

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

March 27, 2024

Clip Sheet Summary

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

Bill	Amendment	Action	Sponsor
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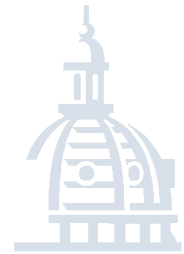
No amendments filed on March 27, 2024

Fiscal Notes

[SF 345](#) — [Paraphernalia Regulation](#) (LSB1126SV.3)

[SF 2402](#) — [Sale and Regulation of Vapor Products](#) (LSB5259SV)

[SF 2416](#) — [State Government Reorganization, Code Changes](#) (LSB5333SZ)



[SF 345](#) – Paraphernalia Regulation (LSB1126SV.3)
Staff Contact: Evan Johnson (515.281.6301) evan.johnson@legis.iowa.gov
Fiscal Note Version – As amended by Senate amendment [H-8245](#) to House amendment [S-5050](#)

Description

[Senate File 345](#) as amended by Senate amendment [H-8245](#) to 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 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.

Assumptions

- 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.
- Sales tax growth from FY 2022 to FY 2023 is assumed to be 3.9%. Growth trends in future fiscal years are assumed to be 2.0%.

Correctional Impact

Senate File 345 as amended 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. 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. 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 Department of Corrections (DOC). 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

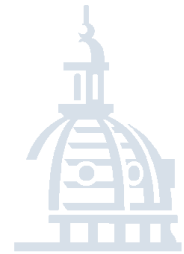
Iowa Department of Revenue
Department of Health and Human Services
Department of Corrections
Criminal and Juvenile Justice Planning, Department of Management
Legislative Services Agency analysis

/s/ Jennifer Acton

March 26, 2024

Doc ID 1448381

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.



[SF 2402](#) – Sale and Regulation of Vapor Products (LSB5259SV)
Staff Contact: Louie Hoehle (515.281.6561) louie.hoehle@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 2402](#) creates a new subchapter in Iowa Code chapter [453A](#), relating to the regulation of vapor products in the State, and does the following:

- Requires vapor product manufacturers to annually certify to the Department of Revenue (IDR) that each vapor product has either received a marketing authorization or similar order from the federal Food and Drug Administration (FDA); or that the vapor product was marketed in the United States as of August 8, 2016, the manufacturer submitted a premarket tobacco product application for the product to the FDA on or before September 9, 2020, and the application either remains under review by the FDA or a final decision on the application has not otherwise taken effect.
- Requires annual certifications to be accompanied by a payment of \$100 for each vapor product listed in the certification.
- Requires the IDR to maintain and make publicly available a vapor products directory that lists all vapor products manufacturers and vapor products for which certification forms have been submitted.
- Establishes civil penalties and licensee discipline for a manufacturer, retailer, distributor, or wholesaler who sells or offers for sale a vapor product in this State that is not included in the vapor products directory.
- Establishes that a vapor products manufacturer that knowingly makes a false representation in any of the information required in the new subchapter is guilty of a serious misdemeanor for each false representation.
- Establishes that knowingly shipping or receiving vapor products in violation of the new subchapter is an unfair practice and a violation of Code section [714.16](#).
- Provides that each distributor or retailer that distributes or sells vapor products in the State shall be subject to unannounced compliance checks conducted by the IDR or peace officers for the purpose of enforcing the new subchapter.
- Provides that the revenues generated from the payment of fees and penalties shall be credited to the Health Care Trust Fund and used for the administration and enforcement of the new subchapter.
- Requires the director of the IDR to annually submit a report to the General Assembly by January 15 regarding the status of the vapor products directory, vapor products manufacturers, the vapor products included in the directory, and revenue and expenditures related to administration and enforcement activities.

Background

Some states, including Louisiana and Alabama, have enacted legislation to create a vapor products directory. Louisiana currently has 469 vapor products listed in their [Vapor and Alternative Nicotine Products Certification & Directory](#). Alabama currently has 1,575 vapor products listed in their [Electronic Nicotine Delivery Systems Products Directory](#).

The Health Care Trust Fund consists of the revenues generated from the tax on cigarettes and tobacco products that are credited to the Fund annually. Moneys in the Fund are used only for purposes related to health care; substance use disorder treatment and prevention; and tobacco use prevention, cessation, and control.

A serious misdemeanor is punishable by confinement for no more than one year and a fine of at least \$430 but not more than \$2,560.

A violation of Iowa Code section 714.16 is subject to the Attorney General (AG) seeking and obtaining, in an action in a district court, a temporary restraining order, preliminary injunction, or permanent injunction. If requested by the AG, the court may impose a civil penalty not to exceed \$40,000 per violation and not more than \$5,000 for each day of intentional violation of a temporary restraining order, preliminary injunction, or permanent injunction.

Assumptions

- Administrative duties related to SF 2402 will be conducted by current IDR staff.
- 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 delay of six months is assumed from the effective date of this Bill 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.

Correctional Impact

Senate File 2402 creates new criminal offenses, and the correctional impact cannot be estimated due to a lack of existing conviction data. **Figure 1** shows estimates for sentencing to State prison, parole, probation, or community-based corrections (CBC) residential facilities; LOS in months under those supervisions; and supervision marginal costs per day for 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 Estimate and Length of Stay (LOS)

Conviction Offense Class	Percent Ordered to State Prison	FY 2023 Avg LOS in Prison (All Releases)	Marginal Cost per Day Prison	Percent Ordered to Probation	FY23 Field Avg LOS on Probation	Avg Cost per Day on Probation	Percent sentenced to CBC Residential Facility	Marginal Cost per Day CBC	Percent Ordered to County Jail	Marginal Cost per Day Jail	FY23 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

Senate File 2402 creates new criminal offenses. As a result, Criminal and Juvenile Justice Planning (CJJP) of the Department of Management (DOM) cannot use existing data to estimate the minority impact of the Bill. 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

Senate File 2402 is estimated to increase revenues to the Health Care Trust Fund from the potential collection of fees and penalties. The revenue cannot be determined due to the number of vapor products that may be included in the vapor products directory being unknown.

Senate File 2402 creates new criminal offenses, and the fiscal impact to the correctional system cannot be estimated due to a lack of existing conviction data. The average State cost per offense for a serious misdemeanor ranges from \$400 to \$6,900.

Sources

Criminal and Juvenile Justice Planning, Department of Management
Department of Corrections
Department of Revenue
Legislative Services Agency

/s/ Jennifer Acton

March 27, 2024

Doc ID 1447566

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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SF 2416 – State Government Reorganization, Code Changes (LSB5333SZ)
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Fiscal Note Version – New

[Senate File 2416](#) is composed of 15 divisions. The Bill relates to the organization, structure, and functions of State and local government.

Divisions with No Fiscal Impact

- Division I** — Removes the requirement for the Department of Natural Resources (DNR) to provide permanent housing for certain children from the State Training School.
- Division III** — Provides for changes to the Iowa Code for various functions of the Department of Transportation (DOT).
- Division IV** — Provides for changes to the Iowa Code for various functions of the Department of Education (DE).
- Division V** — Amends, repeals, and transfers various provisions relating to the Department of Corrections (DOC) and Judicial District Departments of Correctional Services.
- Division VI** — Provides for changes to the Iowa Code for various references and functions of the Iowa Department of Revenue (IDR) and Iowa Lottery Division of the IDR.
- Division VII** — Adds the Supplemental Nutrition Assistance Program (SNAP) to the list of programs administered by the Iowa Department of Workforce Development (IWD) and requires the IWD to jointly implement adult education and literacy programs with community colleges.
- Division VIII** — Removes the requirement that the Director of the Office of Drug Control Policy submit an annual report to the Governor and General Assembly, and updates various references in the Iowa Code.
- Division IX** — Allows the Iowa Economic Development Authority (IEDA) and the Iowa Finance Authority (IFA) to include any other report that they are required to submit in the reports they are required to submit in Iowa Code sections [15.107B](#) and [16.7](#), respectively.
- Division X** — Removes the requirement for the IEDA to establish and administer certain internship programs for Iowa students and requires the IWD to establish and administer a similar program.
- Division XI** — Amends various provisions relating to the duties and authority of the Department of Health and Human Services (HHS) and the Council on Health and Human Services.
- Division XIII** — Removes language requiring the Office for State-Federal Relations to be located in Washington, D.C., and instead provides that the office be attached to the Office of the Governor.
- Division XIV** — Provides changes for various duties and functions of the Department of Administrative Services (DAS) in regard to State historical sites.

Division II — Department of Inspections, Appeals, and Licensing

Description and Background

Division II provides for changes to the Iowa Code for various functions of the Department of Inspections, Appeals, and Licensing (DIAL). **Division II** repeals the Contractor Registration Revolving Fund (CRRF), redirects fees that were paid into the CRRF into the Licensing and Regulation Fund (LRF), and transfers funds that remain in the CRRF to the LRF at the end of FY 2024.

Assumptions and Fiscal Impact

As of February 28, 2024, the balance of the CRRF is approximately \$4.4 million. Any funds that remain in the CRRF will be transferred to the LRF at the end of FY 2024.

Division XII — State Salaries, Appointed State Officers

Description and Background

Division XII relates to the salaries of appointed State officials. 2023 Iowa Acts, [chapter 19](#) (State Government Reorganization Act), established salary ranges four through seven for various State officials. **Figure 1** includes the salary ranges and minimum and maximum salary amounts for each salary range, as set in 2023.

Figure 1 — Salary Ranges Set in 2023

<u>Salary Range</u>	<u>Minimum</u>	<u>Maximum</u>
4	\$ 63,690	\$ 97,460
5	73,250	112,070
6	84,240	128,890
7	100,840	154,300

Division XII instead provides for three salary ranges that are to be paid in a range set in accordance with the specified pay grade of the pay plans published by the Department of Administrative Services. **Figure 2** includes the salary ranges established under **Division XII** and the current minimum and maximum salary amounts for those pay grades.

Figure 2 — New Salary Ranges Under Division XII

<u>Salary Range</u>	<u>Pay Grade</u>	<u>Minimum</u>	<u>Maximum</u>
1	32	\$ 65,395	\$ 101,150
2	38	93,288	132,829
3	43	118,082	167,898

Figure 3 includes the changes to the salary range for current positions established under 2023 Iowa Acts, chapter 19, compared to the salary ranges established in **Division XII**.

Figure 3 — Changes to Salary Ranges Under Division XII

Position Title	Salary Range Under Current Law	Salary Range Under SF 2416
Chairperson and Members of the Employment Appeal Board of the DIAL	4	1
Director of the Iowa Civil Rights Commission	4	2
Director of the Department for the Blind	4	1
Executive Director of the Ethics and Campaign Disclosure Board	4	1
Board of Parole Chairperson, Vice Chairperson, and Members	4	1
Executive Director of the Iowa Public Information Board	4	1
State Public Defender	5	3
Labor Commissioner (Workforce Development)	5	3
Workers' Compensation Commissioner (Workforce Development)	5	2
Director of the Iowa Law Enforcement Academy	5	2
Executive Director of the Public Employment Relations Board	5	*
Superintendent of Banking of the Department of Insurance and Financial Services	6	2
Superintendent of Credit Unions of the Department of Insurance and Financial Services	6	2
Consumer Advocate	6	2
Chairperson and Members of the Utilities Board	6	3
Administrator of the Public Broadcasting Division of the Department of Education	7	2
Executive Director of the Iowa Telecommunications and Technology Commission (ICN)	7	3
Executive Director of the State Board of Regents	7	3
State Court Administrator	7	3
Lottery Administrator of the Department of Revenue	7	3

*The salary of the Executive Director of the Public Employment Relations Board is not set within a salary range under SF 2416. Instead, under the Bill, the Governor sets the salary of the Executive Director.

Unless the Bill specifies otherwise, **Division XII** allows the Governor to establish the salary for the various appointed State officials within their specified salary range.

Division XII takes effect June 21, 2024 (first pay period of FY 2025).

Assumptions and Fiscal Impact

There may be a fiscal impact for the agency if the salary of the Director is set above the current salary range maximum or below the current salary range minimum. However, any potential fiscal impact as a result of these changes cannot be determined at this time.

Division XV — Department of Management, Justice Information

Description and Background

Division XV relates to the transfer of the Criminal and Juvenile Justice Planning (CJJP) research staff from the HHS to the Department of Management (DOM). The Bill requires the DOM to maintain a Statewide Integrated Justice Information System. The Bill also transfers the responsibility of maintaining the Iowa Statistical Analysis Center, the Iowa Correctional Policy Project, and the Multiagency Information System for Juveniles from the HHS to the DOM. The Bill requires the Multiagency Information System for Juveniles to also include adults who have been charged with a criminal offense in the court system.

The DOM and the HHS entered into a Memorandum of Understanding (MOU) on January 5, 2024, to coordinate the transition of CJJP staff from the HHS to the DOM. The MOU states that

the DOM will charge the HHS monthly in arrears for the cost of all funded positions and filled contractor roles, including training, travel, office space, equipment, and other related expenses.

In FY 2024, the HHS was appropriated \$1.2 million and 10.7 full-time equivalent (FTE) positions from the General Fund for CJJP research staff.

Assumptions and Fiscal Impact

Based on FY 2024 funding for CJJP, it is assumed the fiscal impact of **Division XV** is approximately \$1.2 million and 10.7 FTE positions for CJJP research staff, which will be appropriated in FY 2025 to the DOM Department Operations instead of the HHS.

Sources

Department of Management
Legislative Services Agency

/s/ Jennifer Acton

March 27, 2024

Doc ID 1448337

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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