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**HF 2401** – Credit Card Fraud, Minor Involvement (LSB5394HV)  
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Fiscal Note Version – New

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**Description**

**House File 2401** creates a new section regarding credit card fraud in Iowa Code [chapter 715A](#) dealing with forgery and related fraudulent criminal acts.

**Background**

This bill establishes a Class D felony for applying for a credit card in the name of a minor without the consent of the minor's parent, guardian, or legal custodian. A person obtaining services or property with a value of less than \$10,000 using this credit card shall also be committing a Class D felony. A Class D felony is punishable by confinement for no more than 5 years and a fine of at least \$750 but not more than \$7,500.

The bill also establishes a Class C felony for using a credit card obtained in the name of a minor without the consent of the minor's parent, guardian, or legal custodian to obtain services or property at a value greater than \$10,000. A Class C felony is punishable by confinement for no more than 10 years and a fine of at least \$1,000 but not more than \$10,000.

**Assumptions**

- This bill creates a new crime, and it is not possible to estimate how many charges or convictions will be made under this provision.
- Currently there is an average of approximately six convictions a year for Class C felony unauthorized use of a credit card under Iowa Code [chapter 715A](#).
- Currently there is an average of approximately 45 convictions a year for Class D felony unauthorized use of a credit card under Iowa Code [chapter 715A](#).

**Correctional Impact**

The average state cost for one Class C felony conviction ranges from \$7,800 to \$18,400. The average state cost for one Class D felony conviction ranges from \$6,300 to \$12,000. The LSA [Correctional Impact Statements Memo](#) dated February 18, 2016, contains additional information. The correctional impact cannot be estimated because this bill creates a new crime.

A person convicted of a C felony property crime serves an average of 17.6 months. At an institutional marginal cost of \$18.43/day, this is a cost of \$9,900 for each additional person convicted. A person convicted of a D felony property crime serves an average of 11.5 months. At an institutional marginal cost of \$18.43/day, this is a cost of \$6,400 for each additional person convicted.

**Minority Impact**

There is no historical information for this activity because these are new crimes being created. Refer to the Legislative Services Agency (LSA) [Minority Impact Statements Memo](#) dated January 26, 2016, for information related to minorities in the criminal justice system.

**Fiscal Impact**

The fiscal impact to the state cannot be estimated because this bill creates a new crime and the number of convictions cannot be estimated.

**Sources**

Iowa Department of Corrections

Iowa Department of Human Rights, Criminal and Juvenile Justice Planning Division

/s/ Holly M. Lyons

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March 2, 2016

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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 LSA upon request.

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