

**NINETIETH GENERAL ASSEMBLY  
2024 REGULAR SESSION  
DAILY  
SENATE CLIP SHEET**

**March 21, 2024**

**Clip Sheet Summary**

Displays all amendments, fiscal notes, and conference committee reports for previous day.

<b>Bill</b>	<b>Amendment</b>	<b>Action</b>	<b>Sponsor</b>
<a href="#">SF 2268</a> .....	<a href="#">S-5087</a> .....	Filed	RECEIVED FROM THE HOUSE
<a href="#">SF 2405</a> .....	<a href="#">S-5088</a> .....	Lost	CINDY WINCKLER
<a href="#">HF 2594</a> .....	<a href="#">S-5089</a> .....	Not Germane	TONY BISIGNANO
<a href="#">HF 2615</a> .....	<a href="#">S-5086</a> .....	Filed	JESSE GREEN

**Fiscal Notes**

[SF 345](#) — [Paraphernalia Regulation](#) (LSB1126SV.2)

[SF 2344](#) — [Juvenile Consent Decrees, Supervised Adult Living Programs](#)  
(LSB5439SV)

[HF 2630](#) — [Teacher Compensation](#) (LSB6327HZ.1)

HOUSE AMENDMENT TO  
SENATE FILE 2268

S-5087

1     Amend Senate File 2268, as amended, passed, and reprinted by  
2 the Senate, as follows:

3     1. By striking everything after the enacting clause and  
4 inserting:

5     <Section 1. Section 216.8B, Code 2024, is amended by  
6 striking the section and inserting in lieu thereof the  
7 following:

8     **216.8B Assistance animals and service animals in housing.**

9     1. For purposes of this section, unless the context  
10 otherwise requires:

11     *a. "Assistance animal"* means an animal that qualifies as a  
12 reasonable accommodation under the federal Fair Housing Act, 42  
13 U.S.C. §3601 et seq., as amended, or section 504 of the federal  
14 Rehabilitation Act of 1973, 29 U.S.C. §794, as amended.

15     *b. "Service animal"* means a dog or miniature horse as set  
16 forth in the implementing regulations of Tit. II and Tit. III  
17 of the federal Americans with Disabilities Act of 1990, 42  
18 U.S.C. §12101 et seq.

19     2. A person with a disability and a disability-related need  
20 for an assistance animal or service animal may request from a  
21 landlord to keep an assistance animal or service animal as a  
22 reasonable accommodation in housing. Following a request for  
23 accommodation, the landlord shall evaluate and respond to the  
24 request within a reasonable amount of time.

25     3. If a person's disability or disability-related need for  
26 an assistance animal is not readily apparent, the landlord  
27 may request supporting information that reasonably supports  
28 the person's need for the particular assistance animal being  
29 requested. Supporting information may include documentation  
30 identified in section 216.8C, subsection 1.

31     4. An assistance animal or service animal registration  
32 of any kind, including but not limited to an identification  
33 card, patch, certificate, or similar registration obtained  
34 electronically or in person, is not sufficient information  
35 to reliably establish that the person has a disability or

1 disability-related need for an assistance animal or service  
2 animal.

3 5. If a person requests to keep more than one assistance  
4 animal, the landlord may request information for each  
5 assistance animal pursuant to section 216.8C, subsection 1.

6 6. Unless otherwise prohibited by state or federal law,  
7 rule, or regulation, a landlord:

8 a. Shall not request information under this section that  
9 discloses a diagnosis or severity of a person's disability or  
10 any medical records relating to the disability, but a person  
11 with a disability or legal guardian may voluntarily disclose  
12 such information or medical records to the landlord at the  
13 person with the disability or legal guardian's discretion.

14 b. Shall make reasonable accommodations in the landlord's  
15 rules, policies, practices, and services normally required  
16 for pets, for the assistance animal or service animal of a  
17 person with a disability when the accommodations are necessary  
18 to afford the person equal opportunity to use and enjoy a  
19 dwelling.

20 c. May deny a request for an accommodation for an assistance  
21 animal or service animal if any of the following are true:

22 (1) Providing the accommodation would impose an undue  
23 financial and administrative hardship on the landlord.

24 (2) Providing the accommodation would fundamentally alter  
25 the nature of the landlord's operations.

26 (3) The assistance animal or service animal would do any of  
27 the following:

28 (a) Pose a direct threat to the safety or health of  
29 others that cannot be reduced or eliminated by a reasonable  
30 accommodation.

31 (b) Cause substantial physical damage to the property of  
32 others that cannot be reduced or eliminated by a reasonable  
33 accommodation.

34 (4) Providing the accommodation is not otherwise  
35 reasonable.

1     *d.* May require proof of compliance with state and local  
2 licensure and vaccination requirements for each assistance  
3 animal or service animal.

4     *e.* Shall provide a written determination regarding the  
5 person's request for an assistance animal.

6     7. A tenant with a disability and a disability-related  
7 need for an assistance animal shall, upon receipt of a request  
8 for documentation for an accommodation for an assistance  
9 animal consistent with this section, provide that landlord  
10 with the documentation requested for a determination on the  
11 accommodation request.

12     8. A tenant with a disability and a disability-related need  
13 for an assistance animal or service animal shall be liable for  
14 any damage done by the tenant's assistance animal or service  
15 animal to the leased premises, the landlord's property, or any  
16 other person's property, or to another person on the leased  
17 premises, the landlord's property, or any other person's  
18 property, as well as any applicable remedies available pursuant  
19 to chapter 562A or chapter 562B.

20     9. This section does not limit the means by which a person  
21 with a disability may demonstrate, pursuant to state or federal  
22 law, that the person has a disability or that the person has  
23 a disability-related need for an assistance animal or service  
24 animal.

25     10. This section shall not be construed to restrict existing  
26 federal law related to a person's right to a reasonable  
27 accommodation and equal access to housing, including but not  
28 limited to the federal Fair Housing Act.

29     Sec. 2. Section 216.8C, Code 2024, is amended by striking  
30 the section and inserting in lieu thereof the following:

31     **216.8C Finding of disability and need for an assistance**  
32 **animal in housing.**

33     1. Upon a request for documentation pursuant to section  
34 216.8B, subsection 3, a licensee under chapter 148, 148C, 152,  
35 154B, 154C, or 154D, or a licensee of another state who is

1 licensed under a similar law and who is in good standing with  
2 that state, shall make a written finding that includes all of  
3 the following:

4     *a.* Whether the patient or client has a disability.

5     *b.* Whether the patient has a disability-related need for an  
6 assistance animal.

7     *c.* The particular assistance provided by the assistance  
8 animal, if any.

9     *d.* Certification whether the provider-patient relationship  
10 has existed, in person or telehealth, for at least thirty days  
11 between the licensee and the patient or client.

12     *e.* Certification whether the licensee is familiar with  
13 the person and the disability prior to providing the written  
14 finding.

15     *f.* The date the finding was issued by the licensee and the  
16 date the finding will expire.

17     *g.* The license number and type of license held by the  
18 licensee.

19     *h.* Whether the licensee received a separate or additional  
20 fee or other form of compensation solely in exchange for making  
21 the written finding required under this section.

22     2. The written finding must be made within twelve months of  
23 the start of a rental agreement and is valid for a period of  
24 twelve months or the term of the rental agreement, whichever  
25 is greater.

26     3. A licensee under chapter 148, 148C, 152, 154B, 154C, or  
27 154D may be subject to disciplinary action from the licensee's  
28 licensing board for a violation of this section.

29     4. The commission shall create a form in compliance  
30 with this section and provide the form to the public on the  
31 commission's website.

32     5. The commission shall offer training and consultation to  
33 the governing boards under chapter 148, 148C, 152, 154B, 154C,  
34 or 154D.

35     6. This section does not limit the means by which a person

S-5087 (Continued)

1 with a disability may demonstrate, pursuant to state or federal  
2 law, that the person has a disability or that the person has a  
3 disability-related need for an assistance animal.>

[S-5087](#) FILED MARCH 20, 2024

SENATE FILE 2405

S-5088

1 Amend Senate File 2405 as follows:

2 1. Page 5, by striking lines 18 through 22 and inserting  
3 <approval of at least ten of the presidents and chancellors.  
4 If the presidents and chancellors approve a distribution  
5 formula pursuant to this paragraph, the presidents and  
6 chancellors shall do all of the following:

7 (1) Transmit the distribution formula to the department,  
8 and the department shall implement the distribution formula.

9 (2) Submit a report to the general assembly and the  
10 governor on or before November 15 that provides a description  
11 of the distribution formula and that includes the data and  
12 criteria the presidents and chancellors used to determine the  
13 distribution formula, the rationale for using those specific  
14 data points and criteria, and the weighting or preference  
15 assigned to specific data points and criteria.>

16 2. Page 7, line 18, after <allocation.> by inserting <If  
17 the department establishes a distribution formula pursuant to  
18 this paragraph, the department shall submit a report to the  
19 general assembly and the governor on or before December 15  
20 that provides a description of the distribution formula and  
21 that includes the data and criteria the department used to  
22 determine the distribution formula, the rationale for using  
23 those specific data points and criteria, and the weighting or  
24 preference assigned to specific data points and criteria.>

By CINDY WINCKLER

S-5088 FILED MARCH 20, 2024

LOST

HOUSE FILE 2594

S-5089

- 1 Amend House File 2594, as passed by the House, as follows:
- 2 1. Page 1, line 1, by striking <retail>
- 3 2. Page 1, by striking lines 4 through 28 and inserting:
- 4 <a. *"Organized theft enterprise"* means a group of two or
- 5 more individuals with a shared goal involving the unauthorized
- 6 removal of property. *"Organized theft enterprise"* does not
- 7 require the membership of the enterprise to remain the same or
- 8 that the same individuals participate in each offense committed
- 9 by the enterprise.
- 10 b. *"Pattern of organized theft"* means acts committed or
- 11 directed by a person on at least two separate occasions in the
- 12 preceding six months that would constitute a violation of any
- 13 of the following:
- 14 (1) Burglary under section 713.1.
- 15 (2) Theft under section 714.1.
- 16 (3) A violation of section 714.7B concerning theft
- 17 detection devices.
- 18 (4) Theft of pseudoephedrine, under section 714.7C.
- 19 c. *"Value"* means the same as provided in section 714.3.>
- 20 3. Page 1, line 29, by striking <retail>
- 21 4. Page 1, line 31, by striking <a retail> and inserting <an
- 22 organized>
- 23 5. Page 1, line 34, by striking <retail> and inserting
- 24 <organized>
- 25 6. Page 1, line 35, by striking <retail> and inserting
- 26 <organized>
- 27 7. Page 2, line 1, by striking <retail merchandise> and
- 28 inserting <property>
- 29 8. Page 2, by striking lines 2 and 3 and inserting <713.1,
- 30 714.1, 714.7B, or 714.7C.>
- 31 9. Page 2, line 4, by striking <retail> and inserting
- 32 <organized>
- 33 10. Page 2, lines 5 and 6, by striking <retail merchandise>
- 34 and inserting <property>
- 35 11. Page 2, line 7, by striking <retail merchandise> and



S-5089 (Continued)

- 1 inserting <property>  
2 12. Page 2, by striking line 8 and inserting <property for  
3 anything of value.>  
4 13. Page 2, line 9, by striking <retail>  
5 14. Page 2, line 17, after <property> by inserting <stolen>  
6 15. Page 2, by striking lines 20 and 21 and inserting  
7 <this section or section 713.1, 714.1, 714.7B, or 714.7C, or a  
8 statute from>  
9 16. Page 2, line 31, after <property> by inserting <stolen>  
10 17. Page 2, by striking lines 33 through 35 and inserting  
11 <of a previous conviction under this section or section 713.1,  
12 714.1, 714.7B, or 714.7C, or a statute from another state, the  
13 United>  
14 18. Page 3, line 6, by striking <retail merchandise> and  
15 inserting <property>  
16 19. Page 3, line 9, by striking <subdivision> and inserting  
17 <section>  
18 20. Page 3, line 13, by striking <subdivision> and inserting  
19 <section>  
20 21. Title page, line 1, by striking <retail>

By TONY BISIGNANO

S-5089 FILED MARCH 20, 2024

NOT GERMANE

HOUSE FILE 2615

S-5086

- 1 Amend House File 2615, as passed by the House, as follows:
- 2 1. Page 1, line 31, by striking <The most> and inserting <A
- 3 link to the most>

By JESSE GREEN

S-5086 FILED MARCH 20, 2024



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[SF 345](#) – Paraphernalia Regulation (LSB1126SV.2)  
Staff Contact: Evan Johnson (515.281.6301) [evan.johnson@legis.iowa.gov](mailto:evan.johnson@legis.iowa.gov)  
Fiscal Note Version – As amended by House amendment [S-5050](#)

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**Description**

[Senate File 345](#), as amended by House amendment [S-5050](#), relates to the regulation of certain tobacco-related products, including devices involved with the usage of these products, and establishes licensing fees and sales and excise tax collection procedures. The Bill as amended defines “device” as any equipment or product, made in whole or in part of glass and metal, that is designed for use in inhaling through combustion tobacco, hemp, other plant materials, or a controlled substance. The definition of “device” does not include vapor products and other certain smokable tobacco-related products. Under the Bill as amended, retailers who sell these devices will be taxed at a rate of 40.0% of the sales price in addition to sales and use tax.

In addition to a tobacco retailer permit, device retailers, including delivery sale device retailers, are required to apply for a device retailer permit. The device retailer permit fee totaling \$1,500 annually is to be collected by the State and may be remitted to cities and counties that approve such permits. Cities and counties that approve device retailer permits must submit the information to the Iowa Department of Revenue (IDR), and the IDR must submit the current list of all device retailer permits to the Department of Health and Human Services (HHS) quarterly.

The Bill as amended creates a Specialty Courts and Diversion Programs Fund under the control of the Office of Drug Control Policy. All excise taxes collected on devices and permit fee revenue (except for fees remitted to counties and cities) are deposited into this Fund. Moneys in the Fund are appropriated to the Office of Drug Control Policy for support of specialty courts and diversion programs to address underlying substance use disorder-related and mental health-related issues that contribute to the contact of individuals with the justice system.

The sale of devices is prohibited to any individual under the age of 21. In addition to the provisions under Iowa Code chapter [453A](#), the Bill as amended creates various requirements for device retailers and establishes civil penalties for the willful violation of those requirements. Additionally, a device retailer permit holder, a device delivery sale permit holder, or another individual who violates the provisions of the Bill as amended is guilty of a serious misdemeanor. The Bill as amended modifies the simple misdemeanor penalty for the manufacture, delivery, sale, or possession of drug paraphernalia by making it punishable as a scheduled fine. A first violation is punishable by a scheduled fine of \$260, and a second or subsequent violation is punishable by a scheduled fine of \$520.

The Bill as amended takes effect January 1, 2025.

**Background**

Iowa Code chapter 453A provides for cigarette and tobacco taxation and regulation, including license suspension, license revocation provisions, and penalties that apply to tobacco retailers, device retailers, and device delivery sale permit holders, as well as those who do not hold permits.

A serious misdemeanor is punishable by confinement for no more than one year and a fine of at least \$430 but no more than \$2,560. A simple misdemeanor is punishable by confinement for no more than 30 days and a fine of at least \$105 but no more than \$855.

### **Assumptions**

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends; prisoner length of stay (LOS); revocation rates; plea bargaining; and other criminal justice system policies and practices.
- A lag effect of six months is assumed from the effective date of the Bill as amended to the date of first entry of affected offenders into the correctional system.
- Marginal costs for county jails cannot be estimated due to a lack of data. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.
- The IDR estimates there are approximately 100 currently licensed tobacco stores in the State. Of these stores, approximately 35 sell devices regulated under the Bill as amended and will apply for a device retailer permit.
- Total device sales at these stores in FY 2022 were estimated as a percentage of the retailers' total sales. The estimations are as follows: 4 stores had 100.0% device sales, 7 stores had 50.0% device sales, and 24 stores had 25.0% device sales. Estimated sales of devices were approximately \$6.6 million in FY 2022.
- Additional non-tobacco-specific stores (convenience stores, gas stations, etc.) that currently sell devices regulated under the Bill as amended will not apply for a device retailer permit.
- According to the HHS, there are currently 3,597 locations, including non-tobacco-specific stores, that sell tobacco and require compliance checks.
- The additional cost of devices will not affect sales for other products.
- Permit fees collected for out-of-state retailers cannot be determined.
- Growth from FY 2022 to FY 2023 was based on the Revenue Estimating Conference (REC) growth of sales tax (3.9%).
- Growth trends in future fiscal years are assumed to be 2.0%.

### **Correctional Impact**

Senate File 345 as amended modifies the penalty for the manufacture, delivery, sale, or possession of drug paraphernalia by making it punishable as a scheduled fine. In FY 2023, 2,412 individuals were convicted, of whom 362 were sentenced to jail, under Iowa Code section [124.414](#). Under the Bill as amended, no individuals would be sentenced to jail for a violation of Iowa Code section 124.414. A conviction for a simple misdemeanor does not result in a prison sentence but does carry the possibility of confinement for up to 30 days in jail. Marginal county jail costs are estimated to be \$50 per day, but there is insufficient information to determine any costs related to LOS.

Senate File 345 as amended also establishes two new serious misdemeanors related to device retailer permit holders, device delivery sale permit holders, and other individuals who violate the provisions of new Iowa Code chapter 453E. Convictions related to new Iowa Code chapter 453E cannot be estimated due to a lack of data.

**Figure 1** provides estimates for sentencing to State prison, parole, probation, or Community-Based Corrections (CBC) residential facilities; LOS under those supervisions; and supervision marginal costs per day for all convictions of serious misdemeanors. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 16, 2024, for information related to the correctional system.

**Figure 1 — Sentencing Estimates and LOS**

Conviction Offense Class	Percent Ordered to State Prison	FY 2023 Avg LOS in Prison (All Releases)	Marginal Prison Cost Per Day	Percent Ordered to Probation	FY23 Field Avg LOS on Probation	Avg Cost Per Day on Probation	Percent Sentenced to CBC Residential Facility	Marginal Cost CBC Per Day	Percent Ordered to County Jail	Marginal Cost Per Day Jail	FY 23 Field Avg LOS on Parole	Marginal Cost Per Day Parole
Serious Misdemeanor	1.7%	6.6	\$24.94	53.0%	19.2	\$7.67	1.2%	\$20.00	74.2%	\$50.00	N/A	\$7.67

**Minority Impact**

The minority impact of SF 345 as amended is unknown. Of the 2,412 individuals convicted in FY 2023 of the manufacture, delivery, sale, or possession of drug paraphernalia under Iowa Code section 124.414, 79.3% were White, 12.2% were Black, and 8.5% were of other races. Racial data for individuals sentenced to jail is unknown. Iowa’s population is 89.8% White, 4.4% Black, and 5.8% other races. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 16, 2024, for information related to minorities in the criminal justice system.

**Fiscal Impact**

**Excise Tax**

Senate File 345 as amended is estimated to result in revenue of \$1.4 million in FY 2025 and \$2.9 million in FY 2026 to the Specialty Courts and Diversion Programs Fund as a result of the excise tax collected. **Figure 2** provides revenue estimates for the Fund through FY 2029.

**Figure 2 — Revenue Estimates to the Specialty Courts and Diversion Programs Fund (In Millions)**

Fiscal Year	Excise Tax Revenue
FY 2025	\$ 1.4
FY 2026	2.9
FY 2027	3.0
FY 2028	3.0
FY 2029	3.1

**Permit Fee**

Permit fee revenue is estimated to be \$50,000 annually. This revenue will be deposited into the Specialty Courts and Diversion Programs Fund unless remitted to a city or county. Any permit fee remitted to a city or county will be credited to the respective city or county’s general fund.

**Correctional Fiscal Impact**

Senate File 345 as amended establishes new crimes and modifies an existing penalty. The resulting cost to the justice system cannot be determined. The average State cost per serious misdemeanor conviction ranges from \$400 to \$6,900, which includes operating costs incurred by the Judicial Branch, the State Public Defender, and the DOC. The cost would be incurred across multiple fiscal years for prison and parole supervision. In addition, the new offenses established by SF 345 as amended may increase civil penalty revenue, but the impact is unknown.

**Additional Fiscal Impact**

The cost to the IDR to update its electronic I-PLEDGE Tobacco Enforcement Program reporting system, which would be used for data entry related to device retailer permit applications collected from localities, is estimated at \$11,000. If the number of licensed tobacco retailers increases, there may be increased costs for the HHS associated with the annual compliance checks on tobacco retailers, but the total impact is unknown. The cost of one compliance check

on a tobacco retailer in the State is \$75. The HHS contracts with the IDR to perform the compliance checks.

**Sources**

Iowa Department of Revenue  
Department of Health and Human Services  
Department of Corrections  
Criminal and Juvenile Justice Planning, Department of Management  
Legislative Services Agency analysis

/s/ Jennifer Acton

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March 20, 2024

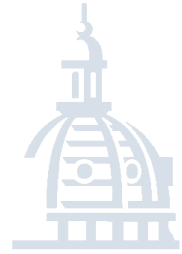
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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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[www.legis.iowa.gov](http://www.legis.iowa.gov)



[SF 2344](#) – Juvenile Consent Decrees, Supervised Adult Living Programs (LSB5439SV)  
 Staff Contact: Molly Kilker (515.725.1286) [molly.kilker@legis.iowa.gov](mailto:molly.kilker@legis.iowa.gov)  
 Fiscal Note Version – New

**Description**

[Senate File 2344](#) provides that, pursuant to a consent decree, a child who is the subject of a petition alleging that the child has committed a delinquent act may be placed in a supervised apartment living arrangement if the court determines that such a placement is the least restrictive option for the child. Placement is paid by the Department of Health and Human Services (HHS).

**Background**

Under Iowa Code section [232.46](#), after a petition has been filed that alleges a child has committed a delinquent act and prior to an entry of adjudication on the matter, a court may suspend the proceedings on motion of the child’s counsel and enter a consent decree. Once the consent decree has been entered, the case can be continued under the terms and conditions determined by the court. Under a consent decree, the court may place the child in a group or family foster care setting funded by the HHS if the court determines that to be the least restrictive option.

**Assumptions**

- Five newly eligible juveniles per year will participate in supervised apartment living.
- The annual cost per individual in the first year of supervised apartment living is \$38,600 and the recurring annual cost is \$1,600 per individual for the State cost of Medicaid. The HHS will pay the State Medicaid cost per individual for five fiscal years after the participation in the supervised apartment living arrangement.
- Juveniles who enter supervised apartment living will become eligible for Iowa aftercare services and the Education and Training Voucher Program upon turning 18 years of age.
- A juvenile who is placed in a supervised living arrangement will “age out” after one year.
- The HHS assumes that after one year in the supervised apartment living arrangement, the juvenile will qualify for additional programs under the HHS’s purview, including aftercare and the Education and Training Voucher Program. Participation in these programs may create additional costs to the HHS.

**Fiscal Impact**

At a rate of five newly eligible juveniles per fiscal year, the HHS estimates an FY 2025 fiscal impact of \$193,000. If the rate of newly eligible juveniles remains constant, costs to the State are anticipated to increase every year until the Program is fully implemented in year six (FY 2030). **Figure 1** shows the estimated fiscal impact to the HHS in the next six fiscal years.

**Figure 1 — Estimated State Costs Under SF 2344**

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>State Cost</b>	\$ 193,000	\$ 201,000	\$ 209,000	\$ 217,000	\$ 225,000	\$ 233,000

**Sources**

Department of Health and Human Services  
Legislative Services Agency

/s/ Jennifer Acton

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March 19, 2024

Doc ID 1448171

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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[HF 2630](#) – Teacher Compensation (LSB6327HZ.1)  
Staff Contact: Ron Robinson (515.281.6256) [ron.robinson@legis.iowa.gov](mailto:ron.robinson@legis.iowa.gov)  
Fiscal Note Version – As amended and passed by the House

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**Description**

[House File 2630](#) relates to school funding, including the teacher salary supplement (TSS) cost per pupil and teacher and education support professional compensation. The Bill also relates to the Iowa Public Employees' Retirement System (IPERS), school district budget statement reporting, notifications required by each county auditor, appropriations, and effective date provisions.

The Bill provides that a licensed teacher who retires and begins receiving a retirement allowance under IPERS, effective July 1, 2024, through June 30, 2027, may return to IPERS-covered employment after one month of retirement benefits, instead of the current four months of retirement benefits, and continue to receive retirement benefits after reemployment with an IPERS-covered employer.

For FY 2025, the Bill increases the minimum teacher starting salary to \$47,500. For FY 2026 and subsequent fiscal years, the Bill increases the minimum teacher starting salary to \$50,000.

The Bill defines “education support personnel” (ESP) as regular and part-time employees of a school district who are not salaried.

The Bill requires the Department of Management to calculate a TSS district cost per pupil (DCPP), beginning in FY 2025, in an amount equal to the sum of the following:

- The amount necessary to allow the school district to provide the \$47,500 minimum starting teacher salary.
- The amount necessary, not to exceed \$14.0 million in the aggregate among all school districts, to allow each school district to provide a minimum ESP wage of \$15 per hour along with the costs associated with the employer’s share of contributions to IPERS and the employer’s share of the tax imposed by the federal Insurance Contributions Act.
- The amount of \$22.0 million, to supplement teacher salaries and ESP wages in a manner that promotes quality teaching and rewards experience, to be divided based on each school district’s percentage of the statewide total FY 2024 budget enrollment.

The Bill requires the Department of Management to similarly calculate a TSS DCPP beginning in FY 2026 with an amount equal to the sum of the following:

- The amount necessary to allow the school district to provide the \$50,000 minimum starting teacher salary.
- The amount calculated for FY 2025, not to exceed \$14.0 million in the aggregate among all school districts, to allow each school district to provide a minimum ESP wage of \$15 per hour along with the costs associated with the employer’s share of contributions to IPERS and the employer’s share of the tax imposed by the federal Insurance Contributions Act, plus an increase related to the categorical percent of growth under Iowa Code section [257.8\(2\)](#).
- The amount of \$22.0 million, to supplement teacher salaries and ESP wages in a manner that promotes quality teaching and rewards experience, to be divided based on each school

district's percentage of the statewide total FY 2024 budget enrollment, plus an increase related to the categorical percent of growth under Iowa Code section 257.8(2).

The Bill also requires that for budget years beginning with FY 2027, the amounts for teacher minimum salaries, ESP wage increases, and quality teaching and experience reward supplements must all grow by the categorical State percent of growth.

The Bill delays the school district budget statement reporting required by Iowa Code section [24.2A\(2\)\(a\)](#) until 30 days after the effective date of 2024 Iowa Acts, [HF 2613](#) (Supplemental State Aid), or successor legislation, if enacted, and delays the notifications required of each county auditor by Iowa Code section [24.2A\(2\)\(b\)](#) until 35 days after the effective date of HF 2613, or successor legislation, if enacted.

The Bill takes effect upon enactment.

### **Background**

Currently, Iowa Code chapter [284](#) (Teacher Compensation) provides that the minimum annual salary for an initial teacher who has successfully completed an approved practitioner preparation program or holds an initial or intern teacher license issued by the Board of Educational Examiners (BOEE) must be at least \$33,500. The TSS is funded by the General Fund.

The Internal Revenue Service (IRS) requires public pension plans to impose a bona fide retirement (BFR) period. A BFR period is a set time when retirees demonstrate that they have ended their employment and are entitled to retirement benefits. The standard BFR period for IPERS is four months. For the first month, the retiree must not work, regardless of whether the job is covered by IPERS. A retiree also must stay out of an IPERS-covered job for an additional three months.

The current requirement to wait four months before returning to IPERS-covered employment means that from a practical standpoint, a teacher typically must wait one school year before returning to work. However, reducing the four-month waiting period to one month would allow teachers to retire and return to work in covered employment the following school year.

All regular members contribute 6.29% (40.0% of the total rate) of pay and employers contribute 9.44% (60.0% of the total rate), for a total contribution rate of 15.73% of pay. This provides enough contributions to fund the ongoing accrual of benefits (the normal cost rate) of 10.62% and the scheduled paydown of the UAL (the amortization rate) plus a 1.84% margin that helps pay down the Unfunded Actuarial Liability (UAL) more quickly. However, the 10.62% normal cost rate is an average across all regular members. The normal cost rate varies by age at hire, sex, and employer type (education, State, and other).

### **Assumptions**

- The cost to provide a minimum ESP wage of \$15 per hour will equal or exceed the FY 2025 General Fund appropriation cap of \$14.0 million.
- Hourly wage data is not available to estimate the impact of changing the minimum ESP hourly wage.
- Any changes school districts may make to the pay scale because of the enactment of HF 2630 cannot be known.
- The State percent of growth will be 0.00% each year.
- A member who has an agreement to be rehired before the member begins taking retirement benefits does not qualify for IPERS' benefits.
- The IPERS members' and employers' contribution rates will absorb the cost of the change in the waiting period for licensed teachers.
- Retirement rates for licensed teachers who would not be subject to an early retirement penalty will increase by 50.0%.

- Retirement assumptions for other IPERS members who are not licensed teachers will be unaffected by the Bill.
- Teachers could retire in June and return in August rather than continuing employment, thereby increasing the probability of retirement at younger ages, which has cost implications.
- There is a likelihood that there will be fewer new teachers being hired, which in turn could affect IPERS contributions and, therefore, IPERS funding.
- Retired teachers who return to IPERS-covered employment between ages 57 and 65 have normal cost rates around 16.00%, so the total member and employer contributions may not cover the cost of their benefit accruals and no contributions are available to fund the UAL.
- If retirement patterns do not change, this Bill may simply accelerate by one school year each year's cohort of retirees who return to work under the current rules. If so, this will likely only increase the availability of licensed teachers in the first year of implementation.

### **Fiscal Impact**

House File 2630 is estimated to increase the total FY 2025 General Fund appropriations by \$63.4 million compared to estimated FY 2024. The increased costs include the following:

- An increase of \$27.4 million (not including any adjustment to the pay scale a district may make) due to the increase to \$47,500 in the minimum initial teacher salary.
- An increase of \$14.0 million due to the cost to increase the minimum ESP wage to \$15 per hour equaling or exceeding the General Fund appropriation cap of \$14.0 million.
- An increase of \$22.0 million due to the School District Funding Supplement General Fund appropriation of \$22.0 million.

House File 2630 is estimated to increase the total FY 2026 General Fund appropriations by \$19.8 million compared to estimated FY 2025 and \$83.2 million compared to estimated FY 2024. The increased costs include the following:

- An increase of \$19.8 million (not including any adjustment to the pay scale a district may make) due to increasing the minimum initial teacher salary to \$50,000.
- No increase due to increasing the minimum ESP wage to \$15 per hour because the State percent of growth is assumed to be 0.00%. However, if the State percent of growth exceeds 0.00%, the increase in the General Fund appropriation will be equal to the amount represented by the percent increase to the assumed \$14.0 million FY 2025 appropriation.
- No increase due to the School District Funding Supplement General Fund appropriation of \$22.0 million since the State percent of growth is assumed to be 0.00%. However, if the State percent of growth exceeds 0.00%, the increase in the General Fund appropriation will be equal to the amount represented by the percent increase to the \$22.0 million FY 2025 appropriation.

House File 2630 will also increase the General Fund appropriations for teacher minimum salaries, ESP wage increases, and quality teaching and experience reward by the categorical State percent of growth in FY 2027 and each year thereafter.

Decreasing the IPERS waiting period from four months to one month for three years may result in members receiving additional retirement benefits annually that, under current law, would have been retained in the IPERS Trust Fund. This could result in the actuarial accrued liability increasing by as much as \$48.0 million. The estimated change in retirement benefits is a nominal annual liability to the IPERS Trust Fund of approximately 0.18% of covered payroll. This could result in a decrease in the amount of the contribution rate that is used to reduce the UAL and, therefore, extend the time until the IPERS Trust Fund is 100.0% funded.

**Sources**

Department of Management, School Aid File  
Legislative Services Agency analysis and calculations  
Iowa Public Employees' Retirement System (IPERS)

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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