



Fiscal Note

Fiscal Services Division



[HF 2602](#) – Massage Establishment Licensing (LSB5401HV)
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Fiscal Note Version – New

Description

[House File 2602](#) requires the licensure of massage therapy establishments beginning January 1, 2027. The Bill provides requirements for a massage establishment to become licensed, including that the owner of the establishment must submit to a national criminal history check, the payment of the license fee determined in Iowa Code section [147.80](#), and recordkeeping. The Bill requires a person under investigation by a peace officer to provide a copy of the establishment license. A person who fails to provide a copy of the establishment license is guilty of a serious misdemeanor. The Bill also imposes civil fines of \$1,000 for each offense, with a maximum penalty of \$10,000 for continued violations for a person who operates a massage therapy establishment without a license.

The [Board of Massage Therapy](#) is required to adopt administrative rules implementing the Bill. The Department of Inspections, Appeals, and Licensing (DIAL) may adopt administrative rules implementing the Bill.

Background

Currently, massage therapists are required to be licensed in the State; however, massage therapy establishments are not required to obtain licensure.

Under current law, practicing as a massage therapist without a license or employing an individual as a massage therapist who is not licensed may result in civil fines up to \$1,000 per offense, with a maximum penalty of \$10,000 for continued violations.

The DIAL is currently implementing a new Administrative Licensing and Inspection Governance Network (ALIGN) system that will handle the Department's licensing, permitting, inspection, and case management needs.

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

Assumptions

- There are currently 700 massage therapy establishments in the State, all of which will apply for licensure in FY 2027. Each subsequent year, 35 additional massage therapy establishments will apply for licensure.
- According to DIAL, massage therapy establishment licensure will last three years before renewal is required.
- According to DIAL, the creation of a new license type in the ALIGN system will be required at a one-time cost of \$60,000.
- According to DIAL, both the initial licensing fee and the renewal fee will be \$400.

- According to DIAL, 0.5 Clerk Specialist full-time equivalent (FTE) position will be needed to process licenses in FY 2027, and 0.1 Clerk Specialist FTE position will be needed in subsequent years at an annual cost of \$55,000 per FTE.
- According to DIAL, 2.0 Compliance Officer 1 FTE positions will be needed to investigate and inspect massage therapy establishments at an annual cost of \$82,000 per FTE.
- License fees will be deposited into the Licensing and Regulation Fund (LRF).
- 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.
- County jail data is unavailable. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.
- Conviction data reflects the total number of convictions in adult court, which may include multiple convictions per individual. Not all convictions lead to incarceration, and there may be a delay between conviction and prison admission, which can contribute to differences in totals.
- A six-month delay is assumed from the effective date of the Bill to the date the first offender will enter the correctional system.
- Offender-based convictions are a count of individuals convicted of the same offense. Each offender is counted only once per Iowa Code section, regardless of the number of individual convictions.
- Admissions are a count of individuals newly admitted to the Department of Corrections (DOC) for supervision during a selected time period, based on the most serious offense committed.

Correctional Impact

House File 2602 creates a new offense. The correctional impact cannot be determined because the number of new convictions under the Bill is unknown. **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 a serious misdemeanor.

Figure 1 — Sentencing Estimates and Length of Stay (LOS) in Months

Conviction Offense Class	Percent Ordered to State Prison	FY 2025 Avg LOS in Prison (All Releases)	Marginal Cost Per Day Prison	Percent Ordered to Probation	FY 2025 Field Avg LOS on Probation	Avg Cost Per Day Probation	Marginal Cost Per Day CBC	Marginal Cost Per Day Jail	FY 2025 Field Avg LOS on Parole	Marginal Cost Per Day Parole
Serious Misdemeanor	2.3%	7.3	\$23.07	44.8%	21.0	\$8.00	\$16.35	\$50.00	N/A	\$8.00

Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 12, 2026, for information related to the correctional system.

Minority Impact

House File 2602 creates a new offense regarding the failure to provide proof of licensure for a massage therapy establishment, and, as a result, existing data cannot be used to estimate the minority impact of the Bill. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statements](#), dated January 12, 2026, for information related to minorities in the criminal justice system.

Fiscal Impact

House File 2602 is estimated to require 2.6 additional FTE positions and increase costs to the DIAL by approximately \$253,000 in FY 2027 and require 2.1 additional FTE positions and increase costs by \$171,000 in subsequent fiscal years. These costs are displayed in **Figure 2**. The Bill is also estimated to increase revenues to the DIAL and the LRF by approximately \$280,000 in FY 2027 and varying amounts in subsequent fiscal years. **Figure 3** below shows estimated costs and revenues to the DIAL and the LRF by fiscal year.

Figure 2 — Estimated Costs to the Department of Inspections, Appeals, and Licensing

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
ALIGN Database Changes	60,000	0	0	0	0
Clerk Specialist	28,000	6,000	6,000	6,000	6,000
Compliance Officers	165,000	165,000	165,000	165,000	165,000
Total	\$ 253,000	\$ 171,000	\$ 171,000	\$ 171,000	\$ 171,000

Totals may not sum due to rounding.

Figure 3 — Estimated Increased Revenues to the Licensing and Regulation Fund

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Initial Applications	\$ 280,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000
Application Renewals	0	0	0	280,000	14,000
Total	\$ 280,000	\$ 14,000	\$ 14,000	\$ 294,000	\$ 28,000

House File 2602 creates a new offense within Iowa Code chapter [152C](#). The fiscal impact cannot be determined because the number of new convictions under the Bill is unknown. The average State cost per serious misdemeanor is between \$350 and \$6,200. This includes operating costs incurred by the Judicial Branch, the Indigent Defense Fund, and the DOC. The costs would be incurred across multiple fiscal years for prison and parole supervision.

Sources

Department of Inspections, Appeals, and Licensing
Department of Management, Division of Information Technology
Department of Management, Division of Data, Planning, and Improvement
Department of Corrections

/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.
