EIGHTY-FIFTH GENERAL ASSEMBLY
2014 REGULAR SESSION
DAILY

HOUSE CLIP SHEET

MARCH 20, 2014

SENATE FILE 2118

H-8136

Amend Senate File 2118, as passed by the Senate, as follows:

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

<Section 1. Section 236.3, subsection 1, Code 2014, is amended by adding the following new paragraph:

NEW PARAGRAPH. 0g. Name or description of any property of sentimental or emotional significance which may cause the victim to stay in the abusive relationship and which is owned, possessed, leased, kept, or held by the petitioner, respondent, or minor child of the petitioner or respondent that may be affected by the controversy.

Sec. 2. Section 236.4, Code 2014, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. The court may include in the temporary order issued pursuant to this section a grant to the petitioner of the exclusive care, possession, or control of any property of sentimental or emotional significance which may cause the victim to stay in the abusive relationship and which is owned, possessed, leased, kept, or held by the petitioner, respondent, or minor child of the petitioner or respondent that may be affected by the controversy. The court may forbid the respondent from taking, transferring, encumbering, concealing, attacking, striking, harming, or otherwise disposing of the property.

Sec. 3. Section 236.4, subsection 4, Code 2014, is amended to read as follows:

4. If a hearing is continued, the court may make or extend any temporary order under subsection 2, ~~or~~ 3, or 3A that it deems necessary.

Sec. 4. Section 236.5, subsection 1, paragraph b, Code 2014, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (7) A grant to the petitioner of the exclusive care, possession, or control of any property of sentimental or emotional significance which may cause the victim to stay in the abusive relationship and which is owned, possessed, leased, kept, or held by the petitioner, respondent, or minor child of the petitioner or respondent that may be affected by the controversy.>

2. Title page, by striking lines 1 through 4 and inserting <An Act relating to domestic abuse protective orders and property of sentimental or emotional significance owned or held by a petitioner, respondent, or minor child of the petitioner or respondent in a domestic abuse case.>

By ALONS of Sioux
WATTS of Dallas
SHAW of Pocahontas
SHEETS of Appanoose
HUSEMAN of Cherokee
DOLECHECK of Ringgold
BACON of Story
SCHULTZ of Crawford
VANDER LINDEN of Mahaska
KLEIN of Washington
BALTIMORE of Boone
KAUFMANN of Cedar

H-8136 FILED MARCH 19, 2014

SENATE FILE 2311

H-8135

Amend the amendment, H-8117, to Senate File 2311, as passed by the Senate, as follows:

1. Page 2, line 27, after <felony.> by inserting <It shall be an affirmative defense to a prosecution of a person under the age of twenty-one for a violation of this section that the person was allowed, permitted, or encouraged by an adult having influence or control of the person to engage in acts prohibited pursuant to section 725.1, subsection 1, while the person was under the age of eighteen.>

By DAWSON of Woodbury

H-8135 FILED MARCH 19, 2014

LSA LEGISLATIVE SERVICES AGENCY
Serving the Iowa Legislature

Fiscal Note

Fiscal Services Division

HF 2407 – Apprenticeships (LSB 5292HV)
Analyst: Kenneth Ohms (Phone: (515) 725-2200) (kenneth.ohms@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2407 relates to changes to the job training program and fund under Iowa Code chapter **260F**. This Bill does the following:

- Requires an eligible business to apply directly to the Iowa Economic Development Authority (IEDA) for financial assistance related to job training and the IEDA may establish by rule a maximum benefit amount for any one project.
- Makes matching funds required by participating businesses optional, and revises the form awards can be made in to include loan, forgivable loan, and grant, and make repayment provision dependent upon successful completion and the type of entity that provided the training.
- Repeals and replaces the current Apprenticeship Program with a new Financial Assistance for Apprenticeship Program administered by the IEDA.
- Creates a Job Training Fund in the State Treasury under the control of the IEDA.
- Requires the IEDA to transfer all funds in the Workforce Training Fund to the Job Training Fund.
- Requires funds in the Job Training Fund to be allocated 50.0% for Financial Assistance to Eligible Businesses and 50.0% for Financial Assistance for Apprenticeship Programs.
- Caps the administrative fees for the IEDA at 2.0%.
- Caps the administrative fees for community colleges at 5.0%.
- Repeals the Business Network Training Program.
- Provides for transition and directs loan payments, repayments, recaptures, and any other funds to the Job Training Fund.

Background

The Workforce Development Fund was created by the 1995 Iowa Acts **Chapter 184** (Workforce Development Fund Act). The purpose of the Workforce Development Fund is to provide revenue for programs that address the workforce development needs of Iowa primarily related to incumbent worker retraining and apprenticeships. The Fund is administered by the IEDA, and the 15 community colleges are responsible for implementing and managing the program within their regionally defined areas. Community colleges enter into an agreement with an eligible business to establish a training project. To receive 260F funds for a project, the community colleges then submit an application to the IEDA.

The General Assembly appropriates from the Workforce Development Fund Account to the Workforce Development Fund. In FY 2014 this appropriation was $4.0 million. Iowa Code section 15.343 currently requires the money in the Workforce Development Fund to be allocated as follows:

- $3.0 million for the Iowa Job Training Fund in Iowa Code section **260F.6**.
- $1.0 million for the High Technology Apprenticeship Program in Iowa Code section **260F.6B**.

Currently, Iowa Administrative Code 261-7.4(5) requires $300,000 of the $3.0 million in the Iowa Job Training Fund to be allocated for business network training projects, leaving $2.7 million for distribution based on the community college distribution formula. Additional background information can be found in this *Fiscal Topic* **Budget Unit: Workforce Investment Fund**, and the recent IEDA Report on **Workforce Training Programs**.

Assumption

- The $4.0 million will be appropriated in FY 2015 from the Workforce Training Fund Account to the Workforce Training Fund.
- All of the administrative funding currently available for a community college at its designated administrative rate is fully expended.
- Only administrative costs for state funds are included.

Fiscal Impact

No fiscal impact to the General Fund.

The fiscal impact for the distribution of program funds is presented in the table below.

260F Program Allocations

	Current Law	HF 2407	Difference
Iowa Job Training	$2,700,000	$2,000,000	$ -700,000
Business Network Training	300,000	0	-300,000
Apprenticeship Training	1,000,000	2,000,000	1,000,000
Total	**$4,000,000**	**$4,000,000**	**$ 0**

With the community colleges no longer handling all applications, they will no longer receive the administrative fees for all job training projects, estimated at $428,000 in state funds in FY 2014. This does not include the loss in the administrative costs charged against private match funds if the community college chose to charge those. For the Apprenticeship Program, the community colleges that utilize the program would lose an estimated administrative costs of $131,000.

In FY 2015, the IEDA would be eligible for an estimated $80,000 in administrative costs for the entire program. Additionally, if every business opted to go through a community college as a training provider, the community colleges would be eligible for a total of $100,000 in administrative costs from disbursed funds.

This fiscal note does not account for any additional funds that may be appropriated to the Workforce Training Fund. Any additional funds will be split 50.0% to Financial Assistance to Eligible Businesses and 50.0% to Financial Assistance to Apprenticeship Programs.

Sources

Iowa Economic Development Authority
Department of Education

/s/ Holly M. Lyons

March 18, 2014

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.

LSA LEGISLATIVE SERVICES AGENCY
Serving the Iowa Legislature

Fiscal Note

Fiscal Services Division

HF 2440 – Capital Gains Exclusion (LSB 5083HZ)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2440 expands Iowa's special capital gains income tax exclusion for the sale of a business. Under current law (**Iowa Code section 422.7(21)**), Iowa excludes from State income tax any capital gains realized from the sale of all or substantially all of the tangible personal property of a business, or from the sale of a business in its entirety.

This Bill will expand the sale definition to include all or substantially all of the taxpayer's stock or equity interest in a business. The property of the business, or the entire business will not have to be sold to new owners. Under current law and under the proposed expansion, the seller is generally required to have materially participated in the business for at least 10 years and to have owned some interest in the business for at least 10 years in order to qualify for the income tax exclusion.

This Bill is retroactive to January 1, 2014.

Background

Iowa's current capital gains exclusion for the sale of a business has been in place as a 100.0% exclusion since tax year 1998 (HF 2513, Miscellaneous Tax Act of 1998). Prior to that time, the exclusion was limited.

Subject to requirements and limitations, Iowa also has capital gains exclusions for the sale of horses, cattle, and other breeding livestock, the sale of timber, and for Employee Stock Ownership Plans (ESOP).

The current law capital gains exclusion for the sale of a business and the proposed expansion to include the sale of the taxpayer's stock or equity interest in a business requires three conditions to be met:

- The taxpayer must have had an ownership interest in the sold asset for at least 10 years.
- The taxpayer must have "materially participated" in the business as defined in section 469(h) of the federal Internal Revenue Code. Internal Revenue Code **Section 469** relates to limitations on losses and credits for passive business activity and section 469(h) provides that a taxpayer materially participates in an activity only if the taxpayer is involved in the operations of the activity on a basis defined as:
  - regular,
  - continuous, and
  - substantial.
- In general, material participation is required for a minimum of 10 years. However, when the taxpayer sells the asset to lineal descendants, material participation is not required.

According to Department of Revenue income tax statistics, the current capital gains income tax exclusions provided in Iowa Code section 422.7(21) were utilized on 10,391 tax returns filed for tax year 2012 and the exclusion resulted in a tax reduction of $80.7 million for the benefiting taxpayers.

Assumptions

- Using State and federal tax returns of Iowa taxpayers, it is not possible to confirm what share of the long-term capital gains reported on Iowa tax returns represent the sale of all or substantially all of the taxpayer's stock or equity interest in a business in which the taxpayer materially participated for at least 10 years.
- For purposes of this projection, it is assumed that the new capital gains deduction will apply to 5.5% ($182.2 million in tax year 2012) of all positive long-term capital gains.
- The future growth in capital gains is assumed to equal the S & P 500 growth projections provided by Moody's Analytics (February 2014 projection).
- The assumed average marginal tax rate is 8.90%.
- The conversion of tax year model results to fiscal year General Fund revenue impacts was completed based on historical patterns of withholding, estimates, final returns, and refunds.
- Exclusions from State income tax reduce the statewide yield on the local option income tax for schools by 3.5% of the net General Fund impact.

Fiscal Impact

The capital gains income tax exclusion contained in this Bill is projected to reduce net General Fund revenue by the following amounts:

- FY 2014 = $ 0.7 million
- FY 2015 = $23.1 million
- FY 2016 = $21.4 million
- FY 2017 = $21.8 million
- FY 2018 = $22.2 million

The projected impact will continue beyond FY 2018 at a similar level. In addition to the State General Fund impact, the capital gains exclusion will also reduce annual local option income surtax for schools revenue by $745,000, beginning in FY 2015.

Sources

Department of Revenue
Moody's Analytics

/s/ Holly M. Lyons

March 18, 2014

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.