



Key Provisions of HF 597, known as “The WISE (Water, Infrastructure, Soil for our Economy) Solution”

- Zero net increase in taxes — Phased 3/8 cent sales tax increase for the Natural Resources and Outdoor Recreation Trust Fund is offset by an adjustment to the income tax filing threshold.
- This proposal provides a dedicated funding source for other concepts advanced in legislation this year and the water quality bill passed by the Iowa House in 2016.
- Permanent, reliable, sufficient, and constitutionally protected funding that will direct a minimum of 60% of trust fund dollars to proven water quality solutions outlined in Iowa’s Nutrient Reduction Strategy.
- The proposed legislation is the only plan brought forth this session that will legitimately achieve the required \$4 billion in funding needs identified by Iowa’s Nutrient Reduction Strategy to achieve a 45% reduction in nutrient runoff by 2030.
- Includes language clarifying that Trust Fund dollars will be subject to annual audits, all practices must be voluntary and non-regulatory, and no funds can be used for eminent domain or condemning property.
- Only approach to funding water quality that has been vetted by Iowans. 63% of Iowans supported creating the trust fund in 2010.

How it works:

- 1) Phases in funding for the Natural Resources and Outdoor Recreation over 3 years with a sales tax increase of 1/8th of a cent each year.
- 2) Reduces individual income taxes for all Iowans by zeroing out the lowest tax brackets proportionally to the increase in sales tax.
- 3) Converts the sales tax on pressurized water into a water excise tax and creates a drinking water treatment financial assistance program for installing or upgrading drinking water infrastructure and source water protection projects. This program functions independently of the Trust Fund and is managed by the Iowa Finance Authority.
- 4) Clarifies the trust fund formula (aka “Code 461”) to ensure at least 60% of the funding goes to water quality practices outlined in the Nutrient Reduction Strategy with annual reporting and audit provisions to guarantee accountability.

POLLING APPROVED! A recent Des Moines Register Iowa Poll showed 56% of Iowans support increasing the sales tax by 3/8ths of a cent to fund the trust fund (this includes 67% of Iowans under 35). Additionally, polling by Public Opinion Strategies shows 73% of Iowans support a tax neutral approach to funding the trust fund.