

2018 ISAC Top Priorities

Iowa State Association of Counties



Mental Health and Disability Services



Secondary Roads



Tax Reform



Water Quality Management

Mental Health and Disability Services

PROBLEM: While progress was made during the 2017 session in addressing mental health and disability services (MH/DS) funding, specifically levy equity for counties within MH/DS regions, challenges remain in providing sufficient resources for core plus services that are being required by the Iowa Department of Human Services. In addition, Iowa still faces shortages in the number of psychiatric beds and mental health professionals serving an increasing number of Iowans with severe mental illness.

SOLUTION:

- Provide for adequate levels of MH/DS services outside of the correctional system. These services would include the necessary number of psychiatric beds in our mental health facilities and hospitals to address acute care needs. In addition, the Iowa Legislature should address the severe lack of mental health professionals in Iowa especially in our rural areas.
- Provide sufficient funding for the effective implementation of a Children's MH/DS program.

Secondary Roads

PROBLEM: Iowa's roads and bridges are a vital component of the continued growth of the state's economy, and every road jurisdiction has struggled to adequately maintain its portion of the road system. The increase in the per gallon fuel tax and permit fees for oversize and overweight vehicles will help address this problem, but the cost of building and maintaining roads continues to increase. In addition to general inflation, Iowa's road maintenance issues have been exacerbated by harsh winters, floods, and heavy equipment usage. Counties are limited in the amount of general fund dollars that can be transferred to be used for secondary roads and bridges, so they are dependent on state and federal funds for critical infrastructure maintenance and repair. The use of Transportation Investment Moves the Economy in the 21st Century (TIME-21) funds is limited to farm-to-market and bridge construction. Due to the past shortfall in road funding, counties have turned to bonding in order to provide critical funding for maintenance of roads and bridges. These bonds are repaid with property tax revenues, contrary to the state's goal of reducing property tax expenditures throughout the state. Additionally, the use of bonds fails to capture funding from the out-of-state vehicles impacting Iowa's roads. While the fuel tax and permit fee increases will help fund future road and bridge repair and maintenance, more can be done to provide ongoing, stabilized funding.

SOLUTION:

- The TIME-21 law seeks to focus \$225 million on the priorities set by the TIME-21 study. The \$225 million cap to the TIME-21 Fund must be maintained, and increased revenues in excess of this cap should be distributed through the Road Use Tax Fund formula.
- Remove restrictions on the use of TIME-21 and other new road funds and allow counties to use all new road funds for any secondary road purpose.
- Apply the state excise sales tax on dyed fuel sales to bridge and culvert repairs and replacements on the secondary road system.
- Explore the use of surcharges, impact fees, development fees, or licensing fees for large confinement operations, hydraulic fracturing projects, biofuel production facilities, and wind energy conversion farms. Examples include but are not limited to: a per head livestock fee; a per gallon liquid manure fee; a permit fee for large agricultural equipment used on county roads; a minimal per gallon fee for each gallon of biofuel produced; or other use-based fees.

ISAC members are elected and appointed county officials from all 99 counties.

We represent 16 affiliated associations. Representatives of these affiliates make up our Legislative Policy Committee and our Board of Directors.

Mission promote effective and responsible county government for the people of Iowa.

Vision principal, authoritative source of representation, information and services for and about county government in Iowa.



ISAC Government Relations

Jamie Cashman

ISAC Government Relations Manager

jcashman@iowacounties.org

515.210.9845

Lucas Beenken

Public Policy Specialist

lbeenken@iowacounties.org

515.408.1780



Iowa State Association of Counties

5500 Westown Parkway, Suite 190

West Des Moines, IA 50266

515.244.7181

www.iowacounties.org

Tax Reform

PROBLEM: Property Tax reform legislation that was passed in the 2013 legislative session is providing property tax relief for several classifications and subsets of property, but changing the assessment methodology for certain property has unduly reduced the future revenue of local governments. While the new business property tax credit and legislatively imposed rollback are funded in large part by state dollars, changes to the taxable value of multi-residential and telecommunications property will have a detrimental effect on future property tax revenues. Additionally, capping backfill funding and reducing the assessment growth limitation percentage will only further threaten the future revenue of local governments, and by extension, the services they provide to the taxpayers. In the absence of true reform, Iowa's property tax system is still in need of equity among classes and stability for local governments.

SOLUTION: Comprehensive property tax reform should continue to be a primary goal of the Legislature in 2018 and the years ahead. This legislation should include property tax reform that stabilizes the tax base, resolves unfair discrepancies within the current tax base, improves accountability in the budgeting processes of local governments, and imposes a reasonable limitation on city and county property taxes while maintaining local control for citizens and their elected representatives. The legislature should fully fund the property tax credits and rollback replacement claims, and should consider an appropriation to help local governments deal with the reduction in revenue due to the changes to the assessment methodology for multi-residential and telecommunications property. There are six steps that the Iowa Legislature could take that would improve the system and address the tax burden of local property owners:

1. As the state determines how to manage its funding priorities, the legislature must understand that funding taken from local government will result either in significant cuts in services or increased property taxes. Any proposal brought forth that reduces the percentage at which property is assessed should be revenue neutral or provide the necessary level of funding to replace the loss in local government property tax dollars. Funding for services that the county is required to provide should be equal to the cost of services.
2. Legislation should be passed to decouple agricultural buildings from agricultural land, and to value agricultural buildings at their full market value. Agricultural buildings account for about \$1.5 billion, or 5.1% of agricultural taxable value. However, the value generated from agricultural buildings is automatically subtracted from the value generated for agricultural land by the productivity formula. The result is that the construction of any new agricultural building adds zero net value to Iowa's property tax base. This situation is doubly problematic because large-scale livestock operations and grain facilities impose significant additional costs on counties, such as for road maintenance, without expanding the tax base to help pay for those costs.
3. Legislation should decouple residential and agricultural property for purposes of the assessment growth limitation. The practice of limiting the growth of both classes to the lower level of the two, which began in the late 1970s to address rapidly rising residential values, is outdated and contributes to the growing disparity between residential property and commercial/industrial property. Each class of property should rise or fall, subject to the assessment growth limitation, on its own market factors.
4. The assessment growth limitation should also have a lower limit. While there is currently a ceiling, there is no floor to limit the decline of taxable property value in adverse markets. By setting a limit on the devaluation in a given year, the property tax revenue stream would be protected from sharp declines in property valuation. While the assessed value would decline with the market, the taxable value would not be rolled back as much with lower limits in place.
5. The state sales and use tax should be increased by up to one cent. The first 3/8 of a cent is dedicated to the Natural Resources and Outdoor Recreation Trust Fund, leaving additional sales tax revenue that can be used to fund mental health and disability services currently covered by property taxes and to provide income tax relief.
6. The legislature should allow local governments to diversify their revenue sources. One progressive tax alternative to explore is a local option income tax surcharge that could be imposed by counties to generate additional revenues.

Water Quality Management

Water Quality Management

PROBLEM: It has been well documented by numerous sources that there is a need to provide adequate, sustainable, dedicated state financial resources to address the state-wide concerns related to Iowa's water quality management issues. Specific concerns relate to the unacceptable high level of nitrates and phosphorus that are entering our water system. In addition, there are on-going issues that must be addressed in our efforts to minimize future losses caused by flooding through effective flood mitigation programs.

SOLUTION: ISAC recommends the following:

1. The passage of a statewide sales tax increase of at least 3/8s of a penny in support of the Natural Resources and Outdoor Recreation Trust Fund, or I-WLL, to which it is commonly referred.
2. The maintaining of the distribution formula found in Iowa Code Chapter 461, outlined by the Iowa Legislature in support of the 2010 vote by Iowans on the Constitutional Amendment.
 - 23% to be allocated to a Natural Resources account, created in the Trust Fund to be used by the Iowa Department of Natural Resources
 - 20% to go to a soil conservation and protection account created in the Trust Fund to be used by the Department of Agriculture and Land Stewardship for soil conservation and water protection
 - 14% to be used for watershed protection
 - 13% to fund the Iowa Resource Enhancement and Protection (REAP) Fund
 - 13% to be used for local conservation partnerships
 - 10% to be used for land-based trails
 - 7% to be used for lake restoration
3. The identification of additional financial resources to be used to address the water quality management issues. Specifically, ISAC would:
 - Encourage significant funding for, and, the aggressive implementation of a revolving loan program so that critical funds could be used for multiple projects throughout the years ahead.
 - Encourage a significant amount of funding be utilized to assist cities and towns in their efforts to upgrade their water treatment facilities.
4. The implementation of, and funding for, a network of statewide watershed authorities, through the effective use of 28E agreements. These watershed authorities could provide coordination of efforts in specific areas/regions of the state.
5. The passage of legislation that would support and encourage public sector entities, such as counties, to be directly involved in water mitigation projects that could involve county conservation boards, etc.