



[HF 602](#) – Home Improvement Fraud (LSB1351HV)
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Fiscal Note Version – New (Same as Fiscal Note for SF 461)

Description

[House File 602](#) relates to home improvement fraud. The Bill provides that a person, who is acting as a contractor, is guilty of home improvement fraud if the person enters, or offers to enter, into a home improvement contract, and intentionally does one of the listed qualifying actions in the Bill. The Bill provides that a person who commits an offense under the Bill is guilty of a Class D felony if any of the following circumstances are present:

- The contract price or the total amount paid to the defendant by or on behalf of the consumer is \$1,500 or more.
- At least one of the consumers who entered into the home improvement contract is 62 years of age or older at the time the violation occurred.
- The defendant has previously been convicted under the Bill.

If none of the listed circumstances are present, a person who commits an offense under this Bill is guilty of an aggravated misdemeanor.

Background

A Class D felony is punishable by confinement for no more than five years and a fine of at least \$750 but not more than \$7,500. An aggravated misdemeanor is punishable by confinement for no more than two years and a fine of at least \$625 but not more than \$6,250.

Assumptions

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends; prisoner length of stay; 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 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

The correctional impact of [HF 602](#) cannot be determined. The Bill establishes a new offense, and the number of convictions cannot be estimated.

Table 1 below shows estimates for sentencing to State prison, parole, probation, or Community-Based Corrections (CBC) residential facilities; length of stay (LOS) under those supervisions; and supervision marginal costs per day for all convictions of Class D felonies and aggravated misdemeanors. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 8, 2019, for information related to the correctional system.

Table 1 — Sentencing Estimates and LOS

Conviction Offense Class	Percent to Prison	FY 18 Avg Length of Stay Prison (months)	FY 18 Marginal Cost/Day Prison	Percent to Probation	FY 18 Avg Length of Stay Probation (months)	FY 18 Avg Cost/Day Probation	Percent to CBC	FY 18 Marginal Cost/Day CBC	FY 18 Avg Length of Stay Parole (months)	FY 18 Marginal Cost/Day Parole	Percent to County Jail	Marginal Cost/Day
Class D Felony (Non-Persons)	75.0%	12.5	\$19.93	66.0%	32.7	\$5.38	13.0%	\$11.85	12.3	\$5.38	29.0%	\$50.00
Aggravated Misdemeanor (Non-Persons)	34.0%	6.7	\$19.93	53.0%	20.0	\$5.38	4.0%	\$11.85	5.9	\$5.38	68.0%	\$50.00

Minority Impact

The minority impact of [HF 602](#) is unknown. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 7, 2019, for information related to minorities in the criminal justice system.

Fiscal Impact

The fiscal impact of [HF 602](#) cannot be estimated. The Bill establishes a new criminal offense, and the resulting cost to the Justice System cannot be estimated. **Table 2** shows estimates for the average State cost per offense class type. The estimates include operating costs incurred by the Judicial Branch, the State Public Defender, and the Department of Corrections for one conviction. The cost would be incurred across multiple fiscal years for prison and parole supervision.

Table 2 — Average State Cost Per Offense Class Type

Offense Class	Total Minimum Cost	Total Maximum Cost
Aggravated Misdemeanor	\$4,700	\$7,500
Class D Felony	\$9,200	\$14,100

Source

Criminal and Juvenile Justice Planning Division, Department of Human Rights

/s/ Holly M. Lyons

March 6, 2019

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.
