

**NINETIETH GENERAL ASSEMBLY
2024 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

March 28, 2024

Clip Sheet Summary

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

Bill	Amendment	Action	Sponsor
HF 2488	H-8252	Filed	RECEIVED FROM THE SENATE
HF 2618	H-8253	Filed	MOORE of Cass
HF 2672	H-8254	Filed	ISENHART of Dubuque

Fiscal Notes

[SF 345](#) — [Paraphernalia Regulation](#) (LSB1126SV.3)

[HF 2677](#) — [Sale and Regulation of Vapor Products](#) (LSB5259HV)

SENATE AMENDMENT TO
HOUSE FILE 2488

H-8252

1 Amend House File 2488, as amended, passed, and reprinted by
2 the House, as follows:

3 1. Page 1, before line 1 by inserting:

4 <DIVISION I
5 PRIOR AUTHORIZATIONS AND EXEMPTIONS>

6 2. Page 3, after line 8 by inserting:

7 <DIVISION ____
8 COST CONTROLS FOR HEALTH CARE SERVICES

9 Sec. ____ . Section 507B.4, subsection 3, Code 2024, is
10 amended by adding the following new paragraph:

11 NEW PARAGRAPH. *v. Improper denial of claims.* A health
12 carrier improperly denying claims under chapter 514M.

13 Sec. ____ . NEW SECTION. 514M.1 Short title.

14 This chapter shall be known and may be cited as "*The*
15 *Patient's Right to Save Act*".

16 Sec. ____ . NEW SECTION. 514M.2 Definitions.

17 As used in this chapter, unless the context otherwise
18 requires:

19 1. "*Average allowed amount*" means the average of all
20 contractually agreed upon amounts paid by a health benefit
21 plan or a health carrier to a health care provider or other
22 entity participating in the health carrier's network. The
23 average shall be calculated according to payments within a
24 reasonable amount of time not to exceed one calendar year. The
25 commissioner may approve methodologies for calculating the
26 average allowed amount that are based on any of the following:

27 a. A specific covered person's health plan.

28 b. All health plans offered in the state by a specific
29 health carrier.

30 c. Geographic area.

31 2. "*Cost-sharing*" means any coverage limit, copayment,
32 coinsurance, deductible, or other out-of-pocket expense
33 obligation imposed on a covered person by a policy, contract,
34 or plan providing for third-party payment or prepayment of
35 health or medical expenses.

1 3. "*Covered benefits*" or "*benefits*" means health care
2 services that a covered person is entitled to under the terms
3 of a health benefit plan.

4 4. "*Covered person*" means a policyholder, subscriber,
5 enrollee, or other individual participating in a health benefit
6 plan.

7 5. "*Discounted cash price*" means the price an individual
8 pays for a specific health care service if the individual pays
9 for the health care service with cash or a cash equivalent.

10 6. "*Health benefit plan*" means a policy, contract,
11 certificate, or agreement offered or issued by a health carrier
12 to provide, deliver, arrange for, pay for, or reimburse any of
13 the costs of health care services.

14 7. "*Health care provider*" means a physician or other
15 health care practitioner licensed, accredited, registered, or
16 certified to perform specified health care services consistent
17 with state law, an institution providing health care services,
18 a health care setting, including but not limited to a hospital
19 or other licensed inpatient center, an ambulatory surgical
20 or treatment center, a skilled nursing center, a residential
21 treatment center, a diagnostic, laboratory, and imaging center,
22 or a rehabilitation or other therapeutic health setting.

23 8. "*Health care services*" means services for the diagnosis,
24 prevention, treatment, cure, or relief of a health condition,
25 illness, injury, or disease.

26 9. a. "*Health carrier*" means an entity subject to the
27 insurance laws and regulations of this state, or subject
28 to the jurisdiction of the commissioner, including an
29 insurance company offering sickness and accident plans, a
30 health maintenance organization, a nonprofit health service
31 corporation, a plan established pursuant to chapter 509A
32 for public employees, or any other entity providing a plan
33 of health insurance, health care benefits, or health care
34 services.

35 b. For purposes of this chapter, "*health carrier*" does not

1 include an entity providing any of the following:

2 (1) Coverage for accident-only, or disability income
3 insurance.

4 (2) Coverage issued as a supplement to liability insurance.

5 (3) Liability insurance, including general liability
6 insurance and automobile liability insurance.

7 (4) Workers' compensation or similar insurance.

8 (5) Automobile medical-payment insurance.

9 (6) Credit-only insurance.

10 (7) Coverage for on-site medical clinic care.

11 (8) Other similar insurance coverage, specified in
12 federal regulations, under which benefits for medical care
13 are secondary or incidental to other insurance coverage or
14 benefits.

15 *c.* For purposes of this chapter, "*health carrier*" does not
16 include an entity providing benefits under a separate policy
17 including any of the following:

18 (1) Limited scope dental or vision benefits.

19 (2) Benefits for long-term care, nursing home care, home
20 health care, or community-based care.

21 (3) Any other similar limited benefits as provided by the
22 commissioner by rule.

23 *d.* For purposes of this chapter, "*health carrier*" does not
24 include an entity providing benefits offered as independent
25 noncoordinated benefits including any of the following:

26 (1) Coverage only for a specified disease or illness.

27 (2) A hospital indemnity or other fixed indemnity
28 insurance.

29 *e.* For purposes of this chapter, "*health carrier*" does
30 not include an entity providing a Medicare supplemental
31 health insurance policy as defined under section 1882(g)(1)
32 of the federal Social Security Act, coverage supplemental to
33 the coverage provided under 10 U.S.C. ch. 55, and similar
34 supplemental coverage provided to coverage under group health
35 insurance coverage.

1 10. "Pharmacist" means the same as defined in section
2 155A.3.

3 11. "Pharmacy" means the same as defined in section 155A.3.
4 Sec. ____ . NEW SECTION. 514M.3 Health care services — cost
5 controls.

6 1. a. All health care providers shall establish and
7 disclose the discounted cash price the health care provider
8 will accept for specific health care services. The disclosure
9 shall specify if the discounted cash price varies due to
10 different circumstances, including but not limited to the
11 day or time a health care service is provided, the office or
12 location at which the health care service is provided, how
13 quickly an individual pays the discounted cash price for a
14 health care service the individual received, the income level
15 of the individual who received the health care service, or
16 the ancillary services or amenities provided to an individual
17 at the same time the health care service is provided. The
18 discounted cash price shall be available to all covered persons
19 and to all uninsured individuals. A health care provider may
20 satisfy the requirements of this paragraph by complying with
21 the centers for Medicare and Medicaid services of the United
22 States department of health and human services hospital price
23 transparency final rule published in the federal register on
24 November 22, 2023, or any amendment thereto.

25 b. A health care provider shall post all discounted cash
26 prices on the health care provider's internet site in a
27 manner that is easily accessible to the public. A health care
28 provider shall update any change in a discounted cash price
29 within ten calendar days of the change, and shall review each
30 discounted cash price at least annually.

31 c. (1) Prior to the provision of a scheduled health care
32 service, a health care provider shall inform all covered
33 persons and uninsured individuals of the right of the covered
34 person or uninsured individual to pay for a health care service
35 via the discounted cash price. The notice may be provided

1 electronically, verbally, in writing, or posted at the physical
2 location of the health care provider.

3 (2) Prior to the provision of a scheduled health care
4 service, a health care provider shall inform a covered person
5 that the covered person may qualify for a deductible credit
6 if the covered person pays the discounted cash price for the
7 health care service and if the discounted cash price is below
8 the average allowed amount paid by the health carrier to
9 network providers for a comparable health care service. The
10 notice may be provided electronically, verbally, in writing, or
11 posted at the physical location of the health care provider.

12 d. A health care provider shall not enter into a contract
13 that prohibits the health care provider from offering a
14 discounted cash price below the contracted rates the health
15 care provider has with a health carrier, or that prohibits the
16 health care provider from disclosing the health care provider's
17 discounted cash price under paragraph "b".

18 e. A health carrier shall not enter into a contract with a
19 health care provider that prohibits the health care provider
20 from offering a discounted cash price below the contracted
21 rates the health care provider has with a health carrier, or
22 that prohibits the health care provider from disclosing the
23 health care provider's discounted cash price under paragraph
24 "b".

25 f. A covered person's out-of-pocket pricing for each
26 prescription drug on a health carrier's formulary shall be
27 available to a pharmacist via an easily accessible and secure
28 internet site hosted by the health carrier at the point the
29 pharmacist fills a prescription drug to the covered person.

30 g. A health care provider shall provide an individual with
31 an itemized list of all health care services provided to the
32 individual, a statement that the individual paid out-of-pocket
33 for the health care services, and a statement that the health
34 care provider will not make a claim against a health carrier
35 for payment for the health care services provided to the

1 individual if the individual is a covered person.

2 2. Each health benefit plan shall disclose to the health
3 benefit plan's covered persons the average allowed amount for
4 each health care service that is covered under the covered
5 person's health benefit plan. If a health benefit plan fails
6 to disclose the average allowed amount for a health care
7 service, a covered person may substitute a benchmark selected
8 by the commissioner.

9 3. A covered person who elects to receive a covered health
10 care service at a discounted cash price that is below the
11 average allowed amount shall receive credit toward the covered
12 person's in-network cost-sharing as specified in the covered
13 person's health benefit plan, as if the health care service is
14 provided by an in-network health care provider.

15 4. A health benefit plan shall not discriminate in the
16 form of payment for any covered in-network health care service
17 solely on the basis that the covered person was referred for
18 the health care service by an out-of-network health care
19 provider.

20 5. a. If a covered person elects to pay cash price for
21 a generic-brand covered prescription drug that results in a
22 lower cost than the average allowed amount for the name-brand
23 covered prescription drug under the covered person's health
24 benefit plan, excluding any drug manufacturer's rebate or
25 other discount from the average allowed amount, the health
26 benefit plan shall apply any payments made by the covered
27 person for the generic-brand covered prescription drug
28 to the covered person's cost-sharing as specified in the
29 covered person's health benefit plan as if the covered person
30 purchased the generic-brand prescription drug from a network
31 pharmacy using the covered person's health benefit plan. The
32 health benefit plan shall credit half the difference in the
33 cash price for the generic-brand covered prescription drug
34 and the average allowed amount for the name-brand covered
35 prescription drug, excluding any drug manufacturer's rebate

1 or other discount from the average allowed amount, toward
2 the covered person's cost-sharing for health care services
3 that are covered or that are considered formulary under the
4 covered person's health benefit plan. The health benefit
5 plan may credit half the difference in the cash price for
6 the generic-brand covered prescription drug and the average
7 allowed amount for the name-brand covered prescription drug,
8 excluding any drug manufacturer's rebate or other discount
9 from the average allowed amount, toward the covered person's
10 cost-sharing for health care services that are not covered
11 or that are considered nonformulary under the covered
12 person's health benefit plan. This paragraph shall not be
13 construed to restrict a health benefit plan from requiring a
14 preauthorization or other precertification normally required by
15 the health benefit plan.

16 *b.* A health benefit plan shall provide a downloadable or
17 interactive online form for a covered person to submit proof of
18 payment under paragraph "a", and shall annually inform covered
19 persons of their options under this subsection.

20 6. Annually at enrollment or renewal, a health carrier shall
21 provide notice to covered persons via the health carrier's
22 health benefit plan materials and the health carrier's internet
23 site of the option, and the process, to receive a covered
24 health care service at a discounted cash price.

25 7. If a covered person pays a discounted cash price that is
26 above the average allowed amount, the health benefit plan shall
27 credit the covered person's cost-sharing an amount equal to
28 the lesser of the discounted cash price or the average allowed
29 amount.

30 8. *a.* If a health carrier denies a claim submitted by a
31 covered person pursuant to this chapter, the health carrier
32 shall notify the commissioner and provide evidence to support
33 the denial to the covered person and to the commissioner.

34 *b.* A covered person may appeal a claim denial pursuant to
35 chapter 514J.

1 9. *a.* A covered person shall have access to a program that
2 directly rewards the covered person with a savings incentive
3 for medically necessary covered health care services received
4 from health care providers that offer a discounted cash price
5 below the average allowed amount. Annually at enrollment or
6 renewal, a health carrier shall provide notice to covered
7 persons via the health carrier's health benefit plan materials
8 and the health carrier's internet site of the savings incentive
9 program and how the savings incentive program works. If a
10 covered person exceeds the covered person's annual deductible,
11 the covered person's health benefit plan shall notify the
12 covered person of the savings incentive program and how the
13 savings incentive program works.

14 *b.* A covered person's savings incentive for a specific
15 health care service shall be calculated as the difference
16 between the discounted cash price and the average allowed
17 amount. A savings incentive shall be divided equally between
18 the covered person and the covered person's health benefit
19 plan, and may include a cash payment to the covered person. If
20 a third party helps facilitate a covered person in utilizing
21 a discounted cash price that saves money for the covered
22 person, the covered person may share a portion of their savings
23 incentive with the third party.

24 *c.* Savings incentives under this subsection shall not be
25 an administrative expense of the health benefit plan for rate
26 development or rate filing purposes.

27 10. This chapter shall not be construed to prohibit a health
28 care provider from billing a covered person, a covered person's
29 guarantor, or a third-party payor including a health insurer,
30 for health care services provided to a covered person; or to
31 require a health care provider to refund any payment made to
32 the health care provider for a health care service provided to
33 a covered person.

34 11. If a provision of this chapter or its application to
35 any person or circumstance is held invalid, the invalidity does

1 not affect other provisions or applications of this chapter
2 which can be given effect without the invalid provision or
3 application.

4 Sec. _____. SAVINGS INCENTIVE PROGRAM AND DEDUCTIBLE CREDIT
5 PROGRAM FOR STATE EMPLOYEES.

6 1. Before August 1, 2025, the department of administrative
7 services shall conduct an analysis of the cost-effectiveness of
8 offering a savings incentive program and deductible credit for
9 state employees and retirees.

10 2. On or before September 1, 2025, the department of
11 administrative services shall submit a report to the general
12 assembly that contains an explanation as to the decision to
13 implement, or not implement, a savings incentive program or
14 deductible credit program.

15 3. Any savings incentive program or deductible credit found
16 to be cost-effective shall be implemented for the 2026 state
17 employee health insurance open enrollment period.>

18 3. Title page, line 2, by striking <organizations> and
19 inserting <organizations, and certain cost controls for health
20 care services>

21 4. By renumbering as necessary.

HOUSE FILE 2618

H-8253

1 Amend House File 2618 as follows:

2 1. By striking everything after the enacting clause and
3 inserting:

4 <Section 1. Section 256.16, subsection 1, Code 2024, is
5 amended by adding the following new paragraph:

6 NEW PARAGRAPH. *m.* (1) Administer an examination identical
7 to the foundations of reading assessment administered in 2012
8 as part of the Massachusetts tests, or the most current version
9 of such assessment.

10 (2) The higher education institution shall report to the
11 department no later than August 1 annually, in the form and
12 manner prescribed by the department, the percentage of students
13 whose scores on the assessment administered during the prior
14 school year were above, at, and below the passing score, and
15 shall report any services or opportunities to retake the
16 assessment the institution may make available to a student
17 who fails the assessment. The department shall compile the
18 reports submitted under this subparagraph and publish on the
19 department's internet site the compiled reports related to
20 students enrolled in the practitioner preparation program who
21 plan to teach in kindergarten through grade six.

22 Sec. 2. Section 279.68, subsection 1, Code 2024, is amended
23 by adding the following new paragraphs:

24 NEW PARAGRAPH. *c.* (1) Each school district shall provide
25 written notice to the parent or guardian of any student in
26 kindergarten through grade six who is not reading proficiently
27 of the student's level of reading or reading readiness. The
28 written notice shall contain a description of the parent's or
29 guardian's ability to request that the student be retained in
30 the student's current grade level for the subsequent school
31 year.

32 (2) A school district shall not promote a student who is
33 not reading proficiently to the next grade level, and shall
34 retain the student in the student's current grade level for the
35 subsequent school year, if the student's parent or guardian

H-8253 (Continued)

1 submits to the school district a request that the student be
2 retained in the student's current grade level pursuant to
3 subparagraph (1).

4 NEW PARAGRAPH. *d.* A school district shall provide to
5 students in kindergarten through the end of grade six who are
6 not reading proficiently with personalized reading plans until
7 the student is reading at grade level, as determined by the
8 student's consistently proficient performance on valid and
9 reliable measures of reading ability.

10 Sec. 3. IMPLEMENTATION OF ACT. Section 25B.2, subsection 3,
11 shall not apply to this Act.>

By MOORE of Cass

H-8253 FILED MARCH 27, 2024

HOUSE FILE 2672

H-8254

1 Amend House File 2672 as follows:

2 1. By striking everything after the enacting clause and
3 inserting:

4 <Section 1. Section 427C.12, Code 2024, is amended to read
5 as follows:

6 **427C.12 Application — inspection — continuation of
7 exemption — recapture of tax.**

8 It shall be the duty of the assessor or the county
9 conservation board to secure the facts relative to fruit-tree
10 and forest reservations by taking the sworn statement,
11 or affirmation, of the owner or owners making application
12 under this chapter; to make an inspection of each forest
13 and fruit-tree reservation once every three calendar years
14 to confirm compliance with the requirements of a forest or
15 fruit-tree reservation; and to make special report to the
16 county auditor of all reservations made in the county under the
17 provisions of this chapter.

18 The board of supervisors shall designate the county
19 conservation board or the assessor who shall inspect the area
20 for which an application is filed for a fruit-tree or forest
21 reservation tax exemption before the application is accepted.
22 Use of aerial photographs may be substituted for on-site
23 inspection when appropriate. The application can only be
24 accepted if it meets the criteria established by the natural
25 resource commission to be a fruit-tree or forest reservation.
26 Once the application has been accepted, the area shall continue
27 to receive the tax exemption during each year in which the
28 area is maintained as a fruit-tree or forest reservation
29 without the owner having to refile. If the property is sold
30 or transferred, the seller shall notify the buyer that all, or
31 part of, the property is in fruit-tree or forest reservation
32 and subject to the recapture tax provisions of this section.
33 The tax exemption shall continue to be granted for the
34 remainder of the eight-year period for fruit-tree reservation
35 and for the following years for forest reservation or until

1 the property no longer qualifies as a fruit-tree or forest
2 reservation. The area ~~may~~ shall be inspected ~~each year~~ once
3 every three calendar years by the county conservation board
4 or the assessor to determine if the area is maintained as a
5 fruit-tree or forest reservation. The assessor or the county
6 conservation board may collect a fee from the owner of the
7 area for the cost of the initial inspections and subsequent
8 inspections. If the area is not maintained or is used for
9 economic gain other than as a fruit-tree reservation during any
10 year of the eight-year exemption period and any year of the
11 following five years or as a forest reservation during any year
12 for which the exemption is granted and any of the five years
13 following those exemption years, the assessor shall assess the
14 property for taxation at its fair market value as of January
15 1 of that year and in addition the area shall be subject to
16 a recapture tax. However, the area shall not be subject to
17 the recapture tax if the owner, including one possessing under
18 a contract of sale, and the owner's direct antecedents or
19 descendants have owned the area for more than ten years. The
20 tax shall be computed by multiplying the consolidated levy
21 for each of those years, if any, of the five preceding years
22 for which the area received the exemption for fruit-tree or
23 forest reservation times the assessed value of the area that
24 would have been taxed but for the tax exemption. This tax
25 shall be entered against the property on the tax list for the
26 current year and shall constitute a lien against the property
27 in the same manner as a lien for property taxes. The tax when
28 collected shall be apportioned in the manner provided for the
29 apportionment of the property taxes for the applicable tax
30 year.

31 Sec. 2. DEPARTMENT OF NATURAL RESOURCES — FOREST RESERVE
32 PROGRAM TASK FORCE.

33 1. The department of natural resources shall convene a task
34 force to meet during the 2024 legislative interim to examine
35 the role of the forest and fruit-tree reservation program

H-8254 (Continued)

1 in implementing the state forest plan and achieving forest
2 conservation goals.

3 2. Task force membership shall consist of a representative
4 from each of the following:

- 5 a. Iowa state association of counties.
- 6 b. Iowa league of cities.
- 7 c. Iowa wood industry association.
- 8 d. Coalition for Iowa woodlands and trees.
- 9 e. Iowa state association of assessors.
- 10 f. Association of county conservation boards.
- 11 g. Iowa farm bureau federation.

12 3. The task force shall create a report with its findings
13 that shall include recommendations for modifications to the
14 forest and fruit-tree program and shall submit the report to
15 the general assembly no later than November 1, 2024.>

16 2. Title page, by striking lines 1 through 3 and inserting
17 <An Act relating to forest and fruit-tree reservations,
18 including compliance inspections and creating a forest reserve
19 program task force.>

By ISENHART of Dubuque

H-8254 FILED MARCH 27, 2024



[SF 345](#) – Paraphernalia Regulation (LSB1126SV.3)
Staff Contact: Evan Johnson (515.281.6301) evan.johnson@legis.iowa.gov
Fiscal Note Version – As amended by Senate amendment [H-8245](#) to House amendment [S-5050](#)

Description

[Senate File 345](#) as amended by Senate amendment [H-8245](#) to House amendment [S-5050](#) relates to the regulation of certain tobacco-related products, including devices involved with the usage of these products, and establishes licensing fees and sales and excise tax collection procedures. The Bill as amended defines “device” as any equipment or product, made in whole or in part of glass and metal, that is designed for use in inhaling through combustion tobacco, hemp, other plant materials, or a controlled substance. The definition of “device” does not include vapor products and other certain smokable tobacco-related products. Under the Bill as amended, retailers who sell these devices will be taxed at a rate of 40.0% of the sales price in addition to sales and use tax.

In addition to a tobacco retailer permit, device retailers, including delivery sale device retailers, are required to apply for a device retailer permit. The device retailer permit fee totaling \$1,500 annually is to be collected by the State and may be remitted to cities and counties that approve such permits. Cities and counties that approve device retailer permits must submit the information to the Iowa Department of Revenue (IDR), and the IDR must submit the current list of all device retailer permits to the Department of Health and Human Services (HHS) quarterly.

The Bill as amended creates a Specialty Courts and Diversion Programs Fund under the control of the Office of Drug Control Policy. All excise taxes collected on devices and permit fee revenue (except for fees remitted to counties and cities) are deposited into this Fund. Moneys in the Fund are appropriated to the Office of Drug Control Policy for support of specialty courts and diversion programs to address underlying substance use disorder-related and mental health-related issues that contribute to the contact of individuals with the justice system.

The sale of devices is prohibited to any individual under the age of 21. In addition to the provisions under Iowa Code chapter [453A](#), the Bill as amended creates various requirements for device retailers and establishes civil penalties for the willful violation of those requirements. Additionally, a device retailer permit holder, a device delivery sale permit holder, or another individual who violates the provisions of the Bill as amended is guilty of a serious misdemeanor.

The Bill as amended takes effect January 1, 2025.

Background

Iowa Code chapter 453A provides for cigarette and tobacco taxation and regulation, including license suspension, license revocation provisions, and penalties that apply to tobacco retailers, device retailers, and device delivery sale permit holders, as well as those who do not hold permits.

A serious misdemeanor is punishable by confinement for no more than one year and a fine of at least \$430 but no more than \$2,560.

Assumptions

- Marginal costs for county jails cannot be estimated due to a lack of data. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.
- The IDR estimates there are approximately 100 currently licensed tobacco stores in the State. Of these stores, approximately 35 sell devices regulated under the Bill as amended and will apply for a device retailer permit.
- Total device sales at these stores in FY 2022 were estimated as a percentage of the retailers’ total sales. The estimations are as follows: 4 stores had 100.0% device sales, 7 stores had 50.0% device sales, and 24 stores had 25.0% device sales. Estimated sales of devices were approximately \$6.6 million in FY 2022.
- Additional non-tobacco-specific stores (convenience stores, gas stations, etc.) that currently sell devices regulated under the Bill as amended will not apply for a device retailer permit.
- According to the HHS, there are currently 3,597 locations, including non-tobacco-specific stores, that sell tobacco and require compliance checks.
- The additional cost of devices will not affect sales for other products.
- Permit fees collected for out-of-state retailers cannot be determined.
- Sales tax growth from FY 2022 to FY 2023 is assumed to be 3.9%. Growth trends in future fiscal years are assumed to be 2.0%.

Correctional Impact

Senate File 345 as amended establishes two new serious misdemeanors related to device retailer permit holders, device delivery sale permit holders, and other individuals who violate the provisions of new Iowa Code chapter 453E. Convictions related to new Iowa Code chapter 453E cannot be estimated due to a lack of data.

Figure 1 provides estimates for sentencing to State prison, parole, probation, or Community-Based Corrections (CBC) residential facilities; LOS under those supervisions; and supervision marginal costs per day for all convictions of serious misdemeanors. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 16, 2024, for information related to the correctional system.

Figure 1 — Sentencing Estimates and LOS

Conviction Offense Class	Percent Ordered to State Prison	FY 2023 Avg LOS in Prison (All Releases)	Marginal Prison Cost Per Day	Percent Ordered to Probation	FY23 Field Avg LOS on Probation	Avg Cost Per Day on Probation	Percent Sentenced to CBC Residential Facility	Marginal Cost CBC Per Day	Percent Ordered to County Jail	Marginal Cost Per Day Jail	FY 23 Field Avg LOS on Parole	Marginal Cost Per Day Parole
Serious Misdemeanor	1.7%	6.6	\$24.94	53.0%	19.2	\$7.67	1.2%	\$20.00	74.2%	\$50.00	N/A	\$7.67

Minority Impact

The minority impact of SF 345 as amended is unknown. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 16, 2024, for information related to minorities in the criminal justice system.

Fiscal Impact

Excise Tax

Senate File 345 as amended is estimated to result in revenue of \$1.4 million in FY 2025 and \$2.9 million in FY 2026 to the Specialty Courts and Diversion Programs Fund as a result of the excise tax collected. **Figure 2** provides revenue estimates for the Fund through FY 2029.

**Figure 2 — Revenue Estimates to the Specialty Courts and Diversion Programs Fund
(In Millions)**

Fiscal Year	Excise Tax Revenue
FY 2025	\$ 1.4
FY 2026	2.9
FY 2027	3.0
FY 2028	3.0
FY 2029	3.1

Permit Fee

Permit fee revenue is estimated to be \$50,000 annually. This revenue will be deposited into the Specialty Courts and Diversion Programs Fund unless remitted to a city or county. Any permit fee remitted to a city or county will be credited to the respective city or county’s general fund.

Correctional Fiscal Impact

Senate File 345 as amended establishes new crimes. The resulting cost to the justice system cannot be determined. The average State cost per serious misdemeanor conviction ranges from \$400 to \$6,900, which includes operating costs incurred by the Judicial Branch, the State Public Defender, and the Department of Corrections (DOC). In addition, the new offenses established by SF 345 as amended may increase civil penalty revenue, but the impact is unknown.

Additional Fiscal Impact

The cost to the IDR to update its electronic I-PLEDGE Tobacco Enforcement Program reporting system, which would be used for data entry related to device retailer permit applications collected from localities, is estimated at \$11,000. If the number of licensed tobacco retailers increases, there may be increased costs for the HHS associated with the annual compliance checks on tobacco retailers, but the total impact is unknown. The cost of one compliance check on a tobacco retailer in the State is \$75. The HHS contracts with the IDR to perform the compliance checks.

Sources

Iowa Department of Revenue
Department of Health and Human Services
Department of Corrections
Criminal and Juvenile Justice Planning, Department of Management
Legislative Services Agency analysis

/s/ Jennifer Acton

March 26, 2024

Doc ID 1448381

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 2677](#) – Sale and Regulation of Vapor Products (LSB5259HV)
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Fiscal Note Version – New

Description

[House File 2677](#) creates a new subchapter in Iowa Code chapter [453A](#), relating to the regulation of vapor products in the State, and does the following:

- Requires vapor product manufacturers to annually certify to the Iowa Department of Revenue (IDR) that each vapor product has either received a marketing authorization or similar order from the federal Food and Drug Administration (FDA); or that the vapor product was marketed in the United States as of August 8, 2016, the manufacturer submitted a premarket tobacco product application for the product to the FDA on or before September 9, 2020, and the application either remains under review by the FDA or a final decision on the application has not otherwise taken effect.
- Requires annual certifications to be accompanied by a payment of \$100 for each vapor product listed in the certification.
- Requires the IDR to maintain and make publicly available a vapor products directory that lists all vapor products manufacturers and vapor products for which certification forms have been submitted.
- Establishes civil penalties and licensee discipline for a manufacturer, retailer, distributor, or wholesaler who sells or offers for sale a vapor product in this State that is not included in the vapor products directory.
- Establishes that a vapor products manufacturer that knowingly makes a false representation in any of the information required in the new subchapter is guilty of a serious misdemeanor for each false representation.
- Establishes that knowingly shipping or receiving vapor products in violation of the new subchapter is an unfair practice and a violation of Code section [714.16](#).
- Provides that each distributor or retailer that distributes or sells vapor products in the State shall be subject to unannounced compliance checks conducted by the IDR or peace officers for the purpose of enforcing the new subchapter.
- Provides that the revenues generated from the payment of fees and penalties shall be credited to the Health Care Trust Fund and used for the administration and enforcement of the new subchapter.
- Requires the director of the IDR to annually submit a report to the General Assembly by January 15 regarding the status of the vapor products directory, vapor products manufacturers, the vapor products included in the directory, and revenue and expenditures related to administration and enforcement activities.

Background

Some states, including Louisiana and Alabama, have enacted legislation to create a vapor products directory. Louisiana currently has 469 vapor products listed in its [Vapor and Alternative Nicotine Products Certification and Directory](#). Alabama currently has 1,575 vapor products listed in its [Electronic Nicotine Delivery Systems Products Directory](#).

The Health Care Trust Fund consists of the revenues generated from the tax on cigarettes and tobacco products that are credited to the Fund annually. Moneys in the Fund are used only for purposes related to health care; substance use disorder treatment and prevention; and tobacco use prevention, cessation, and control.

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

A violation of Iowa Code section 714.16 is subject to the Attorney General (AG) seeking and obtaining, in an action in a district court, a temporary restraining order, preliminary injunction, or permanent injunction. If requested by the AG, the court may impose a civil penalty not to exceed \$40,000 per violation and not more than \$5,000 for each day of intentional violation of a temporary restraining order, preliminary injunction, or permanent injunction.

Assumptions

- Administrative duties related to HF 2677 will be conducted by current IDR staff.
- 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.
- A delay of six months is assumed from the effective date of this Bill to the date of first entry of affected offenders into the correctional system.
- Marginal costs for county jails cannot be estimated due to a lack of data. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.

Correctional Impact

House File 2677 creates new criminal offenses, and the correctional impact cannot be estimated due to a lack of existing conviction data. **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 serious misdemeanors. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 16, 2024, for information related to the correctional system.

Figure 1 — Sentencing Estimate and Length of Stay (LOS)

Conviction Offense Class	Percent Ordered to State Prison	FY 2023 Avg LOS in Prison (All Releases)	Marginal Cost Per Day Prison	Percent Ordered to Probation	FY23 Field Avg LOS on Probation	Avg Cost Per Day on Probation	Percent Sentenced to CBC Residential Facility	Marginal Cost Per Day CBC	Percent Ordered to County Jail	Marginal Cost Per Day Jail	FY23 Field Avg LOS on Parole	Marginal Cost Per Day Parole
Serious Misdemeanor	1.7%	6.6	\$24.94	53.0%	19.2	\$7.67	1.2%	\$20.00	74.2%	\$50.00	N/A	\$7.67

Minority Impact

House File 2677 creates new criminal offenses. As a result, Criminal and Juvenile Justice Planning (CJJP) of the Department of Management (DOM) cannot use existing data to estimate the minority impact of the Bill. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 16, 2024, for information related to minorities in the criminal justice system.

Fiscal Impact

House File 2677 is estimated to increase revenues to the Health Care Trust Fund from the potential collection of fees and penalties. The amount of revenue cannot be determined due to the unknown number of vapor products that may be included in the vapor products directory.

House File 2677 creates new criminal offenses, and the fiscal impact to the correctional system cannot be estimated due to a lack of existing conviction data. The average State cost per offense for a serious misdemeanor ranges from \$400 to \$6,900.

Sources

Criminal and Juvenile Justice Planning, Department of Management
Department of Corrections
Department of Revenue
Legislative Services Agency

/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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