of the Code.

15 *b.* The bonds may be issued in one or more series and shall
16 comply with all of the following:

17 (1) The bonds shall bear the date of issuance.

18 (2) The bonds shall specify whether they are payable on
19 demand or the time of maturity.

20 (3) The bonds shall bear interest at a rate not exceeding
21 that permitted by chapter 74A.

22 (4) The bonds shall be in a denomination or denominations,
23 be in the form, have the rank or priority, be executed in
24 the manner, be payable in the medium of payment, at the
25 place or places, be subject to the terms of redemption, with
26 or without premium, be secured in the manner, and have the
27 other characteristics, as may be provided by the resolution
28 authorizing their issuance. The resolution authorizing the
29 issuance of the bonds may also prescribe additional provisions,
30 terms, conditions, and covenants which the governmental
31 entity deems advisable, including provisions for creating and
32 maintaining reserve funds and the issuance of additional bonds
33 ranking on a parity with such bonds and additional bonds junior
34 and subordinate to such bonds.

35 *c.* The bonds may be sold at public or private sale at a

1 price as may be determined by the governmental entity.

2 *d.* The principal and interest on the bonds issued by a
3 governmental entity under this section shall be payable solely
4 and only from and secured by the revenue derived from the sales
5 tax revenues received by the governmental entity pursuant to
6 section 418.12 and from other funds of the governmental entity
7 lawfully available from the governmental entity's flood project
8 fund established under section 418.13.

9 4. *a.* Bonds, notes, or other obligations issued by a
10 governmental entity for purposes of financing a project under
11 this chapter are not an obligation of this state. Except to
12 the extent a debt service levy is authorized for the payment
13 of a governmental entity's costs related to bonds, notes,
14 or other obligations as provided in paragraph "b", bonds,
15 notes, or other obligations issued by a governmental entity
16 for purposes of financing a project under this chapter are
17 not an obligation of any political subdivision of this state
18 other than the governmental entity, and such bonds, notes, or
19 other obligations shall not constitute an indebtedness of any
20 political subdivision of this state within the meaning of any
21 constitutional or statutory debt limitation or restriction.
22 A governmental entity shall not pledge the credit or taxing
23 power of this state. Except as provided in paragraph "b",
24 a governmental entity shall not pledge the credit or taxing
25 power of any political subdivision of this state other than the
26 governmental entity or make its bonds issued under this section
27 payable out of any moneys except those in the governmental
28 entity's flood project fund.

29 *b.* If the moneys in the governmental entity's flood project
30 fund are insufficient to pay the governmental entity's costs
31 related to bonds, notes, or other obligations issued under
32 this chapter, the amounts necessary to pay such costs may
33 be levied and transferred for deposit in the governmental
34 entity's flood project fund from the debt service fund of the
35 governmental entity or, if applicable, the debt service fund

1 of a participating city or county for a governmental entity as
2 defined in section 418.1, subsection 4, paragraph "c", but only
3 if and to the extent provided in the resolution authorizing
4 the issuance of bonds and, if applicable, the chapter 28E
5 agreement.

6 c. The sole remedy for a breach or default of a term of
7 a bond issued under this section is a proceeding in law or
8 in equity by suit, action, or mandamus to enforce and compel
9 performance of the duties required by this chapter and of the
10 terms of the resolution authorizing the issuance of the bonds.

11 Sec. 16. NEW SECTION. 418.15 Durational limitation on use
12 of revenues — property disposition.

13 1. A governmental entity shall not receive remittances of
14 sales tax revenue under this chapter after twenty years from
15 the date the governmental entity's project was approved by the
16 board.

17 2. If the governmental entity ceases to need the sales
18 tax revenues prior to the expiration of the limitation under
19 subsection 1, the governmental entity shall notify the director
20 of revenue.

21 3. Upon the receipt of a notification pursuant to subsection
22 2, or the expiration of the limitation under subsection 1, the
23 department of revenue shall cease to deposit revenues into the
24 governmental entity's account in the sales tax increment fund.

25 4. All property and improvements acquired by a governmental
26 entity as defined in section 418.1, subsection 4, paragraph "c",
27 relating to a project shall be transferred to the county, city,
28 or drainage district designated in the chapter 28E agreement to
29 receive such property and improvements. The county, city, or
30 drainage district to which such property or improvements are
31 transferred shall, unless otherwise provided in the chapter 28E
32 agreement, be solely responsible for the ongoing maintenance
33 and support of such property and improvements.

34 Sec. 17. Section 423.2, subsection 11, Code Supplement
35 2011, is amended to read as follows:

1 11. *a.* All revenues arising under the operation of the
2 provisions of this section shall be deposited into the general
3 fund of the state.

4 *b.* Subsequent to the deposit into the general fund of the
5 state ~~and after the transfer of such~~ pursuant to paragraph "*a*",
6 the department shall do the following in the order prescribed:

7 (1) Transfer the revenues collected under chapter 423B,~~the~~
8 ~~department shall transfer.~~

9 (2) Transfer one-sixth of such the remaining revenues to the
10 secure an advanced vision for education fund created in section
11 423F.2. This paragraph subparagraph (2) is repealed December
12 31, 2029.

13 (3) Subject to the limitation on the calculation and
14 deposit of sales tax increment revenues in section 418.12,
15 beginning the first day of the quarter following adoption
16 of the resolution pursuant to section 418.4, subsection 3,
17 paragraph "*d*", transfer to the account created in the sales tax
18 increment fund for each governmental entity approved to use
19 sales tax increment revenues under chapter 418, that portion
20 of the increase in sales tax revenue, determined in section
21 418.11, subsection 2, paragraph "*d*", in the applicable area
22 of the governmental entity, that remains after the transfer
23 required under subparagraph (2) of this paragraph "*b*".

24 Sec. 18. EFFECTIVE UPON ENACTMENT. This Act, being deemed
25 of immediate importance, takes effect upon enactment.