HOUSE CLIP SHEET

APRIL 16, 2014

Senate Amendment to
HOUSE FILE 2450

H-8277

Amend House File 2450, as amended, passed, and reprinted by the House, as follows:

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

<DIVISION I
FY 2013-2014 ---- APPROPRIATIONS

Section 1. 2013 Iowa Acts, chapter 139, section 3, subsection 1, paragraph a, is amended to read as follows:

a. For the operation of the Fort Madison correctional facility, including salaries, support, maintenance, and miscellaneous purposes:
..... $ 43,107,133

Of the amount appropriated in this paragraph, the department may use up to $500,000 for the remodel of the relocated John Bennett facility and the demolition of the existing farm bunkhouse adjacent to the newly constructed Fort Madison correctional facility. Notwithstanding section 8.33, moneys allocated in this unnumbered paragraph designated for the remodel and demolition that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available to be used for the purposes designated until the close of the succeeding fiscal year.

Sec. 2. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION II
FY 2014-2015 ---- APPROPRIATIONS

Sec. 3. 2013 Iowa Acts, chapter 139, section 19, is amended to read as follows:

SEC. 19. DEPARTMENT OF JUSTICE.

1. There is appropriated from the general fund of the state to the department of justice for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. For the general office of attorney general for salaries, support, maintenance, and miscellaneous purposes, including the prosecuting attorneys training program, matching funds for federal violence against women grant programs, victim assistance grants, office of drug control policy prosecuting attorney program, and odometer fraud enforcement, and for not more than the following full-time equivalent positions:
..... $ ~~3,983,965~~
8,164,905
..... FTEs 214.00

It is the intent of the general assembly that as a condition of receiving the appropriation provided

in this lettered paragraph, the department of justice shall maintain a record of the estimated time incurred representing each agency or department.

b. For victim assistance grants:

..... $ ~~3,367,200~~ 6,734,400

The funds appropriated in this lettered paragraph shall be used to provide grants to care providers providing services to crime victims of domestic abuse or to crime victims of rape and sexual assault.

The balance of the victim compensation fund established in section 915.94 may be used to provide salary and support of not more than 24 FTEs and to provide maintenance for the victim compensation functions of the department of justice.

The department of justice shall transfer at least $150,000 from the victim compensation fund established in section 915.94 to the victim assistance grant program.

Notwithstanding section 8.33, moneys appropriated in this paragraph "b" that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designed until the close of the succeeding fiscal year.

c. For legal services for persons in poverty grants as provided in section 13.34:

..... $ ~~1,090,281~~ 2,400,000

2. a. The department of justice, in submitting budget estimates for the fiscal year commencing July 1, 2015, pursuant to section 8.23, shall include a report of funding from sources other than amounts appropriated directly from the general fund of the state to the department of justice or to the office of consumer advocate. These funding sources shall include but are not limited to reimbursements from other state agencies, commissions, boards, or similar entities, and reimbursements from special funds or internal accounts within the department of justice. The department of justice shall also report actual reimbursements for the fiscal year commencing July 1, 2013, and actual and expected reimbursements for the fiscal year commencing July 1, 2014.

b. The department of justice shall include the report required under paragraph "a", as well as information regarding any revisions occurring as a result of reimbursements actually received or expected at a later date, in a report to the co-chairpersons and ranking members of the joint appropriations

subcommittee on the justice system and the legislative services agency. The department of justice shall submit the report on or before January 15, 2015.

Sec. 4. 2013 Iowa Acts, chapter 139, section 20, is amended to read as follows:

SEC. 20. OFFICE OF CONSUMER ADVOCATE. There is appropriated from the department of commerce revolving fund created in section 546.12 to the office of consumer advocate of the department of justice for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ ~~1,568,082~~
3,137,588
..... FTEs 22.00

Sec. 5. 2013 Iowa Acts, chapter 139, section 21, is amended to read as follows:

SEC. 21. DEPARTMENT OF CORRECTIONS ---- FACILITIES.

1. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be used for the operation of adult correctional institutions, reimbursement of counties for certain confinement costs, and federal prison reimbursement, to be allocated as follows:

a. For the operation of the Fort Madison correctional facility, including salaries, support, maintenance, and miscellaneous purposes:

..... $ ~~21,553,567~~
43,021,602

b. For the operation of the Anamosa correctional facility, including salaries, support, maintenance, and miscellaneous purposes:

..... $ ~~16,460,261~~
33,668,253

It is the intent of the general assembly that the department of corrections maintain and operate the Luster Heights prison camp.

c. For the operation of the Oakdale correctional facility, including salaries, support, maintenance, and miscellaneous purposes:

..... $ ~~29,275,062~~
59,240,786

d. For the operation of the Newton correctional facility, including salaries, support, maintenance, and miscellaneous purposes:

1 ..... $ ~~13,563,645~~
2 27,572,108

3 e. For the operation of the Mt. Pleasant
4 correctional facility, including salaries, support,
5 maintenance, and miscellaneous purposes:
6 ..... $ ~~12,405,714~~
7 25,360,135

8 f. For the operation of the Rockwell City
9 correctional facility, including salaries, support,
10 maintenance, and miscellaneous purposes:
11 ..... $ ~~4,835,574~~
12 9,836,353

13 g. For the operation of the Clarinda correctional
14 facility, including salaries, support, maintenance, and
15 miscellaneous purposes:
16 ..... $ ~~12,620,808~~
17 25,933,430

18 Moneys received by the department of corrections as
19 reimbursement for services provided to the Clarinda
20 youth corporation are appropriated to the department
21 and shall be used for the purpose of operating the
22 Clarinda correctional facility.

23 h. For the operation of the Mitchellville
24 correctional facility, including salaries, support,
25 maintenance, and miscellaneous purposes:
26 ..... $ ~~10,802,018~~
27 22,045,970

28 i. For the operation of the Fort Dodge correctional
29 facility, including salaries, support, maintenance, and
30 miscellaneous purposes:
31 ..... $ ~~14,932,616~~
32 30,097,648

33 j. For reimbursement of counties for temporary
34 confinement of work release and parole violators, as
35 provided in sections 901.7, 904.908, and 906.17, and
36 for offenders confined pursuant to section 904.513:
37 ..... $ ~~537,546~~
38 1,075,092

39 k. For federal prison reimbursement, reimbursements
40 for out-of-state placements, and miscellaneous
41 contracts:
42 ..... $ ~~242,206~~
43 484,411

44 2. The department of corrections shall use moneys
45 appropriated in subsection 1 to continue to contract
46 for the services of a Muslim imam and a Native American
47 spiritual leader.

48 Sec. 6. 2013 Iowa Acts, chapter 139, section 22, is
49 amended to read as follows:

50 SEC. 22. DEPARTMENT OF CORRECTIONS ----

ADMINISTRATION. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For general administration, including salaries, support, maintenance, employment of an education director to administer a centralized education program for the correctional system, and miscellaneous purposes:

..... $ ~~2,540,791~~
5,068,010

a. It is the intent of the general assembly that each lease negotiated by the department of corrections with a private corporation for the purpose of providing private industry employment of inmates in a correctional institution shall prohibit the private corporation from utilizing inmate labor for partisan political purposes for any person seeking election to public office in this state and that a violation of this requirement shall result in a termination of the lease agreement.

b. It is the intent of the general assembly that as a condition of receiving the appropriation provided in this subsection the department of corrections shall not enter into a lease or contractual agreement pursuant to section 904.809 with a private corporation for the use of building space for the purpose of providing inmate employment without providing that the terms of the lease or contract establish safeguards to restrict, to the greatest extent feasible, access by inmates working for the private corporation to personal identifying information of citizens.

c. It is the intent of the general assembly that as a condition of receiving the appropriation provided in this subsection the department of corrections shall not, except as otherwise provided in paragraph "b", enter into a new contract, unless the contract is a renewal of an existing contract, for the expenditure of moneys in excess of $100,000 during the fiscal year beginning July 1, 2014, for the privatization of services performed by the department using state employees as of July 1, 2014, or for the privatization of new services by the department without prior consultation with any applicable state employee organization affected by the proposed new contract and prior notification of the co-chairpersons and ranking members of the joint appropriations subcommittee on the justice system.

d. It is the intent of the general assembly

that the department of corrections add additional correctional officer positions to the current number of correctional officer positions as of July 1, 2104, by adding six correctional officers at the Fort Madison correctional facility, six correctional officers at the Anamosa correctional facility, two correctional officers at the Oakdale correctional facility, two correctional officers at the Newton correctional facility, seven correctional officers at the Mount Pleasant correctional facility, two correctional officers at the Rockwell City correctional facility, four correctional officers at the Clarinda correctional facility, two correctional officers at the Mitchellville correctional facility, and two correctional officers at the Fort Dodge correctional facility.

2. For educational programs for inmates at state penal institutions:

..... $ ~~1,304,055~~
2,608,109

a. To maximize the funding for educational programs, the department shall establish guidelines and procedures to prioritize the availability of educational and vocational training for inmates based upon the goal of facilitating an inmate's successful release from the correctional institution.

b. The director of the department of corrections may transfer moneys from Iowa prison industries and the canteen operating funds established pursuant to section 904.310, for use in educational programs for inmates.

c. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unobligated or unexpended at the close of the fiscal year shall not revert but shall remain available to be used only for the purposes designated in this subsection until the close of the succeeding fiscal year.

3. For the development of the Iowa corrections offender network (ICON) data system:

..... $ ~~1,000,000~~
2,000,000

4. For offender mental health and substance abuse treatment:

..... $ ~~11,160~~
22,319

~~5. For viral hepatitis prevention and treatment:~~

~~..... $ 83,941~~

~~6. For operations costs and miscellaneous purposes:~~

~~..... $ 1,285,655~~

7. It is the intent of the general assembly that for the fiscal year addressed by this section the

department of corrections shall continue to operate the correctional farms under the control of the department at the same or greater level of participation and involvement as existed as of January 1, 2011; shall not enter into any rental agreement or contract concerning any farmland under the control of the department that is not subject to a rental agreement or contract as of January 1, 2011, without prior legislative approval; and shall further attempt to provide job opportunities at the farms for inmates. The department shall attempt to provide job opportunities at the farms for inmates by encouraging labor-intensive farming or gardening where appropriate; using inmates to grow produce and meat for institutional consumption; researching the possibility of instituting food canning and cook-and-chill operations; and exploring opportunities for organic farming and gardening, livestock ventures, horticulture, and specialized crops.

Sec. 7. 2013 Iowa Acts, chapter 139, section 23, is amended to read as follows:

SEC. 23. JUDICIAL DISTRICT DEPARTMENTS OF CORRECTIONAL SERVICES.

1. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 2014, and ending June 30, 2015, for salaries, support, maintenance, and miscellaneous purposes, the following amounts, or so much thereof as is necessary, to be allocated as follows:

a. For the first judicial district department of correctional services:
..... $ ~~7,049,543~~
14,753,977

It is the intent of the general assembly that the first judicial district department of correctional services maintain the drug courts operated by the district department.

b. For the second judicial district department of correctional services:
..... $ ~~5,435,213~~
11,500,661

It is the intent of the general assembly that the second judicial district department of correctional services establish and maintain two drug courts to be operated by the district department.

c. For the third judicial district department of correctional services:
..... $ ~~3,552,933~~
7,241,257

d. For the fourth judicial district department of

1 correctional services:
2 ..... $ ~~2,747,655~~
3 5,608,005
4 e. For the fifth judicial district department of
5 correctional services, including funding for electronic
6 monitoring devices for use on a statewide basis:
7 ..... $ ~~9,687,714~~
8 20,304,616
9 It is the intent of the general assembly that the
10 fifth judicial district department of correctional
11 services maintain the drug court operated by the
12 district department.
13 f. For the sixth judicial district department of
14 correctional services:
15 ..... $ ~~7,319,269~~
16 14,833,623
17 It is the intent of the general assembly that the
18 sixth judicial district department of correctional
19 services maintain the drug court operated by the
20 district department.
21 g. For the seventh judicial district department of
22 correctional services:
23 ..... $ ~~3,804,891~~
24 7,856,873
25 It is the intent of the general assembly that the
26 seventh judicial district department of correctional
27 services maintain the drug court operated by the
28 district department.
29 h. For the eighth judicial district department of
30 correctional services:
31 ..... $ ~~4,103,307~~
32 8,133,194
33 2. Each judicial district department of
34 correctional services, within the funding available,
35 shall continue programs and plans established within
36 that district to provide for intensive supervision, sex
37 offender treatment, diversion of low-risk offenders
38 to the least restrictive sanction available, job
39 development, and expanded use of intermediate criminal
40 sanctions.
41 3. Each judicial district department of
42 correctional services shall provide alternatives to
43 prison consistent with chapter 901B. The alternatives
44 to prison shall ensure public safety while providing
45 maximum rehabilitation to the offender. A judicial
46 district department of correctional services may also
47 establish a day program.
48 4. The governor's office of drug control policy
49 shall consider federal grants made to the department
50 of corrections for the benefit of each of the eight

1 judicial district departments of correctional services
2 as local government grants, as defined pursuant to
3 federal regulations.
4 5. The department of corrections shall continue
5 to contract with a judicial district department
6 of correctional services to provide for the rental
7 of electronic monitoring equipment which shall be
8 available statewide.
9 Sec. 8. 2013 Iowa Acts, chapter 139, section 28, is
10 amended to read as follows:
11 SEC. 28. IOWA LAW ENFORCEMENT ACADEMY.
12 1. There is appropriated from the general fund of
13 the state to the Iowa law enforcement academy for the
14 fiscal year beginning July 1, 2014, and ending June 30,
15 2015, the following amount, or so much thereof as is
16 necessary, to be used for the purposes designated:
17 For salaries, support, maintenance, miscellaneous
18 purposes, including jailer training and technical
19 assistance, and for not more than the following
20 full-time equivalent positions:
21 ..... $ ~~500,849~~
22 881,214
23 ..... FTEs ~~23.88~~
24 22.00
25 It is the intent of the general assembly that the
26 Iowa law enforcement academy may provide training of
27 state and local law enforcement personnel concerning
28 the recognition of and response to persons with
29 Alzheimers's disease.
30 The Iowa law enforcement academy may temporarily
31 exceed and draw more than the amount appropriated in
32 this subsection and incur a negative cash balance as
33 long as there are receivables equal to or greater than
34 the negative balance and the amount appropriated in
35 this subsection is not exceeded at the close of the
36 fiscal year.
37 2. The Iowa law enforcement academy may select
38 at least five automobiles of the department of public
39 safety, division of state patrol, prior to turning over
40 the automobiles to the department of administrative
41 services to be disposed of by public auction, and
42 the Iowa law enforcement academy may exchange any
43 automobile owned by the academy for each automobile
44 selected if the selected automobile is used in training
45 law enforcement officers at the academy. However,
46 any automobile exchanged by the academy shall be
47 substituted for the selected vehicle of the department
48 of public safety and sold by public auction with the
49 receipts being deposited in the depreciation fund to
50 the credit of the department of public safety, division

of state patrol.

Sec. 9. 2013 Iowa Acts, chapter 139, section 29, is amended to read as follows:

SEC. 29. STATE PUBLIC DEFENDER. There is appropriated from the general fund of the state to the office of the state public defender of the department of inspections and appeals for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be allocated as follows for the purposes designated:

1. For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ ~~12,931,091~~
25,882,243
..... FTEs ~~219.00~~
221.00

2. For payments on behalf of eligible adults and juveniles from the indigent defense fund, in accordance with section 815.11:

..... $ ~~14,950,965~~
29,901,929

Sec. 10. 2013 Iowa Acts, chapter 139, section 30, is amended to read as follows:

SEC. 30. BOARD OF PAROLE. There is appropriated from the general fund of the state to the board of parole for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ ~~601,918~~
1,204,583
..... FTEs 11.00

Sec. 11. 2013 Iowa Acts, chapter 139, section 31, is amended to read as follows:

SEC. 31. DEPARTMENT OF PUBLIC DEFENSE ---- DEPARTMENT OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT. There is appropriated from the general fund of the state to the department of public defense or the department of homeland security and emergency management, as applicable, for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. MILITARY DIVISION

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time

1 equivalent positions:
2 ..... $ ~~3,263,521~~
3 6,554,478
4 ..... FTEs ~~293.61~~
5 283.50
6 The military division may temporarily exceed
7 and draw more than the amount appropriated in this
8 subsection and incur a negative cash balance as long
9 as there are receivables of federal funds equal to
10 or greater than the negative balance and the amount
11 appropriated in this subsection is not exceeded at the
12 close of the fiscal year.
13 2. THE DEPARTMENT OF HOMELAND SECURITY AND
14 EMERGENCY MANAGEMENT ~~DIVISION OF SUCCESSOR AGENCY~~
15 For salaries, support, maintenance, miscellaneous
16 purposes, and for not more than the following full-time
17 equivalent positions:
18 ..... $ ~~1,087,139~~
19 2,229,623
20 ..... FTEs ~~37.40~~
21 36.13
22 a. The department of homeland security and
23 emergency management ~~division or successor agency~~
24 may temporarily exceed and draw more than the amount
25 appropriated in this subsection and incur a negative
26 cash balance as long as there are receivables of
27 federal funds equal to or greater than the negative
28 balance and the amount appropriated in this subsection
29 is not exceeded at the close of the fiscal year.
30 b. It is the intent of the general assembly that
31 the department of homeland security and emergency
32 management ~~division or successor agency~~ work in
33 conjunction with the department of public safety, to
34 the extent possible, when gathering and analyzing
35 information related to potential domestic or foreign
36 security threats, and when monitoring such threats.
37 Sec. 12. 2013 Iowa Acts, chapter 139, section 32,
38 is amended to read as follows:
39 SEC. 32. DEPARTMENT OF PUBLIC SAFETY. There is
40 appropriated from the general fund of the state to
41 the department of public safety for the fiscal year
42 beginning July 1, 2014, and ending June 30, 2015, the
43 following amounts, or so much thereof as is necessary,
44 to be used for the purposes designated:
45 1. For the department's administrative functions,
46 including the criminal justice information system, and
47 for not more than the following full-time equivalent
48 positions:
49 ..... $ ~~2,033,527~~
50 4,183,349

..... FTEs 39.00

2. For the division of criminal investigation, including the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of the state's normal contribution rate, as defined in section 97A.8, multiplied by the salaries for which the moneys are appropriated, to meet federal fund matching requirements, and for not more than the following full-time equivalent positions:

..... $ ~~6,466,707~~
13,625,414

..... FTEs ~~149.60~~
150.60

3. For the criminalistics laboratory fund created in section 691.9:

..... $ ~~151,173~~
302,345

4. a. For the division of narcotics enforcement, including the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of the state's normal contribution rate, as defined in section 97A.8, multiplied by the salaries for which the moneys are appropriated, to meet federal fund matching requirements, and for not more than the following full-time equivalent positions:

..... $ ~~3,377,928~~
6,919,855

..... FTEs ~~66.00~~
65.50

b. For the division of narcotics enforcement for undercover purchases:

..... $ ~~54,521~~
109,042

5. For the division of state fire marshal, for fire protection services as provided through the state fire service and emergency response council as created in the department, and for the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of the state's normal contribution rate, as defined in section 97A.8, multiplied by the salaries for which the moneys are appropriated, and for not more than the following full-time equivalent positions:

..... $ ~~2,235,278~~
4,590,556

..... FTEs 53.00

6. For the division of state patrol, for salaries, support, maintenance, workers' compensation costs,

1 and miscellaneous purposes, including the state's
2 contribution to the peace officers' retirement,
3 accident, and disability system provided in chapter 97A
4 in the amount of the state's normal contribution rate,
5 as defined in section 97A.8, multiplied by the salaries
6 for which the moneys are appropriated, and for not more
7 than the following full-time equivalent positions:
8 ..... $ ~~27,768,104~~
9 58,736,597
10 ..... FTEs ~~494.47~~
11 514.00
12 It is the intent of the general assembly that the
13 department of public safety add additional members to
14 the state patrol to the current number of members of
15 the state patrol as of July 1, 2014.
16 It is the intent of the general assembly that
17 members of the state patrol be assigned to patrol
18 the highways and roads in lieu of assignments for
19 inspecting school buses for the school districts.
20 ~~7. For operations costs, and miscellaneous~~
21 ~~purposes:~~
22 ~~..... $ 850,000~~
23 8. For deposit in the sick leave benefits fund
24 established under section 80.42 for all departmental
25 employees eligible to receive benefits for accrued sick
26 leave under the collective bargaining agreement:
27 ..... $ ~~139,759~~
28 279,517
29 9. For costs associated with the training and
30 equipment needs of volunteer fire fighters:
31 ..... $ ~~362,760~~
32 825,520
33 a. Notwithstanding section 8.33, moneys
34 appropriated in this subsection that remain
35 unencumbered or unobligated at the close of the fiscal
36 year shall not revert but shall remain available for
37 expenditure only for the purpose designated in this
38 subsection until the close of the succeeding fiscal
39 year.
40 b. Notwithstanding section 8.39, the department
41 of public safety may reallocate moneys appropriated
42 in this section as necessary to best fulfill the
43 needs provided for in the appropriation. However, the
44 department shall not reallocate moneys appropriated
45 to the department in this section unless notice of
46 the reallocation is given to the legislative services
47 agency and the department of management prior to
48 the effective date of the reallocation. The notice
49 shall include information regarding the rationale for
50 reallocating the moneys. The department shall not

1 reallocate moneys appropriated in this section for the
2 purpose of eliminating any program.
3 10. For the public safety interoperable and
4 broadband communications fund established in section
5 80.44: ..... $
6 154,661
7 Sec. 13. 2013 Iowa Acts, chapter 139, section 33,
8 is amended to read as follows:
9 SEC. 33. GAMING ENFORCEMENT.
10 1. There is appropriated from the gaming
11 enforcement revolving fund created in section 80.43 to
12 the department of public safety for the fiscal year
13 beginning July 1, 2014, and ending June 30, 2015, the
14 following amount, or so much thereof as is necessary,
15 to be used for the purposes designated:
16 For any direct support costs for agents and officers
17 of the division of criminal investigation's excursion
18 gambling boat, gambling structure, and racetrack
19 enclosure enforcement activities, including salaries,
20 support, maintenance, miscellaneous purposes, and
21 for not more than the following full-time equivalent
22 positions:
23 ..... $ ~~5,449,004~~
24 10,898,008
25 ..... FTEs ~~115.00~~
26 109.00
27 2. For each additional license to conduct gambling
28 games on an excursion gambling boat, gambling
29 structure, or racetrack enclosure issued during
30 the fiscal year beginning July 1, 2014, there is
31 appropriated from the gaming enforcement fund to
32 the department of public safety for the fiscal year
33 beginning July 1, 2014, and ending June 30, 2015, an
34 additional amount of not more than $300,000 to be used
35 for not more than 3.00 additional full-time equivalent
36 positions.
37 3. The department of public safety, with the
38 approval of the department of management, may employ
39 no more than three special agents for each additional
40 riverboat or gambling structure regulated after July 1,
41 2014, and three special agents for each racing facility
42 which becomes operational during the fiscal year which
43 begins July 1, 2014. Positions authorized in this
44 subsection are in addition to the full-time equivalent
45 positions otherwise authorized in this section.
46 Sec. 14. 2013 Iowa Acts, chapter 139, section 34,
47 is amended to read as follows:
48 SEC. 34. CIVIL RIGHTS COMMISSION. There is
49 appropriated from the general fund of the state to the
50 Iowa state civil rights commission for the fiscal year

1 beginning July 1, 2014, and ending June 30, 2015, the
2 following amount, or so much thereof as is necessary,
3 to be used for the purposes designated:
4 For salaries, support, maintenance, miscellaneous
5 purposes, and for not more than the following full-time
6 equivalent positions:
7 ..... $ ~~648,535~~
8 1,169,540
9 ..... FTEs 28.00
10 The Iowa state civil rights commission may enter
11 into a contract with a nonprofit organization to
12 provide legal assistance to resolve civil rights
13 complaints.
14 Sec. 15. 2013 Iowa Acts, chapter 139, section 35,
15 is amended to read as follows:
16 SEC. 35. CRIMINAL AND JUVENILE JUSTICE PLANNING
17 DIVISION. There is appropriated from the general fund
18 of the state to the criminal and juvenile justice
19 planning division of the department of human rights for
20 the fiscal year beginning July 1, 2013, and ending June
21 30, 2014, the following amounts, or so much thereof as
22 is necessary, to be used for the purposes designated:
23 For salaries, support, maintenance, and
24 miscellaneous purposes, and for not more than the
25 following full-time equivalent positions:
26 ..... $ ~~630,053~~
27 1,260,105
28 ..... FTEs ~~10.81~~
29 10.38
30 The criminal and juvenile justice planning advisory
31 council and the juvenile justice advisory council
32 shall coordinate their efforts in carrying out their
33 respective duties relative to juvenile justice.
34 Sec. 16. 2013 Iowa Acts, chapter 139, section 36,
35 is amended to read as follows:
36 SEC. 36. DEPARTMENT OF HOMELAND SECURITY AND
37 EMERGENCY MANAGEMENT ~~DIVISION~~. There is appropriated
38 from the ~~wireless~~ E911 emergency communications fund
39 created in section 34A.7A to the department of homeland
40 security and emergency management ~~division or successor~~
41 ~~agency~~ for the fiscal year beginning July 1, 2014, and
42 ending June 30, 2015, an amount not exceeding $250,000
43 to be used for implementation, support, and maintenance
44 of the functions of the administrator and program
45 manager under chapter 34A and to employ the auditor of
46 the state to perform an annual audit of the ~~wireless~~
47 E911 emergency communications fund.
48 DIVISION III
49 MISCELLANEOUS PROVISIONS
50 Sec. 17. Section 80B.5, Code 2014, is amended to

1 read as follows:
2 80B.5 Administration -- director -- deputy director.
3 1. The administration of this chapter shall be
4 vested in the office of the governor. ~~A~~ Except for the
5 director and deputy director of the academy ~~and such~~,
6 the staff as may be necessary for it to function shall
7 be employed pursuant to the Iowa merit system.
8 2. The director of the academy shall be appointed
9 by the governor, subject to confirmation by the senate,
10 to serve at the pleasure of the governor, and the
11 director may employ a deputy director.
12 Sec. 18. Section 97B.49B, subsection 1, paragraph
13 e, Code 2014, is amended by adding the following new
14 subparagraph:
15 NEW SUBPARAGRAPH. (13) An employee of a judicial
16 district department of correctional services whose
17 condition of employment requires the employee to be
18 certified by the Iowa law enforcement academy and who
19 is required to perform the duties of a parole officer
20 as provided in section 906.2.
21 Sec. 19. CONSUMER EDUCATION AND LITIGATION
22 FUND. Notwithstanding section 714.16C, for each fiscal
23 year of the period beginning July 1, 2014, and ending
24 June 30, 2016, the annual appropriations in section
25 714.16C, are increased from $1,125,000 to $1,875,000,
26 and $75,000 to $125,000 respectively.
27 Sec. 20. PERSONNEL SETTLEMENT AGREEMENT
28 PAYMENTS. As a condition made to any appropriation
29 provided in this Act, moneys appropriated and any other
30 moneys available for use by the entity to which the
31 appropriation is made under this Act shall not be used
32 for the payment of a personnel settlement agreement
33 between that entity and a state employee that contains
34 a confidentiality provision intended to prevent
35 public disclosure of the agreement or any terms of the
36 agreement.
37 Sec. ___. EFFECTIVE UPON ENACTMENT. The following
38 provision of this division of this Act, being deemed of
39 immediate importance, takes effect upon enactment:
40 1. The section amending section 80B.5.
41 DIVISION IV
42 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
43 DISABILITY SYSTEM
44 Sec. 21. Section 97A.1, Code 2014, is amended by
45 adding the following new subsections:
46 NEW SUBSECTION. 5A. "Cancer" means prostate
47 cancer, primary brain cancer, breast cancer, ovarian
48 cancer, cervical cancer, uterine cancer, malignant
49 melanoma, leukemia, non-Hodgkin's lymphoma, bladder
50 cancer, colorectal cancer, multiple myeloma, testicular

1 cancer, and kidney cancer.
2 NEW SUBSECTION. 9A. "Infectious disease" means HIV
3 or AIDS as defined in section 141A.1, all strains of
4 hepatitis, meningococcal meningitis, and mycobacterium
5 tuberculosis.
6 Sec. 22. Section 97A.5, subsection 11, Code 2014,
7 is amended to read as follows:
8 11. Actuarial investigation.
9 a. At least once in each two-year period, the
10 actuary hired by the board of trustees shall make an
11 actuarial investigation in the mortality, service,
12 and compensation experience of the members and
13 beneficiaries of the system, and the interest and
14 other earnings on the moneys and other assets of the
15 system, and shall make a valuation of the assets and
16 liabilities of the retirement fund of the system, and
17 taking into account the results of the investigation
18 and valuation, the board of trustees shall adopt
19 for the system, upon recommendation of the system's
20 actuary, such actuarial methods and assumptions,
21 interest rate, and mortality and other tables as shall
22 be deemed necessary to conduct the actuarial valuation
23 of the system.
24 b. During calendar year 2019, and every five
25 years thereafter, the system shall cause an actuarial
26 investigation to be made related to the implementation,
27 utilization, and actuarial costs associated with
28 providing that cancer and infectious disease are
29 presumed to be a disease contracted while a member
30 of the system is on active duty as provided in
31 section 97A.6, subsection 5. On the basis of the
32 investigation, the board of trustees shall adopt and
33 certify rates of contributions payable by members
34 in accordance with section 97A.8. The system shall
35 submit a written report to the general assembly
36 following each actuarial investigation, including the
37 certified rates of contributions payable by members
38 for costs associated with the benefit as described in
39 this paragraph, the data collected, and the system's
40 findings.
41 Sec. 23. Section 97A.6, subsection 5, paragraph b,
42 Code 2014, is amended to read as follows:
43 b. (1) Disease under this ~~section~~ subsection shall
44 mean heart disease or any disease of the lungs or
45 respiratory tract and shall be presumed to have been
46 contracted while on active duty as a result of strain,
47 exposure, or the inhalation of noxious fumes, poison,
48 or gases.
49 (2) Disease under this subsection shall also mean
50 cancer or infectious disease and shall be presumed to

have been contracted while on active duty as a result of that duty.

(3) However, if a person's membership in the system first commenced on or after July 1, 1992, and the heart disease or disease of the lungs or respiratory tract, cancer, or infectious disease would not exist, but for a medical condition that was known to exist on the date that membership commenced, the presumption established in this paragraph "b" shall not apply.

Sec. 24. Section 97A.8, subsection 1, paragraph e, subparagraph (8), subparagraph division (a), subparagraph subdivision (v), Code 2014, is amended to read as follows:

(v) For the fiscal ~~year~~ period beginning July 1, 2014, and ~~each fiscal year thereafter~~ ending June 30, 2020, eleven and ~~thirty-five hundredths~~ four-tenths percent.

Sec. 25. Section 97A.8, subsection 1, paragraph e, subparagraph (8), subparagraph division (a), Code 2014, is amended by adding the following new subparagraph subdivision:

NEW SUBPARAGRAPH SUBDIVISION. (vi) For the fiscal year beginning July 1, 2020, and each fiscal year thereafter, eleven and thirty-five hundredths percent, plus an additional percentage, as determined by the board of trustees pursuant to the actuarial investigation required in section 97A.5, subsection 11, paragraph "b", necessary to finance the costs associated with providing that cancer and infectious disease are presumed to be a disease contracted while a member of the system is on active duty as provided in section 97A.6, subsection 5.>

RECEIVED FROM THE SENATE

H-8277 FILED APRIL 15, 2014

HOUSE FILE 2466

H-8271

Amend House File 2466 as follows:

1. Page 2, by striking lines 15 through 17 and inserting <assessment procedures for section 42 property is irrevocable. Property that is withdrawn from the assessment procedures for section 42 property shall be classified and assessed as multiresidential property unless the property otherwise fails to meet the requirements of section 441.21, subsection 13. Upon adoption of uniform rules by the department>

2. Page 2, after line 26 by inserting:

<Sec. ___. Section 441.21, subsection 13, paragraph d, as enacted by 2013 Iowa Acts, chapter 123, section 28, is amended to read as follows:

d. ~~In no case, however, shall property~~ Property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, and that ~~is subject to assessment procedures relating to section 42 property under section 441.21,~~ has not been withdrawn from section 42 assessment procedures under subsection 2 of this section, or a hotel, motel, inn, or other building where rooms or dwelling units are usually rented for less than one month shall not be classified as multiresidential property under this subsection.>

By HAGENOW of Polk

H-8271 FILED APRIL 15, 2014

1 Amend the amendment, H-8228, to Senate File 2342,
2 as amended, passed, and reprinted by the Senate, as
3 follows:
4 1. Page 1, by striking lines 3 through 25 and
5 inserting:
6 <___. Page 17, by striking lines 22 through 29.
7 ___. Page 17, after line 31 by inserting:
8 <DIVISION ___
9 UNCLAIMED LIFE INSURANCE DEATH BENEFITS
10 Sec. ___. NEW SECTION. 507B.4C Unclaimed life
11 insurance.
12 1. Purpose. The purpose of this section is to
13 require complete and proper disclosure, transparency,
14 and accountability relating to any method of payment
15 for life insurance death benefits regulated by the
16 commissioner.
17 2. Definitions. As used in this section, unless
18 the context otherwise requires:
19 a. "Account owner" means the owner of a retained
20 asset account who is a resident of this state.
21 b. "Annuity" means an annuity contract issued in
22 this state. "Annuity" does not include any annuity
23 contract used to fund an employment-based retirement
24 plan or program where the insurer takes direction from
25 the plan sponsor or plan administrator.
26 c. "Authorized person" means a policy owner,
27 insured, annuity owner, annuitant, or account holder,
28 as applicable under a policy, annuity, or retained
29 asset account.
30 d. "Death master file" means the United States
31 social security administration's death master file
32 or any other database or service that is at least as
33 comprehensive as the United States social security
34 administration's death master file for determining that
35 a person has died.
36 e. "Death master file match" means a search of
37 the death master file that results in a match of an
38 authorized person's name and social security number or
39 an authorized person's name and date of birth.
40 f. "Insurer" means a life insurance company
41 regulated under chapter 508.
42 g. "Policy" means any policy or certificate of life
43 insurance issued in this state. "Policy" does not
44 include any of the following:
45 (1) A policy or certificate of life insurance which
46 provides a death benefit under an employee benefit
47 plan subject to the federal Employee Retirement Income
48 Security Act of 1974, Pub. L. No. 93-406, as codified
49 at 29 U.S.C. {1002 et seq.
50 (2) A policy or certificate of life insurance which

1 provides a death benefit under an employee benefit plan
2 subject to a federal employee benefit program.
3 (3) A policy or certificate of life insurance
4 which is used to fund a preneed plan for cemetery
5 merchandise, funeral merchandise, funeral services, or
6 a combination thereof.
7 (4) A policy or certificate of credit life or
8 accidental death insurance.
9 (5) A policy issued to a group master policyowner
10 for which the insurer does not provide recordkeeping
11 services.
12 h. "Recordkeeping services" means services provided
13 by an insurer who has entered into an agreement with a
14 group policy customer to be responsible for obtaining,
15 maintaining, and administering in the insurer's own
16 recordkeeping systems at least all of the following
17 information about each individual insured under
18 the insured's group insurance contract or a line of
19 coverage thereunder:
20 (1) Social security number or name and date of
21 birth.
22 (2) Beneficiary designation information.
23 (3) Coverage eligibility.
24 (4) Benefit amount.
25 (5) Premium payment status.
26 i. "Retained asset account" means an
27 interest-bearing account set up by an insurer in
28 the name of the beneficiary of a policy or annuity upon
29 the death of the insured.
30 3. Insurer duties.
31 a. For any in-force policy, annuity, or retained
32 asset account issued for delivery in this state for
33 which the insurer has not previously been notified of
34 a claim, an insurer shall perform a comparison of such
35 policy, annuity, or retained asset account against the
36 death master file, on at least a semiannual basis, to
37 identify potential death master file matches.
38 (1) An insurer may comply with the requirements of
39 this subsection by using the full death master file for
40 the initial comparison and thereafter using the death
41 master file update files for subsequent comparisons.
42 (2) Nothing in this section shall be interpreted to
43 limit the right of an insurer to request a valid death
44 certificate as part of any claims validation process.
45 b. If an insurer learns of the possible death of an
46 authorized person through a death master file match or
47 otherwise, the insurer shall, within ninety days, do
48 all of the following:
49 (1) Complete a good faith effort, which shall be
50 documented by the insurer, to confirm the death of the

authorized person against other available records and information.

(2) Review the insurer's records to determine whether the deceased authorized person had purchased any other products from the insurer.

(3) Determine whether benefits may be due in accordance with the applicable policy, annuity, or retained asset account.

(4) If the beneficiary or an authorized person has not communicated with the insurer within the ninety-day period, take reasonable steps, which shall be documented by the insurer, to locate and contact any beneficiary or other authorized person on the policy, annuity, or retained asset account, including sending the beneficiary or other authorized person information regarding the insurer's claims process and regarding the need to provide an official death certificate, if applicable under the policy, annuity, or retained asset account.

c. Every insurer shall implement procedures to account for all of the following:

(1) Common nicknames, initials used in lieu of a first or middle name, use of a middle name, compound first and middle names, and interchanged first and middle names.

(2) Compound last names, maiden or married names, and hyphens, blank spaces, or apostrophes in last names.

(3) Transposition of the month and date portions of the date of birth.

(4) Incomplete social security numbers.

d. An insurer may disclose minimum necessary personal information about a beneficiary or authorized person to an individual or entity whom the insurer reasonably believes may be able to assist the insurer in locating the beneficiary or authorized person entitled to payment of the claims proceeds.

e. An insurer or its service provider shall not charge a beneficiary or authorized person any fees or costs associated with a death master file search conducted pursuant to this section.

f. The benefits from a policy, annuity, or retained asset account, plus any applicable accrued interest, shall first be payable to designated beneficiaries or authorized persons, and in the event that the beneficiaries or authorized persons cannot be found, shall be reported and remitted to the state as unclaimed property pursuant to chapters 556 and 633.

4. Rules. The commissioner shall adopt rules to administer the provisions of this section.

1 5. Orders. The commissioner may issue an order
2 doing any of the following:
3 a. Limiting the death master file comparisons
4 required under subsection 3, paragraph "a", to an
5 insurer's electronic searchable files or approving a
6 plan and timeline for conversion of an insurer's files
7 to electronic searchable files.
8 b. Exempting an insurer from the death master file
9 comparisons required under subsection 3, paragraph "a",
10 or permitting an insurer to perform such comparisons
11 less frequently than semiannually upon a demonstration
12 of financial hardship by the insurer.
13 c. Phasing in requirements for compliance with this
14 section according to a plan and timeline approved by
15 the commissioner.
16 6. Unfair trade practice. Failure to meet any
17 requirement of this section with such frequency as to
18 constitute a general business practice is an unfair
19 method of competition and an unfair or deceptive act
20 or practice in the business of insurance under this
21 chapter.
22 7. Insurer unclaimed property reporting.
23 a. If an insurer identifies a person as deceased
24 through a death master file match as described in
25 subsection 3, paragraph "a", or other information
26 source, and validates such information through a
27 secondary information source, the insurer may report
28 and remit the proceeds of the policy, annuity, or
29 retained asset account due to the state prior to the
30 dates required for such reporting and remittance under
31 chapter 556, without further notice to or consent by
32 the state, after attempting to contact any beneficiary
33 under either of the following circumstances:
34 (1) The insurer is unable to locate a beneficiary
35 who is located in this state under the policy, annuity
36 contract, or retained asset account, after conducting
37 reasonable search efforts of up to one year after the
38 insurer's validation of the death master file match.
39 (2) No beneficiary or person, as applicable for
40 unclaimed property reporting purposes under chapter
41 556, has a last known address in this state.
42 b. Once the insurer has reported upon and remitted
43 the proceeds of the policy, annuity, or retained
44 asset account to the state pursuant to chapter 556,
45 the insurer is relieved from any and all additional
46 liability to any beneficiary or authorized person
47 relating to the proceeds reported upon and remitted.
48 Sec. ___. EFFECTIVE DATE. This division of this
49 Act takes effect July 1, 2015.>
50 ___. By striking page 17, line 34, through page 18,

line 24, and inserting:>

2. Page 1, after line 33 by inserting:

<___. Title page, line 4, after <matters,> by inserting <including penalties,>>

3. By renumbering as necessary.

By WATTS of Dallas

H-8276 FILED APRIL 15, 2014

SENATE FILE 2347

H-8272

Amend the amendment, H-8248, to Senate File 2347, as amended, passed, and reprinted by the Senate, as follows:

1. Page 1, after line 2 by inserting:

<___. Page 2, by striking line 30 and inserting <2,330,488>>

2. Page 1, after line 4 by inserting:

<___. Page 4, by striking line 8 and inserting <50,349,986>

___. Page 4, by striking line 13 and inserting <1,976,000>>

3. Page 1, by striking lines 26 through 40.

4. Page 1, by striking lines 43 through 48 and inserting:

<___. Page 34, after line 28 by inserting:

<DIVISION ___

SUPPLEMENTAL AND OTHER APPROPRIATIONS ---- TUITION REDUCTION

DEPARTMENT OF EDUCATION

Sec. ___. DEPARTMENT OF EDUCATION. There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

COMMUNITY COLLEGES. For reducing the resident tuition rates at the community colleges for the 2014-2015 fiscal year:

..... $ 8,050,986

The moneys appropriated in this subsection shall be allocated pursuant to the formula established in section 260C.18C. Each community college shall use the amount received in accordance with this section to reduce the resident tuition rate for fiscal year 2014-2015.

STATE BOARD OF REGENTS

Sec. ___. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amounts, or so much thereof as is necessary, to supplement appropriations made for the following designated purposes:

1. STATE UNIVERSITY OF IOWA ---- GENERAL UNIVERSITY, INCLUDING LAKESIDE LABORATORY

For salaries, support, maintenance, equipment, financial aid, and miscellaneous purposes, in addition to any other moneys appropriated to the state board of regents for these purposes:

..... $ 13,636,920

From the moneys appropriated in this subsection,

1 $9,236,920 shall be used to reduce the university's
2 resident undergraduate base tuition rates approved by
3 the state board for fiscal year 2014-2015 at the state
4 board's December 4, 2013, meeting.
5 2. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY
6 For reducing the university's resident undergraduate
7 base tuition rate approved by the state board for
8 fiscal year 2014-2015 at the state board's December 4,
9 2013, meeting:
10 ..... $ 7,237,832
11 3. UNIVERSITY OF NORTHERN IOWA
12 For reducing the university's resident undergraduate
13 base tuition rate approved by the state board for
14 fiscal year 2014-2015 at the state board's December 4,
15 2013, meeting:
16 ..... $ 3,638,069>>
17 5. By renumbering as necessary.

By WINCKLER of Scott
ABDUL-SAMAD of Polk
ANDERSON of Polk
BERRY of Black Hawk
COHOON of Des Moines
DAWSON of Woodbury
GAINES of Polk
GASKILL of Wapello
HALL of Woodbury
HANSON of Jefferson
HEDDENS of Story
HUNTER of Polk
KEARNS of Lee
KELLEY of Jasper
KRESSIG of Black Hawk
LENSING of Johnson
LUNDBY of Linn
MASCHER of Johnson
MURPHY of Dubuque
T. OLSON of Linn
OURTH of Warren
PRICHARD of Floyd
RUFF of Clayton
RUNNING-MARQUARDT of Linn
M. SMITH of Marshall
STAED of Linn
STECKMAN of Cerro Gordo
STUTSMAN of Johnson
THOMAS of Clayton
WESSEL-KROESCHELL of Story
WOLFE of Clinton
WOOD of Scott

H-8272 FILED APRIL 15, 2014

SENATE FILE 2347

H-8273

1 Amend Senate File 2347, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 26, after line 30 by inserting:
4 <Sec. ___. Section 257.8, subsection 1, Code 2014,
5 is amended to read as follows:
6 1. State percent of growth. ~~The state percent of~~
7 ~~growth for the budget year beginning July 1, 2012,~~
8 ~~is two percent.~~ The state percent of growth for the
9 budget year beginning July 1, 2013, is two percent.
10 The state percent of growth for the budget year
11 beginning July 1, 2014, is four percent. The state
12 percent of growth for the budget year beginning July
13 1, 2015, is six percent. The state percent of growth
14 for each subsequent budget year shall be established
15 by statute which shall be enacted within thirty days
16 of the submission in the year preceding the base year
17 of the governor's budget under section 8.21. The
18 establishment of the state percent of growth for a
19 budget year shall be the only subject matter of the
20 bill which enacts the state percent of growth for a
21 budget year.>
22 2. Page 34, after line 28 by inserting:
23 <Sec. ___. EFFECTIVE UPON ENACTMENT. The following
24 provision or provisions of this Act, being deemed of
25 immediate importance, take effect upon enactment:
26 1. The section of this Act amending section 257.8,
27 subsection 1.>
28 3. Title page, line 5, by striking <matters> and
29 inserting <matters, and including effective date
30 provisions>
31 4. By renumbering as necessary.

By STECKMAN of Cerro Gordo
ABDUL-SAMAD of Polk
ANDERSON of Polk
BEARINGER of Fayette
BERRY of Black Hawk
COHOON of Des Moines
DAWSON of Woodbury
DUNKEL of Dubuque
GAINES of Polk
GASKILL of Wapello
HALL of Woodbury
HANSON of Jefferson
HUNTER of Polk
ISENHART of Dubuque
KEARNS of Lee
KELLEY of Jasper
KRESSIG of Black Hawk
LENSING of Johnson
LUNDBY of Linn
LYKAM of Scott
MUHLBAUER of Crawford
MURPHY of Dubuque
OLDSON of Polk
OURTH of Warren
PRICHARD of Floyd
RUFF of Clayton
M. SMITH of Marshall
STAED of Linn
THEDE of Scott
WINCKLER of Scott
WOLFE of Clinton
WOOD of Scott

H-8273 FILED APRIL 15, 2014

Amend Senate File 2347, as amended, passed, and reprinted by the Senate, as follows:

1. Page 37, after line 13 by inserting:

<DIVISION ___

STATEWIDE PRESCHOOL PROGRAM PROVISIONS

Sec. ___. Section 256C.3, subsection 3, paragraph h, Code 2014, is amended to read as follows:

h. Provision for ensuring that children receiving care from other child care arrangements can participate in the preschool program with minimal disruption due to transportation and movement from one site to another. The children participating in the preschool program may be transported by the school district to activities associated with the program along with other children.

Sec. ___. Section 256C.3, subsection 3, Code 2014, is amended by adding the following new paragraph:

NEW PARAGRAPH. i. A requirement that children with a family income at or below one hundred thirty percent of the federal poverty level, as defined by the most recently revised poverty income guidelines published by the United States department of health and human services, shall not be subject to additional tuition, fees, or other charges for added preschool time or other preschool-related services provided in addition to the minimum hours of instruction provided in accordance with paragraph "f".

Sec. ___. Section 256C.3, subsection 4, Code 2014, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. Development and implementation of a plan for the school district's preschool program to have sufficient capacity to operate without a waiting list for school budget years beginning on or after July 1, 2017.

Sec. ___. Section 256C.4, subsection 1, paragraphs g and h, Code 2014, are amended to read as follows:

g. For the fiscal year beginning July 1, ~~2011~~ 2014, and each succeeding fiscal year, of the amount of preschool foundation aid received by a school district for a fiscal year in accordance with section 257.16, not more than five percent may be used by the school district for administering the district's approved local program. Outreach activities and rent for facilities not owned by the school district are permissive uses of the administrative funds.

h. For the fiscal year beginning July 1, ~~2012~~ 2014, and each succeeding fiscal year, of the amount of preschool foundation aid received by a school district for a fiscal year in accordance with section 257.16, not less than ninety-five percent of the per pupil amount shall be passed through to a community-based

provider for each pupil enrolled in the district's approved local program. For the fiscal year beginning July 1, ~~2011~~ 2014, and each succeeding fiscal year, not more than ~~five~~ ten percent of the amount of preschool foundation aid passed through to a community-based provider may be used by the community-based provider for administrative costs. The costs of outreach activities and rent for facilities not owned by the school district are permissive administrative costs. The costs of transportation involving children participating in the preschool program and other children may be prorated.

Sec. ___. Section 256C.4, subsection 2, paragraph b, Code 2014, is amended to read as follows:

b. The enrollment count of eligible students shall not include a child who is included in the enrollment count determined under section 257.6 or a child who is served by ~~a~~ an existing preschool program already receiving state or federal funds for the purpose of ~~the provision of~~ providing four-year-old preschool programming while the child is being served by the existing program. ~~Such preschool programming~~ However, the enrollment count of eligible students may include a child being served by an existing preschool program if the preschool programming in the existing program has been enhanced as a result of preschool program expansion incentive state aid provided under section 256C.7. For the purposes of this chapter an "existing preschool program" includes but is not limited to shared visions and other child development assistance programs provided under chapter 256A and section 279.51, special education programs provided under section 256B.9, school ready children grant programs and other programs provided under chapter 256I, and federal head start programs and the services funded by Tit. I of the federal Elementary and Secondary Education Act of 1965.

Sec. ___. Section 256C.5, subsection 1, unnumbered paragraph 1, Code 2014, is amended to read as follows:

For the purposes of this ~~section and section 256C.4~~ chapter, unless the context otherwise requires:

Sec. ___. NEW SECTION. 256C.7 Preschool program expansion incentive.

1. For the purposes of this section, unless the context otherwise requires:

a. "Base incentive enrollment" means the average of the actual enrollments of eligible students in the preschool programming provided by a school district on October 1, 2011, October 1, 2012, and October 1, 2013.

b. "Incentive period" means the budget years

1 beginning July 1, 2015, July 1, 2016, and July 1, 2017.
2 c. "Incentive enrollment" means the amount by which
3 the actual enrollment of eligible students in the
4 preschool programming provided by a school district
5 on October 1 of the base year exceeds the school
6 district's base incentive enrollment.
7 d. "Incentive state aid" means the product of twenty
8 percent of the regular program state cost per pupil for
9 the budget year multiplied by the school district's
10 incentive enrollment in the base year.
11 2. a. A preschool program expansion incentive
12 is established in accordance with this section. In
13 order to be eligible for the incentive, a school
14 district must develop and implement a preschool
15 program expansion plan, approved by the department, to
16 expand enrollment of eligible students in the school
17 district's preschool programming. In addition, the
18 school district shall work with existing preschool
19 program providers to expand hours and otherwise enhance
20 the preschool programming available to the children
21 participating in the programs. The plan's goal
22 shall be that by the end of the incentive period the
23 district's preschool programming will be available
24 without a waiting list to each child wanting to enroll
25 in the programming. After completion of the incentive
26 period, the department shall analyze the growth in
27 access to the preschool program and enhancements made
28 in preschool programming as a result of the incentive,
29 including in the programs provided directly by school
30 districts and in those offered in partnership with
31 community providers. The department shall submit
32 a report to the general assembly that shall include
33 identification of progress made toward the incentive
34 program's goals and documentation of collaboration
35 efforts made with input from participating families,
36 early care providers, and community partners.
37 b. The elements addressed in the preschool program
38 expansion plan shall include but are not limited to the
39 following:
40 (1) How the school district will work in
41 collaboration with participating families, early care
42 providers, and community partners, as described in
43 section 256C.3, subsection 3, to provide the preschool
44 programming in as convenient and cost-effective
45 a manner as possible for the families of the
46 four-year-old children who are eligible for the
47 programming.
48 (2) A specification of the roles of the early care
49 providers and community partners in support of the
50 expansion plan.

1 (3) A delineation of the specific steps for
2 expanding hours and otherwise enhancing the preschool
3 programming available to the children participating in
4 the existing preschool programs located in the school
5 district.
6 (4) Identification of specific outcomes and
7 progress measures for the expansion plan.
8 (5) Detailed plans for contacting and soliciting
9 enrollment of eligible students, particularly from
10 low-income families, non-English speaking families, and
11 families from ethnic and racial groups underrepresented
12 in the district's preschool program enrollment.
13 3. The department of education shall provide
14 required elements and recommend best practices for
15 outreach and program expansion under the incentive,
16 including expansion plan models that school districts
17 may consider in developing their local expansion plans,
18 and including but not limited to submission provisions,
19 annual updates, and documentation of collaboration
20 efforts with and input from participating families,
21 early care providers, and community partners.
22 4. During the incentive period, in addition to the
23 regular preschool foundation aid based on the preschool
24 budget enrollment, the school district implementing a
25 preschool expansion plan approved by the department
26 shall receive incentive state aid based on the
27 district's incentive enrollment. The incentive state
28 aid shall be paid as part of the state aid payments
29 made to school districts in accordance with section
30 257.16.
31 5. A school district shall utilize its incentive
32 state aid to defray increases in costs in connection
33 with the school district's preschool program expansion
34 plan. Such costs shall include but are not limited
35 to renovation and other facility costs connected with
36 expansion, outreach, one-time expenses, and other costs
37 identified as eligible by the department.
38 Sec. ___. Section 257.16, Code 2014, is amended by
39 adding the following new subsection:
40 NEW SUBSECTION. 1A. For the fiscal years in which
41 the preschool program expansion incentive applies in
42 accordance with section 256C.7, the appropriation made
43 in subsection 1 shall include the amount necessary to
44 pay incentive state aid in accordance with section
45 256C.7. This subsection is repealed on July 1, 2018.
46 Sec. ___. STATE MANDATE FUNDING SPECIFIED. In
47 accordance with section 25B.2, subsection 3, the state
48 cost of requiring compliance with any state mandate
49 included in this division of this Act shall be paid
50 by a school district from state school foundation

1 aid received by the school district under section
2 257.16. This specification of the payment of the
3 state cost shall be deemed to meet all of the state
4 funding-related requirements of section 25B.2,
5 subsection 3, and no additional state funding shall be
6 necessary for the full implementation of this division
7 of this Act by and enforcement of this division of this
8 Act against all affected school districts.>
9 2. By renumbering as necessary.

By STECKMAN of Cerro Gordo
ABDUL-SAMAD of Polk
ANDERSON of Polk
BEARINGER of Fayette
BERRY of Black Hawk
COHOON of Des Moines
DAWSON of Woodbury
DUNKEL of Dubuque
GASKILL of Wapello
HALL of Woodbury
HANSON of Jefferson
HUNTER of Polk
ISENHART of Dubuque
KEARNS of Lee
KELLEY of Jasper
KRESSIG of Black Hawk
LUNDBY of Linn
LYKAM of Scott
MUHLBAUER of Crawford
MURPHY of Dubuque
OLDSON of Polk
OURTH of Warren
PRICHARD of Floyd
RUFF of Clayton
M. SMITH of Marshall
STAED of Linn
STUTSMAN of Johnson
THEDE of Scott
WINCKLER of Scott
WOLFE of Clinton
WOOD of Scott

H-8274 FILED APRIL 15, 2014

SENATE FILE 2347

H-8275

1 Amend Senate File 2347, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 11, by striking line 23 and inserting
4 <66,791,351>
5 2. Page 31, line 20, by striking <d, and f> and
6 inserting <and d>
7 3. Page 33, by striking lines 2 through 10.
8 4. By renumbering as necessary.

By STECKMAN of Cerro Gordo

H-8275 FILED APRIL 15, 2014

Amend the amendment, H-8273, to Senate File 2347, as amended, passed, and reprinted by the Senate, as follows:

1. Page 1, after line 22 by inserting:

<Sec. ___. BUDGET GUARANTEE SUPPLEMENT -- FY 2014-2015 APPROPRIATION.

1. There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 2014, and ending June 30, 2015, fifteen million dollars to make the payments to school districts required under subsection 2.

2. a. Moneys appropriated to the department of education under this section shall be used to provide a budget guarantee supplement to each school district that is eligible for a budget adjustment under section 257.14 for the budget year beginning July 1, 2014, and ending June 30, 2015.

b. For the budget year beginning July 1, 2014, and ending June 30, 2015, the department of education shall calculate all of the following:

(1) For each school district eligible under paragraph "a", the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year.

(2) The sum of all amounts calculated under subparagraph (1) for eligible school districts.

c. Each eligible school district's budget guarantee supplement amount shall be equal to the amount calculated for the school district under paragraph "b", subparagraph (1), divided by the amount calculated under paragraph "b", subparagraph (2), and then multiplied by fifteen million dollars.

3. Moneys received by a school district under this section shall be miscellaneous income for purposes of chapter 257 and shall not be included in district cost.

4. The payment of budget guarantee supplement amounts under this section shall be paid by the department of education at the same time and in the same manner as foundation aid is paid under section 257.16 for the fiscal year beginning July 1, 2014, and ending June 30, 2015, and may be included in the monthly payment of state aid under section 257.16, subsection 2.>

2. Page 1, line 24, after <this> by inserting <division of this>

3. Page 1, line 26, after <this> by inserting <division of this>

4. Page 1, after line 27 by inserting:

<2. The section of this division of this Act

1 providing for a budget guarantee supplement for the
2 fiscal year beginning July 1, 2014, and ending June 30,
3 2015.>

By RUFF of Clayton
MUHLBAUER of Crawford
THOMAS of Clayton

H-8278 FILED APRIL 15, 2014

SENATE FILE 2347

H-8279

Amend the amendment, H-8248, to Senate File 2347, as amended, passed, and reprinted by the Senate, as follows:

1. Page 1, after line 48 by inserting:

<___. Page 37, after line 13 by inserting:

<DIVISION ___

SAFE SCHOOLS PROVISIONS

Sec. ___. Section 256.2, Code 2014, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. "Harassment" and "bullying" mean the same as defined in section 280.28.

Sec. ___. NEW SECTION. 256.100 Office of support and analysis for safe schools.

1. Subject to an appropriation by the general assembly for purposes of this section, the office of support and analysis for safe schools is established in the department to coordinate and implement the state's efforts to prevent and respond to harassment and bullying.

2. The office shall coordinate efforts between state agencies and promote research-based best practices for programming and training to improve school learning environments and school safety. The office shall coordinate with appropriate stakeholders in carrying out its duties.

3. The office shall:

a. Assist schools in the implementation of section 280.28, using research- and outcome-based best practices.

b. Provide or recommend technical assistance and training to school employees responsible for conducting investigations of complaints of incidents of harassment or bullying to ensure compliance with section 280.28.

c. Analyze harassment and bullying incidence data reported by school districts and accredited nonpublic schools pursuant to section 280.28, subsection 7, and response data from the Iowa youth survey. The office may use its analysis to provide technical assistance to school districts or schools to improve school learning environments and school safety and to achieve compliance with section 280.28.

d. Coordinate with the department of public health and other public and private agencies and organizations in the administration of the your life Iowa initiative. Contacts with the initiative relating to possible harassment or bullying shall be shared with the office, which shall assist the initiative in responding to such contacts. The office shall maintain compliance with applicable federal and state privacy laws to ensure the confidentiality of information provided to the

initiative.

e. Collaborate with the department of public health and other state agencies in the administration of the Iowa youth survey to students in grades six, eight, and eleven in Iowa's public and nonpublic schools. Survey data shall be evaluated and reported, with aggregate data available online at the Iowa youth survey internet site.

Sec. ___. Section 280.28, subsection 2, paragraph a, Code 2014, is amended to read as follows:

a. "Electronic" means any communication involving the transmission of information by wire, radio, optical cable, electromagnetic, or other similar means. "Electronic" includes but is not limited to communication via electronic mail, internet-based communications including social networking sites and applications, pager service, cell phones, ~~and~~ electronic text messaging, or any other electronic communication site, device, or means.

Sec. ___. Section 280.28, subsection 3, Code 2014, is amended by adding the following new paragraph:

NEW PARAGRAPH. h. A procedure for documenting the actions taken by the school to investigate and respond to harassment or bullying.

Sec. ___. Section 280.28, subsection 7, Code 2014, is amended to read as follows:

7. Integration of policy and reporting. The board of directors of a school district and the authorities in charge of each nonpublic school shall integrate its antiharassment and antibullying policy into the comprehensive school improvement plan required under section 256.7, subsection 21, and shall report ~~data collected under subsection 6, as specified by~~ the following to the department~~, to~~ and the local community~~.~~:

a. Data collected under subsection 6, as specified by the department.

b. The process used for filing complaints, including the location of online or other complaint forms.

c. The number of school employees and volunteers who have completed antiharassment and antibullying training.

Sec. ___. Section 280.28, Code 2014, is amended by adding the following new subsections:

NEW SUBSECTION. 9. Parental notification.

a. Each school district and accredited nonpublic school shall establish notification procedures for incidents of harassment or bullying in accordance with this subsection. The procedures shall include

1 notification of the custodial parent or guardian of any
2 student directly involved in any incident of harassment
3 or bullying, upon investigation and determination that
4 harassment or bullying has occurred, consistent with a
5 notification plan made in consultation with the student
6 and school guidance staff. The notification shall
7 include information on the action that school officials
8 have taken regarding the incident and the actions
9 school officials will take to prevent further acts
10 of harassment or bullying. If such notification is
11 delayed, the school district or school shall document
12 the reasons for the delay. This paragraph does not
13 prohibit a school official from contacting a parent
14 or guardian about a report of harassment or bullying
15 prior to a determination that harassment or bullying
16 has occurred.
17 b. The requirements of this subsection shall
18 not apply if a school official reasonably believes
19 notification would subject a student to abuse, neglect,
20 or other physical or mental harm.
21 c. Notification pursuant to this subsection
22 shall comply with state and federal privacy laws,
23 regulations, and rules.
24 NEW SUBSECTION. 10. Authority off school
25 grounds. A school official may investigate and respond
26 appropriately to an alleged incident of harassment
27 or bullying that occurs outside of school, off of
28 school property, or away from a school function or
29 school-sponsored activity. If an alleged incident
30 of harassment or bullying has an effect on school
31 grounds that creates an objectively hostile school
32 environment that meets one or more of the conditions
33 set out under subsection 2, paragraph "b", a school
34 official shall investigate and respond appropriately
35 to the alleged incident. The school official's
36 investigation and response to an alleged incident of
37 harassment or bullying that occurs outside of school,
38 off of school property, or away from a school function
39 or school-sponsored activity may include referring the
40 matter to appropriate community-based agencies.
41 NEW SUBSECTION. 11. Rulemaking authority. The
42 department of education may adopt rules necessary to
43 administer this section in a uniform way across the
44 state.
45 Sec. ___. Section 282.18, subsection 11, Code 2014,
46 is amended to read as follows:
47 11. A pupil who participates in open enrollment
48 for purposes of attending a grade in grades nine
49 through twelve in a school district other than the
50 district of residence is ineligible to participate

in varsity interscholastic athletic contests and athletic competitions during the pupil's first ninety school days of enrollment in the district except that the pupil may participate immediately in a varsity interscholastic sport if the pupil is entering grade nine for the first time and did not participate in an interscholastic athletic competition for another school or school district during the summer immediately following eighth grade, if the district of residence and the other school district jointly participate in the sport, if the sport in which the pupil wishes to participate is not offered in the district of residence, if the pupil chooses to use open enrollment to attend school in another school district because the district in which the student previously attended school was dissolved and merged with one or more contiguous school districts under section 256.11, subsection 12, if the pupil participates in open enrollment because the pupil's district of residence has entered into a whole grade sharing agreement with another district for the pupil's grade, ~~or~~ if the parent or guardian of the pupil participating in open enrollment is an active member of the armed forces and resides in permanent housing on government property provided by a branch of the armed services, or if the district of residence determines that the pupil was previously subject to a founded incident of harassment or bullying as defined in section 280.28 while attending school in the district of residence. A pupil who has paid tuition and attended school, or has attended school pursuant to a mutual agreement between the two districts, in a district other than the pupil's district of residence for at least one school year is also eligible to participate immediately in interscholastic athletic contests and athletic competitions under this section, but only as a member of a team from the district that pupil had attended. For purposes of this subsection, "school days of enrollment" does not include enrollment in summer school. For purposes of this subsection, "varsity" means the same as defined in section 256.46.

Sec. ___. EMERGENCY RULEMAKING. The department of education may adopt emergency rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph "b", to implement section 256.100, as enacted in this division of this Act, and the rules shall be effective immediately upon filing unless a later date is specified in the rules. Any rules adopted in accordance with the provisions of this section shall also be published as a notice of intended action as

1 provided in section 17A.4.
2 Sec. ___. EFFECTIVE UPON ENACTMENT. The following
3 provision or provisions of this division of this Act,
4 being deemed of immediate importance, take effect upon
5 enactment:
6 1. The section of this division of this Act
7 enacting section 256.100.
8 ___. Title page, line 5, by striking <matters>
9 and inserting <matters, and including effective date
10 provisions>>

By RUFF of Clayton

SENATE FILE 2347

H-8280

1 Amend Senate File 2347, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 2, by striking line 30 and inserting
4 <2,330,488>
5 2. Page 4, by striking line 8 and inserting
6 <50,349,986>
7 3. Page 4, by striking line 13 and inserting
8 <1,976,000>
9 4. Page 34, after line 28 by inserting:
10 <DIVISION ___
11 SUPPLEMENTAL AND OTHER APPROPRIATIONS ---- TUITION
12 REDUCTION
13 DEPARTMENT OF EDUCATION
14 Sec. ___. DEPARTMENT OF EDUCATION. There is
15 appropriated from the general fund of the state to the
16 department of education for the fiscal year beginning
17 July 1, 2014, and ending June 30, 2015, the following
18 amount, or so much thereof as is necessary, to be used
19 for the purposes designated:
20 COMMUNITY COLLEGES. For reducing the resident
21 tuition rates at the community colleges for the
22 2014-2015 fiscal year:
23 ..... $ 8,050,986
24 The moneys appropriated in this subsection shall
25 be allocated pursuant to the formula established in
26 section 260C.18C. Each community college shall use
27 the amount received in accordance with this section
28 to reduce the resident tuition rate for fiscal year
29 2014-2015.
30 STATE BOARD OF REGENTS
31 Sec. ___. There is appropriated from the general
32 fund of the state to the state board of regents for the
33 fiscal year beginning July 1, 2014, and ending June 30,
34 2015, the following amounts, or so much thereof as is
35 necessary, to supplement appropriations made for the
36 following designated purposes:
37 1. STATE UNIVERSITY OF IOWA ---- GENERAL UNIVERSITY,
38 INCLUDING LAKESIDE LABORATORY
39 For salaries, support, maintenance, equipment,
40 financial aid, and miscellaneous purposes, in addition
41 to any other moneys appropriated to the state board of
42 regents for these purposes:
43 ..... $ 13,636,920
44 From the moneys appropriated in this subsection,
45 $9,236,920 shall be used to reduce the university's
46 resident undergraduate base tuition rates approved by
47 the state board for fiscal year 2014-2015 at the state
48 board's December 4, 2013, meeting.
49 2. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY
50 For reducing the university's resident undergraduate

1 base tuition rate approved by the state board for
2 fiscal year 2014-2015 at the state board's December 4,
3 2013, meeting:
4 ..... $ 7,237,832
5 3. UNIVERSITY OF NORTHERN IOWA
6 For reducing the university's resident undergraduate
7 base tuition rate approved by the state board for
8 fiscal year 2014-2015 at the state board's December 4,
9 2013, meeting:
10 ..... $ 3,638,069>
11 5. By renumbering as necessary.

By WINCKLER of Scott
WESSEL-KROESCHELL of Story

H-8280 FILED APRIL 15, 2014

SENATE FILE 2349

H-8269

Amend the amendment, H-8250, to Senate File 2349, as amended, passed, and reprinted by the Senate, as follows:

1. Page 6, after line 10 by inserting:

<DIVISION ___

IOWA COMMUNICATIONS NETWORK ---- CONTRACTS

Sec. ___. IOWA COMMUNICATIONS NETWORK ---- AUTHORIZATION FOR CONTRACTS. Pursuant to section 8D.11, subsection 1, paragraph "a", the general assembly authorizes the Iowa telecommunications and technology commission to enter into a contract or contracts in excess of the contract limitation amount established in section 8D.11, subsection 1, paragraph "c", for purposes of the commission's network managed services request for proposals process. This authorization applies for the duration of the commission's project and to all affected contracts associated with the project, whether or not the award is made to a single vendor or multiple vendors.>

2. Page 6, after line 12 by inserting:

<Sec. ___. 2007 Iowa Acts, chapter 219, section 2, as amended by 2011 Iowa Acts, chapter 133, section 32, 2012 Iowa Acts, chapter 1138, section 10, and 2013 Iowa Acts, chapter 142, section 40, is amended to read as follows:

SEC. 2. REVERSION.

1. Except as provided in subsection 2 and notwithstanding section 8.33, moneys appropriated for the fiscal year beginning July 1, 2007, in this division of this Act that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for the purposes designated until the close of the fiscal year that begins July 1, 2010, or until the project for which the appropriation was made is completed, whichever is earlier.

2. a. Notwithstanding section 8.33, moneys appropriated in section 1, subsection 1, paragraphs "a" and "f" of this division of this Act that remain unencumbered or unobligated at the close of the fiscal year for which they were appropriated shall not revert but shall remain available for the purposes designated until the close of the fiscal year that begins July 1, ~~2013~~ 2014, or until the project for which the appropriation was made is completed, whichever is earlier.

b. The department of administrative services is authorized to provide for the disposition and relocation of structures located at 707 east locust and 709 east locust, Des Moines, Iowa, in a manner as

1 deemed appropriate by the department. The disposition
2 of the structures, if possible, shall be completed in
3 a manner that reduces or eliminates the costs of the
4 state associated with the removal of the structures
5 from their current locations. Any amount received from
6 the disposition of the structures as permitted under
7 this section shall be retained by the department to pay
8 for improvement costs associated with the restoration
9 of the west capitol terrace. The department, if unable
10 to otherwise dispose of the structures, is authorized
11 to demolish the structures using other appropriate
12 funding available to the department.>
13 3. By renumbering as necessary.

By HUSEMAN of Cherokee

H-8269 FILED APRIL 15, 2014

SENATE FILE 2349

H-8270

1 Amend the amendment, H-8250, to Senate File 2349,
2 as amended, passed, and reprinted by the Senate, as
3 follows:
4 1. Page 2, line 2, by striking <2,000,000> and
5 inserting <1,000,000>
6 2. Page 2, after line 2 by inserting:
7 <0c. For a river and waterway restoration program
8 to provide numerous benefits to water quality and
9 wildlife habitat in Iowa:
10 FY 2014-2015:
11 ..... $ 1,000,000
12 Of the amount appropriated in this lettered
13 paragraph, $300,000 shall be used to consult with the
14 department of agriculture and land stewardship and
15 other involved entities to develop a plan that builds
16 upon current and emergent efforts and related programs
17 to identify and facilitate meaningful and effective
18 river restoration priorities and $700,000 shall be used
19 to fund demonstration projects on a cost-share basis
20 with watershed management authorities or other local
21 governments and local landowners or watershed groups
22 to achieve outcomes addressing a range of restoration
23 needs and opportunities.>
24 3. By renumbering as necessary.

By ISENHART of Dubuque
RUFF of Clayton

H-8270 FILED APRIL 15, 2014

Fiscal Note

Fiscal Services Division

HF 2466 – Low Income Property Assessment Option (LSB 6206HV)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2466 allows owners of property assessed using the special assessment procedures of **Iowa Code section 441.21(2)** to elect not to have the property assessed through the special assessment procedure. The election to forgo the special assessment procedure cannot be rescinded by the owner at a later date. The special assessment procedure involves rental housing constructed under Internal Revenue Code section 42 (low income housing tax credits). The change is effective beginning in assessment year 2015.

Background

Terminology
This document generally refers to the future in "fiscal years." Fiscal year 2015 begins July 1, 2014, and ends June 30, 2015. Fiscal year 2015 is designated "FY 2015." It is also referred to by some as FY 2014-2015. Property taxes in Iowa are determined based on "assessment years (AY)" but paid on a fiscal year basis. Property assessed as of January 1, 2015 (AY 2015), has taxes due in the fall of calendar year 2016 and the spring of 2017 (FY 2017).

Iowa's property tax system is based on a mathematical rollback calculation that varies by property class. The term "rollback" refers to the percentage of a property's assessed value that is subject to property tax. A property with an assessed value of $100,000 that benefits from a rollback of 75.0% pays tax on $75,000 of property value ($100,000 times 75.0%).

Iowa's general rule of property assessment is "market value," the value that a property will sell for in a transaction between a willing buyer and unrelated willing seller. There are exceptions to market value assessment, and one of those exceptions is Section 42 housing.

"Section 42 housing" refers to a federal tax credit program that awards federal income tax credits to housing development projects that agree to rent housing units to income-qualified persons at below market rental rates. In return for offering lower rents, the developer/investors in the project receive annual federal Low Income Housing Tax Credits for a 10 year period.

The federal government allocates a set amount of Low Income Housing Tax Credits to each State annually and the annual allocation is generally based on the State's population. Iowa's allocation is administered and awarded by the Iowa Finance Authority.

Section 42 Property Tax Assessment
Through FY 2014, rental properties with three or more units used as residences are taxed in Iowa as commercial property at or near 100.0% of market value. **Iowa Code section 441.21(2)** was amended in 2001 (SF 519 – Taxation of Property Rented to Low-Income Persons Act) to provide a special valuation procedure for Section 42 housing.

The relevant special assessment procedure for Section 42 housing reads:

However, in assessing property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended, and which section limits the amount that the individual or family pays for the rental or lease of units in the property, the assessor shall use the productive and earning capacity from the actual rents received as a method of appraisal and shall take into account the extent to which that use and limitation reduces the market value of the property. The assessor shall not consider any tax credit equity or other subsidized financing as income provided to the property in determining the assessed value.

That valuation procedure reduces the taxable value of Section 42 housing by excluding the value of federal tax credits and other subsidies owners receive when they agree to rent apartments at below market rental rates. The effect of the 2001 legislation was to establish taxable values for Section 42 housing that are below market value.

The special procedure for valuing Section 42 property is established in Department of Revenue rules. The special procedure provides for the capitalization of a three-year average of net operating income (gross revenue minus operating expenses) for each Section 42 property. The capitalization rate to be used each year is calculated as specified in the rule and provided to assessors by March 1 each year.

By law and by rule, the value of the annual federal income tax credits and other subsidies to the property owner in return for providing below market rents is not included as part of gross income, so the federal tax credit value is not part of the taxable value calculation for Section 42 property. However, federal income tax credits and other subsidies do bring revenue to Section 42 property, so these payments are important to the actual market value of the property.

Due to the 2001 legislation, Section 42 housing is always valued for tax purposes at less than market value. The percentage reduction below market value for a specific property depends on the amount of federal tax credits and other subsides excluded for that specific property. Properties where the subsidies represents a large portion of the actual income stream of the property will be valued for property tax purposes well below market value, while other properties where the subsidies represent a smaller portion of the overall gross revenue will be taxed closer to marked value.

Senate File 295 – 2013 Session

Senate File 295 (Property Tax and Income Tax Credit Act of 2013) provides for a staged rollback for properties classified as commercial, industrial, and railway. A fixed rollback percentage of 95.0% for FY 2015 and 90.0% for FY 2016 is required. For FY 2015 and FY 2016, current law provides that Section 42 housing is classified as commercial property and therefore will benefit from the staged rollback for that class. After FY 2016, Section 42 housing that continues to be classified as commercial property will continue to benefit from the rollback to 90.0%.

Senate File 295 also created a new property class called multiresidential and provided that class with a special rollback that phases in a lower taxable value for property in the new class. The class is created beginning in FY 2017 and at that time all properties classified commercial, but qualified as multiresidential, will transition to the new multiresidential class. Due to the pre-existing special valuation process, Section 42 housing is excluded from participating in the multiresidential classification and as a consequence will remain classified as commercial property under current law.

Beginning in FY 2017, properties within the new multiresidential class will benefit from a further staged rollback designed to lower the percent of market value that is subject to property tax over

a number of years. By FY 2023, multiresidential property will be taxed at 63.75% of its market value, and then for FY 2024 and after, multiresidential property will be taxed using the same rollback as residential property (currently projected to be around 58.0%).

Senate File 295 created a standing appropriation to reimburse local governments for the revenue loss associated with the reduced taxable value of commercial and industrial property that results from the taxable value reduction to 90.0%. Under the 2013 legislation, Section 42 housing does benefit from the rollback to 90.0%, so as long as Section 42 housing remains classified as commercial, and local governments will be reimbursed for the revenue loss created by the staged rollback to 90.0%.

However, the reimbursement appropriation from the State General Fund is capped at the FY 2017 level, meaning that if after FY 2017, the reimbursement claims from all local governments exceed the FY 2017 level, all claims will be prorated so that the total reimbursement does not exceed the FY 2017 level.

Senate File 295 also created a new business property tax credit to benefit properties classified commercial, industrial, or railway. Both Section 42 housing and properties in the new multiresidential class are excluded from participating in the new credit procedure, so the provisions of this Bill do not impact that tax credit.

Assumptions

Assessing the Likelihood of Section 42 Opt-out

- The schedule for the multiresidential staged rollback established in SF 295 is:
  - FY 2015 = 95.00% (commercial)
  - FY 2016 = 90.00% (commercial)
  - FY 2017 = 86.25% (starts multiresidential class)
  - FY 2018 = 82.50%
  - FY 2019 = 78.75%
  - FY 2020 = 75.00%
  - FY 2021 = 71.25%
  - FY 2022 = 67.50%
  - FY 2023 = 63.75%
  - FY 2024 and after = residential rollback %
- The percentage of market value at which Section 42 property is currently assessed varies by property. A recent informal assessment survey found Section 42 properties with taxable values in a range of 20.0% to 75.0% of market value. The variation is likely caused by the difference in levels of rent subsidies. A contributing factor to the below-market value status of all Section 42 property could be the statewide capitalization rate used in the formula to establish taxable values. A capitalization rate that is too high will produce taxable values that are too low for market conditions.
- Adjusting the 20.0% to 75.0% range for the 90.0% commercial rollback that will benefit Section 42 housing classified as commercial by FY 2016, the range of taxable value to market rate value becomes 18.0% to 67.5%. This means that for FY 2016 and after, Section 42 housing taxed as commercial property will likely be subject to property tax under current law at 18.0% to 67.5% of its market value.
- The residential rollback percentages for future years are not known. Using assumptions based on past performance and current economic conditions, the Legislative Services Agency projects that the residential rollback will increase from its current level of 54.4% to 58.0% by FY 2020 and remain near that level through FY 2024.
- Based on the preceding assumptions, only Section 42 properties currently valued, after application of the 90.0% commercial rollback, above 58.0% of market value will benefit from opting out of the Section 42 assessment procedure. Properties valued under the special

Section 42 assessment procedure at 64.4% of market value will be taxed at 58.0% after application of the 90.0% commercial rollback (64.4% times 90.0% equals 58.0%).

- With the assumed current maximum taxable value percentage for Section 42 property at 75.0%, and the lowest assumed taxable value percentage that may benefit from opting out of Section 42 assessment at 64.4%, the number and value of properties that will choose to opt out is a small subset of the existing Section 42 properties in the State. All properties with an assessment percentage below 64.4% can be assumed to remain as commercial property for at least the next 10 years. For properties that may benefit from opting out, the first fiscal year that opting out will be financially beneficial is FY 2023. That is the first year when the multiresidential rollback (63.75%) falls below the assumed maximum Section 42 assessment percentage, adjusted for the commercial rollback (75.0% times 90.0% equals 67.5%).
- Based on the 67.5% assumed effective percent of market value that any Section 42 will be taxed at beginning in FY 2016, the maximum savings a Section 42 property can receive by opting out of the Section 42 assessment process is the difference between being taxed at 67.5% of market value and being taxed at 58.0% of market value. This is a property tax reduction of 14.1%.

Section 42 Statistics

- Over the past 15 years, Iowa has been allocated $131.9 million in federal Low Income Housing Tax Credits, an average of $8.8 million per year.
- From the period of 2011 through 2014, the Iowa Finance Authority has approved Section 42 tax credits equal to $35.6 million for projects with a total of 3,112 qualified low income units. This equates to an annual federal tax subsidy of $11,428 for 10 years per rental unit, or $952 per unit per month. Therefore, excluding the value of the federal income tax credits from the taxable value calculation is likely to significantly reduce the average taxable value of Section 42 property when compared to market value.
- Concluding from the previous bullet, it is quite possible that Section 42 property is assessed well below market value. This Bill potentially impacts only Section 42 properties with a taxable value that exceeds the taxable value for multiresidential property. Those Section 42 properties assessed using the current Section 42 special assessment procedure and valued through that method at less than the expected multiresidential rollback can be assumed to remain as commercial property.

General Assumptions for Estimate

- Senate File 295 created a new class of property called multiresidential and that new class will be gradually reduced in taxable value until it is equal to the residential rollback rate for assessment year 2022 (FY 2024) and after.
- By assessment year 2018 (FY 2020), the residential rollback will equal 58.0%.
- This Bill will potentially benefit Section 42 property that is classified commercial and with a taxable value, after application of the special assessment procedure and the commercial rollback to 90.0%, above 58.0% of the property's market value. Property assessed at or below 58.0% of market value will choose to remain with the special Section 42 assessment procedure and therefore remain commercial property.
- For the fiscal note on SF 295, the assessed value of all multiresidential property in FY 2023 was estimated to equal $6.027 billion. Section 42 housing will equal a subset of that amount, and the value that may benefit from this Bill is a much smaller subset.
- The statewide market value of commercial and industrial property is expected to grow after FY 2017, so unless property tax rates decline faster than the increase in commercial and industrial values, the annual State reimbursement to local governments will be prorated to some degree, beginning in FY 2018.

- If a Section 42 property chooses to opt out of the current special assessment procedure and qualifies under this Bill as a multiresidential property, the reimbursement to the specific local governments that tax that property may decrease, but the overall State reimbursement to local governments will not change. With less value to be reimbursed, the statewide proration percentage will increase in response.

Maximum Opt-Out Tax Impact Assumptions

- The first year any Section 42 property could financially benefit from conversion to the multiresidential class is expected to be FY 2023; the first year when the multiresidential rollback falls below the assumed benefit of being a property assessed as Section 42 and eligible for the commercial rollback.
- The statewide market and taxable value of Section 42 property is not known and cannot be estimated directly. The following information is used to develop the maximum taxable value implications.
  - The assessed value of all multiresidential property, including Section 42 property, is projected to be $6.027 billion in FY 2023.
  - Assuming Section 42 property comprises 30.0% of all multiresidential property, Section 42 property statewide will total $1.808 billion in FY 2023.
  - If 15.0% of all Section 42 value in FY 2023 can benefit from a conversion to multiresidential, the maximum statewide value that may benefit would be $271.2 million. After application of the 90.0% commercial rollback, the impacted value is $244.1 million.
  - The maximum benefit that a conversion will bring to Section 42 owners is a 14.1% reduction on $244.1 million in value, or $34.4 million in reduced taxable value.
- The average property tax rate in FY 2023 is not known. The average FY 2014 statewide property tax rate is $37.64 for commercial property and that rate is used for the maximum impact calculation. Applying the $37.64 per thousand tax rate to the maximum taxable valuation reduction of $34.4 million, the maximum property tax savings for all Section 42 property opting out of the current assessment procedure is $1.3 million per year, with the first year of any savings being FY 2023.
- For FY 2014, the average commercial property tax rate of $37.64 can be broken down into average local government rates and using those rates the impact by government level can be estimated. The average tax rates in dollars per thousand of taxed value for FY 2014 equal:
  - Tax Increment financing = $5.30
  - City rate = $11.26
  - County rate = $5.69
  - School rate, excluding uniform levy ($5.40) = $7.83
  - Remaining local governments = $2.16
  - State General Fund (uniform levy) = $5.40

Fiscal Impact

The statewide amount of Section 42 value that could benefit from the ability to opt-out of Section 42 assessment is not known. Each owner of Section 42 property will need to evaluate the future value of their properties on both a market basis and a Section 42 basis, and also project the future course of the residential rollback. An estimate of the maximum amount of value that could benefit was developed using the assumptions above, and a maximum fiscal impact was calculated. The actual fiscal impact is likely below the maximum impact. In all cases, the impact likely does not begin until FY 2023, when the stated rollback for multiresidential property first falls below the estimated highest effective taxed value rate for Sections 42 property when classified as commercial.

Using assumptions provided above, the maximum property tax reduction benefit provided in this Bill for Section 42 property is $1.3 million, with the first year of any fiscal impact projected to be FY 2023. The projected maximum annual negative impact of the tax reduction, by government entity, is:

- Tax Increment financing = $180,000
- City rate = $390,000
- County rate = $200,000
- School rate, excluding uniform levy = $270,000
- Remaining local governments = $70,000
- State General Fund (uniform levy) = $190,000

If and when a Section 42 property opts out of the special assessment procedure and is converted to the multiresidential classification, local governments taxing that specific Section 42 property will see a reduction in their reimbursement payment from the State, as only the impact of the 90.0% rollback for commercial properties is part of the reimbursement calculation and the impact of any reduction due to the multiresidential classification is not reimbursed. However, the overall State appropriation level for reimbursements will not change. Therefore, the reimbursement loss for a specific local government will be offset by an overall increase for all local governments in the reimbursement proration rate.

Sources

Department of Management property tax records
Informal assessor survey of Section 42 property valuation
Fiscal note for SF 295 – 2013 Session
Iowa Finance Authority Section 42 awards
Legislative Services Agency analysis

/s/ Holly M. Lyons

April 14, 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.