

2025 ISAC Legislative Priorities – Legislative Objectives

Draft for Member Vote – Recommended by ISAC Legislative Policy Committee

Legislative Objectives

CONDUCT OF ELECTIONS

PROBLEM: In the 2020 General Election, a considerable number of voters who requested an absentee ballot by mail showed up to vote on the same day the ballots were to be mailed or in the two to three days following the mailing of the absentee ballot. If the voter insisted on voting in person, the absentee ballot that was mailed had to be voided. This is a waste of resources and caused counties to order additional ballots to account for the waste. In addition, as we have seen an increase for those voting in-person absentee, there is a need to expedite the current application process to match the current voter ID requirements as those voting in-person at the polls.

SOLUTION: Modify Iowa Code §53.8(1)(a) to read as follows: Upon receipt of an application for an absentee ballot and immediately after the absentee ballots are printed but no more than ~~twenty days before the election~~ five business days prior to in-person absentee voting pursuant to §53.10, subsection 1, the commissioner shall mail an absentee ballot to the applicant within 24 hours, except as otherwise provided in subsection 3. Finally, to ease the application process for those voting in-person absentee, election officials should be allowed to auto-populate an Absentee Ballot Application as they do for those voting on Election Day.

CONFIDENTIALITY OF INFORMATION

PROBLEM: Iowa law is more stringent than federal law for exchanging information covered by the Health Insurance Portability and Accountability Act (HIPAA). HIPAA allows for the sharing of protected health information (PHI) and electronic PHI (ePHI) for treatment, payment, and healthcare operations. State law requires releases to do much of this which requires clients to fill out additional forms and slows down the referral and treatment process. This affects counties when working among themselves and with providers in the General Assistance, Substance Use, and Region offices. Public Health, Home Health, and Veterans Affairs agencies are also affected.

SOLUTION: ISAC supports changes in the appropriate sections of Iowa Code to align state confidentiality laws with federal protections but not more stringent.

COUNTY ACCESS TO THE IOWA COMMUNICATIONS NETWORK

PROBLEM: Unless they were receiving communications services from the state prior to April 1, 1986, political subdivisions are not allowed access to or service from the Iowa Communications Network (ICN). Many counties have ICN fiber in their facilities to serve other entities but are not allowed to access the service. The ICN could be a higher quality, more cost-effective option than private service providers for many counties.

SOLUTION: Amend Iowa Code §8D.11(4) to allow all political subdivisions to access and contract for ICN services.

DRIVER'S LICENSE TESTING FEE

PROBLEM: County driver's license stations are not currently authorized to charge a fee for driving tests except for commercial driver's license testing. In the absence of a fee for service, staff time and compensation are subsidized by property taxes. Furthermore, treasurers often see individuals not show up for scheduled tests, wasting the time of staff that could have been helping other customers.

SOLUTION: Amend Iowa Code §321M.9(1)(a) by authorizing a nonrefundable \$10 fee collected for each drive test taken at a county driver's license station with the exception of line drives, recall examinations, re-examinations, and commercial driver's license driving skills testing.

EMERGENCY MANAGEMENT FUNDING AND GOVERNANCE

PROBLEM: Differing interpretations of Iowa Code have created isolated conflict between county government and emergency management commissions related to funding authority and overall programmatic decision authority. Although these conflicts have not been widespread, they have been chronic, which has led to lawsuits at taxpayer expense.

SOLUTION: To address these disagreements, ISAC supports that our affiliate organizations, the Iowa State Association of County Supervisors and the Iowa Emergency Management Association, partner to find compromise legislation to apply the appropriate existing Iowa Code references that will provide a more clear path of understanding of how the emergency management system is designed, under the law, related to emergency management funding.

EMERGENCY MEDICAL SERVICES (EMS) LEVY IN TIF DISTRICTS

PROBLEM: Counties are authorized to declare emergency medical services (EMS) an essential county service and to impose a voter-approved property tax not to exceed \$0.75 per \$1,000 of taxable valuation. Under current law this additional levy and the resulting revenue are considered part of the divided revenue for property subject to tax increment financing (TIF). The increased revenue going to TIF is not incremental growth and should remain dedicated to the voter-approved purpose of funding EMS.

SOLUTION: Amend Iowa Code to provide an exemption from division and reallocation for property tax revenue in a TIF district resulting from a voter-approved EMS property tax levy in a way similar to debt service for local taxing districts and physical plant and equipment levies (PPEL) for school districts.

EMINENT DOMAIN

PROBLEM: Multiple hazardous material underground pipelines are being proposed for construction in Iowa, and the use of eminent domain to secure land rights will continue to be contemplated. Aside from submitting concerns to the Iowa Utilities Commission (IUC), landowners and county supervisors have little local control in ensuring property rights. The proposed pipelines are not a public utility and arguably, do not provide a public use or public purpose that would trigger eminent domain authority.

SOLUTION: Amend Iowa Code Chapter 479B to prohibit the use of eminent domain by a carbon sequestration or other hazardous material pipeline company that is not a public utility and that is not serving a public use and/or purpose.

FUNDING OF STATE MANDATES

PROBLEM: County budgets are extremely burdened with the costs of current and new state mandates. Depending on how a mandate is defined, one-third to two-thirds of each county's budget is consumed by various state-mandated functions. This increases the reliance on a regressive form of taxation - the property tax. Current legislation prohibiting unfunded mandates (Iowa Code Chapter 25B) has been less than effective because of exceptions written into various new laws.

SOLUTION: Any service mandated by state legislation or administrative action should be fully funded by the state to cover all costs of the mandate.

IOWA'S NATURAL RESOURCES, OUTDOOR RECREATION, AND WATER QUALITY AND QUANTITY

PROBLEM: Iowa's natural resources and outdoor recreation opportunities are significantly underfunded at the state level. The Natural Resources and Outdoor Recreation Trust Fund continues to remain empty since it was established in 2010. Legislators and the Governor have yet to raise the state sales tax – the funding mechanism in the Iowa Constitution. The funding formula in state law (Iowa Code Chapter 461) is favored by counties, but changes to the formula are expected. In the end, any changes to the Iowa Code funding distribution must meet the integrity of the language that was inserted into the Iowa Constitution in 2010. In addition, ISAC has tremendous concerns over the sunset of the Resources Enhancement and Protection (REAP) Program which is scheduled to expire in 2026.

SOLUTION: Raise the sales tax by a minimum of 3/8-cent and retain the integrity of the formula to meet the promises defined in the Iowa Constitution. Any change to the funding formula should be acceptable to county conservation boards and boards of supervisors. There have been proposals to fund the Trust in the past as part of broader tax plans. Any proposal that funds the Trust, retains the integrity of the funding formula, and is a large, net win for conservation is worthy of consideration.

Finally, ISAC supports full funding of REAP through the Natural Resource and Outdoor Recreation Trust Fund. An increase in Iowa's sales tax automatically fully funds REAP, now and into the future. The fallback solution is to fully fund the Program through gaming receipts as originally intended and to extend the sunset for at least another 10 years (2036).

MEDICAID FUNDING

PROBLEM: Providing sufficient state funding to reimburse dental, emergency medical, hospitals, mental health and disability services, and nursing homes for Medicaid-covered services, especially in rural Iowa where it continues to be a major issue that has resulted in challenges to fund staff and keep these facilities open for our most vulnerable Iowans. In addition, the federal requirement that prisoners lose their Medicaid coverage once they are incarcerated, the financial burden for inmate medical expenses falls to the county taxpayers once an individual is placed in county jail. These medical expenses have significantly grown in recent years, especially for individuals who require medication for treatment of complex mental health needs.

SOLUTION: ISAC supports the State of Iowa funding an increase of the reimbursement rate for all Medicaid covered services that at a bare minimum covers the rate of inflation. In addition, the Iowa Department of Health and Human Services is strongly encouraged to apply for a state waiver for Iowa to the federal Department of Human Services that would maintain Medicaid coverage for those housed in county jails.

PAYMENTS DURING ROAD CONSTRUCTION

PROBLEM: Iowa Code §310.18 allows for the board of supervisors or county engineer to approve claims for partial payments during construction but is unclear if the engineer can sign off on final payments. Explicit authorization is preferred.

SOLUTION: Amend Iowa Code §310.18 to state “The board of supervisors, the county engineer, or the department may approve partial and final claims.”

PROPERTY TAX REFORM

PROBLEM: Legislation passed in 2023 aims to impose reasonable limits on county and city property tax growth and to improve accountability in the budgeting processes of local governments. Legislation passed in 2024 worked to address issues with implementation and unintended consequences. As counties adapt to these changes, more work is needed to address how statewide limitations affect 99 unique counties differently. Further, reductions to future county revenue are not harmonious with the increasing costs of providing local services, oftentimes outside of the control of county supervisors.

SOLUTION: Continue to work to improve previously enacted legislation, including consideration of unique circumstances affecting county revenue and/or expenditures. The Legislature should separate valuation growth due to new construction from market value increases for purposes of legislatively imposed limitations. ISAC supports the following steps that the Iowa Legislature could take in conjunction with property tax limitations to address the tax burden of local property owners:

1. Ensure funding or fees for services that the county is required to provide are equal to the cost of providing the services. The fees retained by counties for state services performed at the local level are not covering this cost and property taxpayers are subsidizing these state services.
2. Ensure equity and accountability in the cost sharing arrangements between the State and counties. Some examples include providing space for the judicial branch/courts and the Department of Health and Human Services, as well as the funding of juvenile detention services.
3. Consider revenue replacement or revenue sharing to protect local services in the face of property tax revenue reductions.

RECORDING FEE MODERNIZATION

PROBLEM: Fees for recording documents are intended to cover the cost of providing the service, including real estate transaction recording, record management, and technological needs. While the cost of providing these services continues to rise, the recording fees have not been adjusted since 1985, leaving property taxpayers to subsidize the service.

SOLUTION: Amend and update relevant Code sections to implement a flat, per page recording fee. This fee modernization will create a simpler, more stable, and more predictable fee structure, that will also generate additional revenue aimed at covering the cost of providing the service.

RETENTION OF MEDICAID FOR EMPLOYED PERSONS WITH DISABILITIES

PROBLEM: There are currently several programs for individuals with disabilities that assist persons to obtain employment, such as Individual Placement and Supports (IPS) and Supported Employment. Frequently, individuals with disabilities who are working risk losing their Medicaid/benefits due to income and benefit limitations under Medicaid. The current income/resource guidelines under the general Medicaid program and Medicaid for Employed Persons with Disabilities (MEPD) discourage work and encourage more reliance on the public benefit system for support. Without changes, individuals will continue to be disincentivized to work.

SOLUTION: HHS should revise its current MEPD income/resource guidelines by increasing them to allow for more individuals to maintain employment without fear of losing their benefits. In addition, legislation was proposed in the 2024 session (HF 2589) to implement a “work without worry” program in Iowa; however, this legislation did not have enough traction to pass. This program would allow individuals to work at up to 450% of federal poverty level and would disregard resources/assets with a few exceptions.

SECONDARY ROADS TAX REFORM CLEANUP

PROBLEM: Property tax reform legislation enacted in 2023 and 2024 may have and has had unintended consequences for county secondary roads departments. Changes to budget deadlines and potential reductions to property tax levy rates affect secondary roads processes and requirements. Several areas were unintentionally affected:

1. The move to May 15 to adopt a secondary road construction program leaves insufficient time for review by the Iowa Department of Transportation prior to forwarding to planning agencies responsible for awarding federal aid funding.
2. Transfers to the Secondary Road Fund are capped at a rate per \$1,000 of valuation like property tax levies, but Road Use Tax Fund allocations and use of Farm-to-Market funds is contingent on transferring at least 75% of the maximum allowed. Levy rate ratchets based on valuation growth may make this 75% threshold impossible or impractical.

SOLUTION: Changes specific to the secondary roads processes and timelines can be achieved without affecting the intent of property tax legislation. Those changes should include:

1. Move the deadline for adoption of the secondary road construction program contained in Iowa Code §309.22(1) from May 15 to April 1.
2. To address transfer requirements, amend Iowa Code §309.10 by adding a subsection stating: 3. The restriction imposed in subsection 2 shall not be enforced if a county can prove its failure to transfer funds was a direct result of legislative action restricting the collection of property taxes.
3. Alternatively, transfer requirements could be addressed by separating the required transfer from General Basic and Rural Basic respectively, prior to levy rate ratchets due to valuation growth.

SECURITY INTEREST DISCHARGE

PROBLEM: Current requirements and practices for discharging a security interest in all-terrain vehicles (ATV), snowmobiles, and water vessels are antiquated, inefficient, and prone to error by the owners.

SOLUTION: Amend Iowa Code to authorize any county recorder to note the release of a lien on the title of the vehicle and enter the release into the statewide records system. The statewide system would notify the county of record, eliminate the need for in-county security interest discharge filings, and ensure records are up to date.

TREASURERS OMNIBUS

County treasurers in Iowa have identified several areas in Iowa Code that could be amended to improve operations, provide better customer service, and/or streamline processes. These problem areas are identified below with proposed solutions.

- Delinquent property taxes for buildings on leased land (BLL) are not subject to property tax sale provisions under Iowa Code and must be addressed through the courts.
 - Amend Iowa Code Chapter 445 to allow delinquent property taxes for residential buildings on leased land to be collected at tax sale when the structure is valued at \$20,000 or more.
- Elderly and disabled property tax credits do not require proof of income to accompany the application to the county treasurer and there can be confusion on what qualifies as income and which property owners are eligible.
 - Amend Iowa Code to require proof of income accompany applications for property tax credits based on personal or household income.
- The caps on property tax credits for elderly and disabled property owners have remained fixed at \$1,000 despite valuation growth due to market conditions and inflation leading to property tax increases over time.
 - Amend Iowa Code §425.24 to increase from \$1,000 to \$2,000 the maximum amount of property taxes due or rent constituting property taxes paid that may be considered in calculating the elderly and disabled property tax credit or rent reimbursement.
- Owners of rural property with manufactured and mobile homes under separate ownership do not have the same tools as manufactured/mobile home park owners in cases of abandonment.
 - Amend Iowa Code Chapter 555B and Chapter 555C to give landowners with abandoned manufactured and mobile homes on their property the same authority as manufactured and mobile home park owners to remove or transfer title to the subject homes.

- Nonresidents must use a resident with an Iowa driver's license when registering and titling motor vehicles in the state. Many affected nonresidents own residential property in Iowa where the vehicle stays, but the owners are not Iowa residents.
 - Amend Iowa Code §321.20(1)(f) to allow nonresidents to register and title a motor vehicle in Iowa if they are a property owner in the state and if the vehicle will be primarily located at the property in Iowa.
- There is no requirement for property taxes and assessments to be paid in full prior to splitting or combining parcels. Issues arise when there are unpaid property taxes, unredeemed tax sale certificates, or outstanding drainage or special assessments because the financial liability is tied to a parcel that may no longer exist.
 - Amend Iowa Code to require property taxes and assessments to be paid, or payment plan implemented, prior to any splitting or combining of parcels.