

**NINETYETH GENERAL ASSEMBLY
2023 REGULAR SESSION
DAILY
HOUSE CLIP SHEET
February 16, 2023**

Clip Sheet Summary

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

Bill	Amendment	Action	Sponsor
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No amendments filed on February 15, 2023

Fiscal Notes

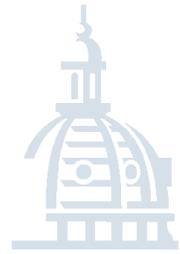
[HF 192](#) — [Scenic Byways](#) (LSB1429HV)

[HF 206](#) — [Property Tax Assessments, Aboveground Storage Tanks](#) (LSB1206HV)

[HF 207](#) — [Wastewater Infrastructure, Taxation](#) (LSB1203HV)

[HF 267](#) — [County Issuance of Driver's Licenses to Nonresidents, Fee](#) (LSB1789HV)

[HF 276](#) — [Tax, Amusement Devices](#) (LSB1042HV)



[HF 192](#) – Scenic Byways (LSB1429HV)

Staff Contact: Maria Wagenhofer (515.281.5270) maria.wagenhofer@legis.iowa.gov

Fiscal Note Version – New

Description

[House File 192](#) establishes a Scenic Byways Enhancement Fund in the State Treasury under the control of the Department of Transportation (DOT). For each application for vehicle registration renewal, county treasurers or the DOT must request through use of a written form or through verbal communication that an applicant make a voluntary contribution to the Fund. Contributions must be \$1 or more and computed to the nearest whole dollar. All moneys collected in the form of contributions must be remitted for deposit in the Fund.

Moneys in the fund are appropriated to the DOT for the support, development, maintenance, and enhancement, including litter prevention, of scenic byways in the State. Up to 5.0% of the moneys collected by a county may be retained in the general fund of that county.

This Bill takes effect January 1, 2024.

Background

Vehicles registered under Iowa Code chapter [321](#) are subject to registration renewal annually. Vehicle registration must be renewed in the applicant's county of residence or online.

The statewide Scenic Highways Program was established under Iowa Code chapter [306D](#). [761 IAC 132](#) makes a distinction between a heritage byway and a scenic byway and retitles the program to the Iowa Byways Program. A heritage byway is defined as a route that has historic or cultural significance along its length or connects various areas or sites of historic or cultural significance along its length. A scenic byway means a route that has naturally scenic features visible along its length. Both byways are included under the Iowa Byways Program. Iowa [currently](#) has 14 byways, which include 3 national scenic byways, 1 State heritage byway, and 10 State scenic byways.

Under Iowa Code section [321.44A](#), applicants for vehicle registration or renewal can currently make a voluntary contribution of \$1 or more to the Anatomical Gift Public Awareness and Transplantation Fund established in Iowa Code section [142C.15](#). The counties maintain up to 5.0% of the moneys collected by the county. In calendar years 2021 and 2022, moneys collected in this Fund totaled \$126,000 and \$121,000, respectively.

Assumptions

- It is unknown how many voluntary contributions will be made to the Scenic Byways Enhancement Fund, whether contributions will vary year by year, or whether any contributions made will offset contributions previously made to the Anatomical Gift Public Awareness and Transplantation Fund.
- Counties will retain 5.0% of the total contributions made to the Scenic Byways Enhancement Fund. At this time, it is unknown which counties will receive this funding.

- Calendar year 2021 and 2022 contributions to the Anatomical Gift Public Awareness and Transplantation Fund are used to estimate contributions to the Scenic Byways Enhancement Fund.
- The DOT will absorb any additional information technology and administrative costs associated with this change in its existing resources and budget.

Fiscal Impact

At this time, it is difficult to determine the overall contributions to the Scenic Byways Enhancement Fund and whether any contributions would displace contributions previously made to the Anatomical Gift Public Awareness and Transplantation Fund.

If contributions made to the Scenic Byways Enhancement Fund mirror those made to the Anatomical Gift Public Awareness and Transplantation Fund, HF 192 is estimated to increase revenue to the Scenic Byways Enhancement Fund by \$59,000 in FY 2024 and \$118,000 each fiscal year thereafter. County general funds in the aggregate would receive an increase of \$3,000 in FY 2024 and \$6,000 in each fiscal year thereafter. Revenue collected in the Scenic Byways Enhancement Fund is appropriated to the DOT. Moneys remaining in the Fund at the end of the fiscal year are permitted to carry forward, and any interest earned remains in the Fund.

Sources

Iowa Department of Transportation
Legislative Services Agency calculations

/s/ Jennifer Acton

February 15, 2023

Doc ID 1369052

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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[HF 206](#) – Property Tax Assessments, Aboveground Storage Tanks (LSB1206HV)
Staff Contact: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 206](#) exempts an aboveground storage tank of any size from property taxation if the storage tank is not attached to real property described in Iowa Code section [427A.1\(3\)](#). The change is retroactive and applies to assessment years (AY) 2023 and after (FY 2025).

The Bill makes Iowa Code section [25B.7](#) (State funding of property tax credits and exemptions) inapplicable to the new exemption.

Background

Iowa Code section 427A.1 specifies that structures and improvements that are attached to land or buildings shall be considered real property and subject to property tax. The definition of “attached” is provided in Iowa Code section 427A.1(2). Iowa Code section 427A.1(3) provides an exception to the definition of “attached” by stating:

...property is not “attached” if it is...ordinarily removed when the owner of the property moves to another location.

The Bill adds another exception to the meaning of the word “attached” as it relates specifically to aboveground storage tanks by incorporating the language in Iowa Code section 427A.1(3) and by adding that the size of the tank in question is not a factor in determining whether the tank is real property that is subject to property tax.

The Department of Revenue’s [Iowa Real Property Appraisal Manual](#) specifies how aboveground storage tanks are to be assessed and valued by assessors. The portion that pertains to the assessment and value of aboveground tanks begins with tank capacities as low as 1,000 gallons (133.7 cubic feet).

Assumptions

- Iowa law currently includes an aboveground storage tank as real property and subject to property tax as long as the tank is not determined to be property that is “ordinarily removed when the owner of the property moves to another location.”
- Aboveground storage tanks are classified as commercial or industrial (C/I) property for property tax purposes.
- A review of 16 assessor areas in Iowa conducted by the Iowa State Association of Assessors and representing 40.4% of the statewide C/I taxed value in the State determined that assessed aboveground storage tanks represent 0.58% of all the C/I value within those assessor areas. This percentage is assumed to apply to all 106 assessor areas within the State.
- The statewide total C/I taxed value for FY 2023 is \$50.7 billion. Aboveground storage tanks are assumed to represent 0.58% of that statewide amount, or \$291.9 million.
- The statewide average C/I property tax rate for FY 2023 is \$35.03 per \$1,000 of taxed value. Of that \$35.03 tax rate, \$5.40 represents the school finance basic levy.

- By action of the State school aid formula, property tax exemptions increase the State General Fund appropriation to schools by \$5.40 per \$1,000 of exempted value.
- The preceding three assumptions combined result in the following fiscal impact, should the full value of all currently taxed aboveground storage tanks become exempt from property tax (beginning with FY 2025):
 - A projected decrease in annual property taxes owed by owners of aboveground storage tanks of \$10.2 million.
 - A projected increase in the annual State General Fund appropriation for school aid of \$1.6 million.
 - A projected decrease in annual local government property tax revenue of \$8.6 million.

Fiscal Impact

The Bill will increase the annual State General Fund appropriation for school aid and decrease annual local government property tax revenue, although the level of impact cannot be projected without knowledge as to how the law change will be implemented by the Department of Revenue and local assessors. The Bill leaves in place the requirement that to qualify for the exemption, the aboveground tank must be property that is ordinarily removed when the owner of the property moves to another location. However, the Bill expands the existing exemption by allowing it to apply to a tank of any size.

To have a fiscal impact, the implementation of the Bill by the Department of Revenue and local assessors must result in tanks qualifying for the property tax exemption that do not qualify under current law. If the enactment of this Bill results in a property tax exemption applicable to all aboveground storage tanks regardless of size, the annual State General Fund appropriation for school aid is projected to increase \$1.6 million and annual local government property tax revenue is projected to decrease \$8.6 million. The annual fiscal impacts would begin with FY 2025.

Sources

Iowa State Association of Assessors
Department of Revenue
Department of Management property tax rate and value files
Legislative Services Agency calculations

/s/ Jennifer Acton

February 14, 2023

Doc ID 1369065

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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[HF 207](#) – Wastewater Infrastructure, Taxation (LSB1203HV)
Staff Contact: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 207](#) establishes a new property tax exemption for property owned or operated by a public utility as defined in Iowa Code section [476.1](#)(3)(d) where the property is used to furnish sanitary or storm water drainage for compensation through a piped collection system.

The Bill makes Iowa Code section [25B.7](#) (State funding of property tax credits and exemptions) inapplicable to the new property tax exemption.

The Bill takes effect upon enactment and applies retroactively to assessment year 2023 and after.

Background

The Department of Revenue reports that a private, rate-regulated water utility company recently purchased an existing municipal wastewater system. As a municipal system, the property involved was exempt from property tax. As a system owned by a private company, the property is subject to property tax. With acquisition occurring after January 1, 2022, but before January 1, 2023, the system would first become taxable for assessment year 2023 under existing law.

Assumptions

- The wastewater system situation described above is assumed to be the only property fitting the exemption requirements specified in the Bill at this time.
- The assessed value of the wastewater property is not known. The purchase price of the property was \$2.0 million. This purchase price is used as the assessed value for property tax fiscal impact calculations.
- Property taxes owed for assessment year 2023 are due in the fall of 2024 and the spring of 2025 (FY 2025).
- The consolidated property tax rate for the particular property is assumed to equal \$33.85 per \$1,000 of taxed value. The State basic school levy equals \$5.40 of the \$33.85 consolidated rate.

Fiscal Impact

Creating a new property tax exemption for a privately owned wastewater system will reduce the annual property taxes owed by an estimated \$68,000, beginning with FY 2025. The reduction in taxes owed will increase the State standing General Fund appropriation for school aid by an estimated \$11,000 and reduce local government property tax revenue by an estimated \$57,000.

If enacted, the property tax exemption will also apply to any future purchases of existing wastewater facilities by privately owned public wastewater utility companies.

Sources

Department of Revenue
Department of Management property tax rate files
Legislative Services Agency analysis

/s/ Jennifer Acton

February 14, 2023

Doc ID 1368827

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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[HF 267](#) – County Issuance of Driver’s Licenses to Nonresidents, Fee (LSB1789HV)
Staff Contact: Maria Wagenhofer (515.281.5270) maria.wagenhofer@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 267](#) allows, but does not require, Iowa counties to charge a \$10 convenience fee for the issuance or renewal of a driver’s license or nonoperator’s identification card to individuals who are not a resident of that county. Individuals that provide proof of property tax payment to the county are exempt from the convenience fee. If a county charges a convenience fee, the Bill authorizes the county to retain the entire fee revenue in its General Fund.

Background

Currently, counties are authorized to retain \$7 of the total fees collected for each issuance or renewal of driver’s licenses and nonoperator’s identification cards regardless of the licensee’s resident status.

The Department of Transportation (DOT) reports 327,577 transactions for issuance of a driver’s license or nonoperator’s identification card at the county level in calendar year (CY) 2022. Of that total, 71,733 transactions were performed at the county level for individuals who did not reside in the county that served them. These 71,733 transactions were 21.9% of total transactions by counties in CY 2022.

The DOT reports that in CY 2022, 12 counties issued 30.0% or more of their driver’s licenses or nonoperator’s identification cards to individuals who did not reside in the county. Specifically, Jones County had the highest volume of issuance to nonresidents with 7,192 (61.7%) driver’s licenses or nonoperator’s identification cards issued to individuals who did not reside in the county.

Assumptions

- All Iowa counties will charge the \$10 convenience fee.
- Calendar year 2022 renewal data and patterns were used for estimating purposes.

Fiscal Impact

While the number of annual nonresident renewals cannot be estimated, **Table 1** shows a range of nonresident renewals and estimated aggregate annual increases to county general funds.

Table 1 — Estimated Range of Annual Fiscal Impact Under HF 267

Nonresident Renewal Rate	Nonresident Renewals	County General Funds
25.0%	17,933	\$ 179,333
50.0%	35,867	358,665
75.0%	53,800	537,998
100.0%	71,733	717,330

The DOT may see an increase in labor costs if licensees decide to use a DOT service center instead of a county site for issuance of a driver’s license or nonoperator’s identification card to avoid additional fees. In addition, there would be a one-time information technology (IT) cost to the DOT of approximately \$6,000 associated with the Bill. The DOT expects to absorb these labor and IT costs within its existing staff and resources.

Sources

Department of Transportation
Legislative Services Agency calculations

/s/ Jennifer Acton

February 15, 2023

Doc ID 1369053

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.



[HF 276](#) – Tax, Amusement Devices (LSB1042HV)
Staff Contact: Maria Wagenhofer (515.281.5270) maria.wagenhofer@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 276](#) provides for an exemption of sales tax on the sales price from the operation of amusement devices less the prizes paid during the operation of such devices. Under current law, sales tax is imposed on the entirety of sales prices derived from the operation of amusement devices. This Bill would impose a sales tax only on the net revenue from the operation of amusement devices.

Background

The Iowa Department of Inspections and Appeals (DIA) regulates the registration of all electrical and mechanical amusement devices. Under Iowa Code chapter [99B](#), an electrical or mechanical amusement device that awards a prize where the outcome is not primarily determined by the skill or knowledge of the operator must be registered by the DIA. An amusement device must meet the following requirements:

- A prize of merchandise may not exceed \$50.
- A cash prize may not be awarded.
- A device may not be designed or adapted to cause or to enable a person to cause the release of free games or portions of games when designated as a potential award for use of the device.
- A device may not be designed or adapted to enable a person to increase the chances of winning free games or portions of games by paying more than is ordinarily required to play the game.
- Awards must only be redeemed on the premises where the device is located and only for merchandise sold in the normal course of business for the premises.

An electrical or mechanical amusement device requiring registration may be located on premises for which a current class “C,” special class “C,” class “D,” or class “F” retail alcohol license has been issued or at a location for which a class “B” or class “E” retail alcohol license had been issued prior to April 2004. The total number of electrical or mechanical amusement devices registered in the State may not exceed 6,938. For FY 2022, the DIA reported in the LSA [Fee Project](#) that there were 5,566 devices registered, 14 device manufacturers registered, 43 device distributors registered, and 10 device owners registered.

Iowa Administrative Code chapters [481 IAC 104](#) and [481 IAC 105](#) establish additional provisions regulating amusement devices and registered amusement devices.

Assumptions

- The Bill is effective July 1, 2023 (FY 2024).
- Current average annual sales collected from amusement devices are estimated to equal approximately \$82,000 per company.
- An estimated 75.0% of current taxable sales are paid out in prizes. Therefore, net revenue from the operation of amusement devices is estimated to be 25.0% of sales.
- It is estimated that there are approximately 40 vendors that make taxable sales in Iowa.

- Growth trends in future fiscal years are based on Consumer Price Index (CPI-U) less food and energy average estimated increases of 2.2% from FY 2024 to FY 2028.

Fiscal Impact

House File 276 would reduce revenues to the General Fund, Secure an Advanced Vision for Education (SAVE) Fund, and local option sales tax (LOST) by the estimated amounts listed below.

Fiscal Impact of House File 276				
(in millions)				
	General Fund	SAVE	LOST	
FY 2024	\$ -2.1	\$ -0.4	\$ -0.4	
FY 2025	-2.1	-0.4	-0.4	
FY 2026	-2.2	-0.4	-0.4	
FY 2027	-2.2	-0.4	-0.4	
FY 2028	-2.3	-0.5	-0.4	

Sources

Department of Revenue
Iowa Department of Inspections and Appeals
LSA analysis and calculations

/s/ Jennifer Acton

February 15, 2023

Doc ID 1369000

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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