EIGHTY-NINTH GENERAL ASSEMBLY
2021 REGULAR SESSION
DAILY

HOUSE CLIP SHEET

March 1, 2021

Clip Sheet Summary

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

Bill	Amendment	Action	Sponsor

No amendments filed on March 1, 2021

Fiscal Notes

SF 367 — Criminal Surcharge, Court Fees (LSB1174SV.1)

HJR 11 — Felon Voting, Constitutional Amendment (LSB1803HV)

HF 651 — Cloud Computing Procurement Preference (LSB1409HV)

HF 694 — Beginning Farmer Tax Credit (LSB1885HZ)

Fiscal Note

Fiscal Services Division

SF 367 – Criminal Surcharge, Court Fees (LSB1174SV.1)
Staff Contact: Laura Book (515.205.9275) laura.book@legis.iowa.gov
Fiscal Note Version – As Amended and Passed by the Senate

Description

Senate File 367 relates to certain financial obligations under the consumer credit code and the criminal and juvenile justice system by modifying criminal and civil surcharges, fines, fees, costs, and court debt. The Bill makes several technical corrections related to the collection of fines and civil fees. Senate File 367 expands the debts of which the county attorney may not collect a percentage to include all current surcharges.

Senate File 367 amends the definition of court debt to mean all restitution as defined in Iowa Code section 910.1, fees, forfeited bail, and other debt paid to or collected by the clerk of the district court. The Bill requires the Iowa Department of Revenue (IDR) receive 15.0% of each court debt payment as a processing fee on cases assigned to the IDR for collection, with the remainder of the court debt to be collected by the clerk of the district court for distribution in accordance with applicable law. The IDR collection fee must not include the amount of court debt collected for restitution involving pecuniary damages, the victim compensation fund, the crime services surcharge, the domestic and sexual abuse crimes surcharge, the agricultural surcharge, or the sex offender civil penalty.

Senate File 367 states that payments made by a person between January 1, 2021, and August 1, 2021, which added the IDR processing fee to the debt owed, shall be calculated as if the payment had been made and the IDR fee shall be applied to such a payment. The IDR processing fee added to the debt shall be deducted from the amount of court debt owed. If a payment made by a person owing court debt during this specified time reduces the total amount owed to zero, the clerk of court shall issue a refund to the person in the amount of the processing fee. This provision is repealed on January 1, 2023.

Senate File 367 rescinds Iowa administrative rule 701—155.1(602) on August 1, 2021. Section 2 of the Bill is effective upon enactment and Section 4 of the Bill takes effect on August 1, 2021. Section 2 also applies retroactively to July 15, 2020. Section 2 of this Bill makes a conforming change to Iowa Code section 602.8105. Section 4 of this Bill relates to the collection of court debt by the IDR and the 15.0% processing fee collected by the department.

Background

Prior to July 1, 2015, delinquent court debt was assigned to the Centralized Collection Unit (CCU) of the IDR at the time of delinquency. The CCU charged a 10.0% processing fee in addition to the delinquent debt. The CCU was removed from the collections process beginning in FY 2016, and debt was assigned to the private collector, Linebarger, Goggan, Blair, and Sampson, L.L.P. (Linebarger), at the time of delinquency. In FY 2017, further changes to the court debt collection system were implemented. The collections timeline was modified to allow the county attorneys to begin collecting after 30 days from assessment or the due date of an installment payment. If a county attorney has filed a notice of full commitment to collect delinquent court debt and a Memorandum of Understanding (MOU) with the Clerk of the District

Court, the debt is assigned to the county attorney. If not, the debt is assigned to the designated private debt collector.

During the 2020 Legislative Session, SF 457 (Criminal Fines and Surcharges) was enacted, which removed the private debt collector from the court debt collection process and replaced it with the CCU of the IDR beginning in January 2021. Currently, the IDR is permitted to collect a processing fee in addition to the delinquent debt in order to cover administrative costs. The fee is currently set by administrative rule at 15.0%. If enacted, this Bill will repeal the IDR administrative rule.

Assumptions

- The IDR collections will be similar to the average Linebarger collections from the last three fiscal years. The average annual collection by Linebarger was approximately $9.7 million. In FY 2021, the IDR will collect half of the average annual Linebarger collection since IDR began collecting court debt halfway through the fiscal year.
- Based on the FY 2020 court debt collections, 82.0% of all fines and fees collected by and owed to the State will have a processing fee applied and collected from those fees. Court debt is comprised of: 22.0% attorney fees, 17.0% court costs, 33.0% fines, 10.0% jury and witness fees, and 18.0% surcharges.
- The 15.0% processing fee will cover all administrative costs incurred by the IDR while collecting court debt.

Fiscal Impact

Senate File 367 is estimated to have a fiscal impact of approximately $1.2 million annually beginning in FY 2022. It is estimated that the IDR will collect approximately $1.2 million in processing fees and as a result, the State General Fund and city and county budgets will experience a combined revenue reduction of the same amount. This processing fee will cover any IDR administrative costs. It is unknown at this time how the $1.2 million negative impact would be divided between the State, cities, and counties. **Table 1** provides the annual State collection categories and the fees estimated to be collected from each category beginning in FY 2022.

Table 1 — IDR Estimated State Collections and Fees Beginning in FY 2022

	Annual Estimated Collections*	Est. Fees (15.0%)
Attorney Fees	$ 2,132,000	$ 319,800
Court Costs	1,647,000	247,050
Jury and Witness	969,000	145,350
Fines	3,198,000	479,700
Surcharges	1,744,000	N/A
Total	$ 9,690,000	$ 1,191,900

*Does not include victim restitution or other amounts not owed to the State.

The IDR began collecting court debt on January 1, 2021, and currently collects the processing fee in addition to the amount owed. If between the time the IDR began collecting and August 1, 2021, a person pays off their court debt, including the processing fee, the clerk of court is required to refund the additional processing fee. It is estimated that the IDR will collect $600,000 in processing fees in FY 2021, but it is unknown how much of this will be collected

and qualify for refund on August 1, 2021. This may have a fiscal impact on the State General Fund and city and county budgets, but the impact is unknown at this time.

Sources

Judicial Branch
Iowa Department of Revenue
LSA analysis

/s/ Holly M. Lyons

March 1, 2021

Doc ID 1215117117

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.

Fiscal Note

Fiscal Services Division

HJR 11 – Felon Voting, Constitutional Amendment (LSB1803HV)
Staff Contact: Maria Wagenhofer (515.281.5270) maria.wagenhofer@legis.iowa.gov
Fiscal Note Version – New

Description

House Joint Resolution 11 proposes an amendment to the Iowa Constitution that a person who is convicted of a felony is not entitled to the privileges of an elector until that person discharges the person's sentence. This amendment would automatically restore the privileges of an elector to persons convicted of any felony who have discharged their sentences.

Background

Under current law, a person convicted of any infamous crime is not entitled to the privileges of an elector unless that person's rights are restored by the Governor. "Infamous crime" means a felony as defined in Iowa Code section 701.7 or an offense classified as a felony under federal law.

Iowa Code section 49A.1 and the Iowa Constitution require that when a proposed amendment to the Constitution has passed the General Assembly and has been referred to the next succeeding General Assembly, the General Assembly is required to publish the proposed amendment in two newspapers of general circulation in each Iowa congressional district once each month, for three consecutive months, prior to the start of the next General Assembly.

Upon passage of the same amendment by the succeeding General Assembly, Iowa Code section 49A.2 requires the amendment to be published in newspapers in all 99 counties once each month for three consecutive months immediately preceding the general election.

Assumptions

- The average cost to publish a proposed constitutional amendment in a single newspaper is $600.
- Publication of the initial amendment would occur monthly in eight newspapers (two in each congressional district) for a three-month period if the proposed amendment were passed by the 89th General Assembly.
- Subsequent publication of the amendment would occur monthly in 99 newspapers (one in each county) for a three-month period prior to the 2024 General Election if the amendment were passed by the 90th General Assembly.

Fiscal Impact

Constitutional Amendment Publication Cost. The estimated cost to publish a proposed constitutional amendment passed by the 89th General Assembly would be $14,400 (8 newspapers x 3 months x $600). The costs would be incurred in the fall of 2022 (FY 2023), prior to the convening of the 2023 Legislative Session.

Assuming the proposed amendment is passed a second time by the 90th General Assembly, the estimated cost would be $178,200 (99 newspapers x 3 months x $600). The costs would be incurred in the fall of 2024 (FY 2025).

These publication costs would be incurred by the Secretary of the Senate's Office and the Chief Clerk's Office in the House of Representatives and reimbursed by the Iowa Secretary of State's Office.

Sources

Legislative Services Agency
Office of the Secretary of State

/s/ Holly M. Lyons

March 1, 2021

Doc ID 1215310

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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Fiscal Note

Fiscal Services Division

HF 651 – Cloud Computing Procurement Preference (LSB1409HV)
Staff Contact: Maria Wagenhofer (515.281.5270) maria.wagenhofer@legis.iowa.gov
Fiscal Note Version – New

Description

House File 651 relates to cloud computing procurement preferences for the Office of the Chief Information Officer (OCIO).

Division I — The Bill requires the OCIO to procure, when feasible, cloud computing solutions and other information technology and related services not hosted on premises by the State from service providers that meet or exceed applicable State and federal laws, regulations, and standards for information technology. The Bill requires the OCIO to contract with multiple providers, establishes that the control and ownership of State data stored with cloud computing service providers is to remain with the State, requires the data to be portable, and requires that cloud computing service providers store State data on servers located within the United States.

The Bill also establishes or amends the following reporting requirements:

- Requires the OCIO to provide a report to the General Assembly by November 1, 2021, that includes a complete inventory of all State information technology applications and recommendations for applications that should migrate to cloud-based applications based on specified criteria.
- Requires the OCIO to create and submit annual reports regarding the cloud computing solutions procured by the Office through cooperative procurement agreements, including the following information:
  - Cost, security, and capacity of the cloud computing solutions.
  - Compatibility of the cloud computing solutions with the associated State information technology applications.
  - Compliance with State and federal laws, regulations, and standards for information technology.
- Amends the OCIO's quarterly reporting requirement regarding the status of technology upgrades or enhancements for State agencies to be an annual report.

Division II — The Bill requires the OCIO to provide salary data and information regarding expenditures and appropriations to the Department of Management (DOM) and Legislative Services Agency (LSA).

Background

The National Institute of Standards and Technology (NIST) defines cloud computing in Special Publication 800-145 as a "model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources that can be rapidly provisioned and released with minimal management effort or service provider interaction." The OCIO has reported that many State agencies have migrated to cloud services on a case-by-case basis, including email, human resources, and Web hosting investments.

Under current law, the OCIO is required to submit a quarterly report to the General Assembly regarding the status of technology upgrades or enhancements for State agencies and which agencies are coordinating with the Office. This requirement began on October 1, 2019.

Assumptions

- To manage the implementation of additional reporting requirements and the volume of information the OCIO is required to monitor, the OCIO estimates that it may need to hire 3.0 additional full-time equivalent (FTE) positions: 2.0 Executive Officer 3 FTE positions and 1.0 Budget Analyst 2 FTE position.
- The OCIO's salary and benefit estimates are based on hiring decisions at the high end of the pay scale for the identified position.

Fiscal Impact

The estimated cost or cost savings from procuring third-party cloud computing solutions cannot be estimated at this time. The OCIO estimates that cloud computing solutions may be cheaper in some circumstances but could significantly increase costs in other circumstances. As a result, the overall aggregate information technology costs cannot be determined.

Table 1 below shows the estimated costs associated with filling the FTE positions on an annual basis, as reported by the OCIO.

Table 1
OCIO Estimated Personnel Costs FY 2022 - FY 2024

	FY 2022	FY 2023	FY 2024
Salary and Benefits			
Executive Officer 3 (2.0 FTEs)	$ 250,000	$ 250,000	$ 250,000
Budget Analyst 2 (1.0 FTE)	100,000	100,000	100,000
Total Salary and Benefits	**$ 350,000**	**$ 350,000**	**$ 350,000**

The total cost reflects the full salary plus benefits for each position and assumes hiring at the high end of the pay grade. Therefore, costs could be expected to vary depending on the type of hire and selected benefit plans.

Sources

Office of the Chief Information Officer
Department of Management

/s/ Holly M. Lyons

March 1, 2021

Doc ID 1214177214177

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.

Fiscal Note

Fiscal Services Division

HF 694 – Beginning Farmer Tax Credit (LSB1885HZ)
Staff Contact: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New

Description

House File 694 expands the existing Beginning Farmer Tax Credit program. The Bill:

- Specifies that an agricultural asset subject to a qualified agreement may include an agricultural improvement (building).
- Removes a requirement that a qualified lease must include agricultural land.
- Increases the current 10-year maximum that a taxpayer may participate in the program to 15 years.
- Allows a taxpayer to participate in the program through multiple agreements and with more than one qualified beginning farmer.
- Allows agreements to be renewed more than once.
- Changes a current $50,000 per year limit on the annual amount of tax credits a single taxpayer may earn to a $50,000 per year, per agreement limit.

Background

The Beginning Farmer Tax Credit program provides tax incentives to owners of agricultural assets who enter into leases or other agricultural contracts with qualified beginning farmers. The current tax credit is equal to 5.0% of qualified cash rent payments or 15.0% of the market price of the commodity produced on the land subject to the lease. The owner of the agricultural asset(s) subject to a qualified agreement receives the benefit of the tax credit.

A farmer qualifies as a beginning farmer by meeting all of the following criteria:

- Is a resident of Iowa.
- Has sufficient education, training, or experience in farming.
- Has access to adequate working capital and production items.
- Will materially and substantially participate in farming.
- Does not own more than a 10.0% ownership interest in an agricultural asset included in the agreement with the taxpayer.

The program is subject to a maximum award amount (cap) of $12.0 million per calendar year. Tax credits awarded under the program totaled $6.4 million for CY 2019 and $6.5 million for CY 2020. The highest total for a year was CY 2017 at $9.6 million. The full award history is provided in the following table.

Beginning Farmer Tax Credit Program Awards
In Millions

Award Year	Award Amount	Award Year	Award Amount
CY 2007	$ 1.3	CY 2014	$ 6.5
CY 2008	2.0	CY 2015	7.0
CY 2009	2.7	CY 2016	8.6
CY 2010	3.6	CY 2017	9.6
CY 2011	5.2	CY 2018	6.0
CY 2012	5.8	CY 2019	6.4
CY 2013	6.0	CY 2020	6.5

Assumptions

Although the Beginning Farmer Tax Credit program has an annual cap of $12.0 million, the program does not have sufficient demand under current law to fully utilize that cap. Utilization over the past three years has averaged $6.3 million, and the highest recent utilization was in CY 2020 at $6.5 million. Therefore, it is assumed that under current law the tax credit award demand for future years will equal $6.5 million per year.

The changes provided in the Bill remove participation restrictions and expand the types of agricultural assets that may be the subject of agreements. It is assumed for this projection that the program expansions will increase awards by $2.5 million, to $9.0 million per calendar year.

The credits are not refundable or transferable, but unused credits may be carried forward for up to 10 tax years. For reasons particular to each taxpayer, some earned tax credits are never redeemed on a tax return. Based on the history of tax credit redemptions under this program, the following tax credit redemption pattern is assumed:

- Year of award = 0.0%
- First tax year after award = 28.0%
- Second tax year = 15.0%
- Third through sixth tax year = 7.0%
- Tax credits that expire unused = 29.0%

Fiscal Impact

Expanding the Beginning Farmer Tax Credit program is projected to reduce General Fund revenue by the following amounts:

- FY 2023 = $0.7 million
- FY 2024 = $1.1 million
- FY 2025 = $1.3 million
- FY 2026 = $1.4 million
- FY 2027 = $1.6 million
- FY 2028 and after = $1.8 million

Sources

Beginning Farmer Tax Credit Program Evaluation Study (December 2020)
Contingent Liabilities Report (December 2020)
Department of Revenue
Legislative Services Agency analysis

/s/ Holly M. Lyons

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Doc ID 1215223

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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