



[SF 639](#) – Business Court (LSB2452SZ)
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Fiscal Note Version – Final Action

Description

[Senate File 639](#) directs the Iowa Supreme Court to establish and maintain a specialized business court within the Iowa Judicial Branch to handle complex commercial litigation. The court will have concurrent jurisdiction with district courts over cases involving compensatory damages of \$200,000 or more or cases seeking primarily injunctive or declaratory relief that fall within a defined set of commercial and corporate subject matters. These include but are not limited to disputes involving the following:

- Technology or intellectual property licensing agreements.
- Internal governance of corporations, LLCs, partnerships, and other business entities.
- Business fraud, breach of contract, misrepresentation, or statutory violations between commercial parties.
- Shareholder derivative suits and commercial class actions.
- Commercial bank transactions.
- Business torts.
- Antitrust, securities, noncompete, and trade secrets disputes.
- Commercial real estate conflicts, excluding residential landlord-tenant cases.

The Bill provides provisions for the filing, transfer, dismissal, retention, and removal of cases in the business court and specifies that the procedure for appeals is the same as for proceedings in a district court. The Bill creates directions for the jury practice and procedure in the business court, including venue of jury trials.

The Bill requires business court judges to produce written opinions to create a coherent body of law, but a judge does not have to issue a written opinion if the court has a well-developed body of law on the issue, the court is applying precedent, or another opinion on the issue will not significantly contribute to the development of the body of law. The Bill authorizes the court to appoint personnel necessary for the operation of the court and creates a seal of the business court. The Bill directs the Iowa Supreme Court to establish court rules as necessary for the operation of the business court.

The Business Court will consist of two judges, and on the effective date of the Bill, the Iowa Supreme Court shall designate two judges currently serving in the existing business specialty court to serve as full-time business court judges. If fewer than two such judges seek appointment, any remaining vacancy shall be filled pursuant to Iowa Code chapter [46](#) (Nomination and Election of Judge). After the initial appointments, the Bill requires the Governor to appoint two full-time judges selected from a list of nominees provided by the State Judicial Nominating Commission. A business court judge shall receive the same salary as a district court judge.

The Iowa Supreme Court may also assign district or senior judges to serve as visiting business court judges. Each case will be presided over by one judge, with a second assigned for

settlement conferences. Business court judges can also be assigned to district court civil dockets when caseload permits, as determined by the Supreme Court. The Bill requires the Judicial Branch to submit a report to the General Assembly by January 1, 2029, evaluating the business court's performance, caseload activity, operating costs, district court cost savings, fee revenue, judicial workload allocation, litigant and attorney survey data, and comparative appeal and reversal rates.

The Bill takes effect September 1, 2026, and provides for the transfer of civil actions pending before that date to the business court by agreement of the parties.

Background

In March 2012, the Iowa Civil Justice Reform Task Force released a report proposing reforms to Iowa's civil justice system, which recommended implementing a business specialty court as a pilot program. The Iowa Supreme Court initiated a three-year pilot program that began accepting cases in May 2013 and issued a [supervisory order](#) in February 2016 declaring the Iowa business court as an ongoing part of the court system. Currently, the stated goal of the existing [business specialty court](#) is to move business and complex commercial litigation cases through the courts system efficiently and to lower costs for litigants and the court system.

Assumptions

- The Iowa Supreme Court will designate two existing judges from the current business specialty court to serve as full-time business court judges.
- Business court judges may be assigned to district court civil dockets when business court caseload permits, partially offsetting district court workload and associated costs.
- The existing specialty court staff attorney position could provide staff attorney support to the business court established by this Bill and will not represent additional costs.
- Administrative costs, such as case management, trial scheduling, clerk of court docketing time, jury costs, costs for courtroom space and equipment, and Americans with Disabilities Act (ADA) accommodation request costs, would have been incurred by the Judicial Branch as district court costs and will not represent additional costs.
- Any cost associated with an interpreter or translation would be paid by the Judicial Branch but taxed to parties as court costs as is currently provided by law.
- One full-time court reporter dedicated to the business court will be necessary. If workload were to exceed the capacity of a single court reporter, the business court could utilize a court reporter from the existing district court reporter workforce.
- The cost of the first fiscal year under this Bill will be incurred for 10 months of FY 2027, as the effective date of the dedicated business court is September 1, 2026.

Fiscal Impact

The total annual cost of Senate File 639 shown in **Figure 1** is estimated to be approximately \$441,000 in FY 2027 and approximately \$529,000 in subsequent fiscal years. This cost estimate accounts for the hiring of one dedicated court reporter and the appointment of two business court judges. Judicial costs depend on whether existing judges are reassigned or new judges are appointed to fill vacancies created by reassignment.

Figure 1 — Estimated Cost of SF 639 — FY 2027 and Subsequent Fiscal Years

Job Classification	Base Salary	Benefits	Combined Cost	First Year Cost (FY 27)	Subsequent Years Cost
Court Reporter	\$ 61,095	\$ 21,724	\$ 82,819	\$ 69,013	\$ 82,819
District Court Judge	170,762	52,454	223,216	372,011	446,432
			Total	<u>\$ 441,024</u>	<u>\$ 529,251</u>

Source

Iowa Judicial Branch

/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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