

**EIGHTY-SIXTH GENERAL ASSEMBLY
2016 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

FEBRUARY 25, 2016

HOUSE FILE 2370

H-8027

1 Amend House File 2370 as follows:
2 1. Page 1, after line 8 by inserting:
3 <Sec. _____. Section 261B.11, subsections 2 and 3,
4 Code 2016, are amended to read as follows:
5 2. A school that claims an exemption from
6 registration under subsection 1, ~~paragraph "h", "i",~~
7 ~~"k", "l", or "m",~~ must, at the commission's request and
8 in the manner prescribed by rule of the commission,
9 apply for approval of the exemption and demonstrate to
10 the commission ~~or its designee~~ that it qualifies for
11 the exemption. ~~The school must apply for approval of~~
12 ~~its exemption claim on an application supplied by the~~
13 ~~commission.~~ The commission ~~or its designee~~ may approve
14 the school's exemption claim for a period not to exceed
15 two years, or may deny it the exemption claim. A
16 school ~~whose exemption claim is approved~~ must reapply
17 to renew its an exemption no less frequently than every
18 ~~two years~~ approved pursuant to this section.
19 a. A school ~~that is granted~~ approved for an
20 exemption under this section must file evidence of
21 financial responsibility under section 714.18 or
22 demonstrate to the commission ~~or its designee~~ that the
23 school qualifies for an exemption under section 714.18
24 or 714.19.
25 b. A for-profit school with at least one program
26 of more than four months in length that leads to a
27 recognized educational credential, such as an academic
28 or professional degree, diploma, or license, must
29 submit to the commission ~~or its designee~~ a tuition
30 refund policy that meets the conditions of section
31 714.23.
32 3. A school that is denied an exemption claim
33 by the commission ~~or its designee~~, or that no longer
34 qualifies for a claimed exemption, shall apply for
35 registration or cease operating in Iowa.>

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1 2. Title page, line 1, by striking <providing an
2 exemption> and inserting <relating to exemptions>
3 3. By renumbering as necessary.

By DOLECHECK of Ringgold

H-8027 FILED FEBRUARY 24, 2016

HOUSE FILE 2011

H-8029

1 Amend the amendment, H-8007, to House File 2011 as
2 follows:

3 1. Page 1, by striking line 2 and inserting:

4 <1. By striking everything after the enacting
5 clause and>

6 2. Page 1, line 17, by striking <is a contract
7 employee of> and inserting <provides services under a
8 contract for such services to>

9 3. Page 2, line 4, by striking <is under contract
10 with> and inserting <provides services under a contract
11 for such services to>

12 4. Page 2, line 5, by striking <district> and
13 inserting <district,>

14 5. Page 2, line 7, by striking <is under contract>
15 and inserting <provides contracted services>

By DAWSON of Woodbury

JONES of Clay

H-8029 FILED FEBRUARY 24, 2016

HOUSE FILE 2329

H-8026

1 Amend the amendment, H-8023, to House File 2329 as
2 follows:
3 1. Page 1, by striking lines 2 through 27 and
4 inserting:
5 <1. By striking everything after the enacting
6 clause and inserting:
7 <Section 1. NEW SECTION. 146B.1 Human fetal tissue
8 ---- actions prohibited ---- penalties.
9 1. For the purposes of this section:
10 a. "Abortion" means as defined in section 146.1.
11 b. "Human fetal tissue" means tissue or cells
12 obtained from a dead human embryo or fetus after a
13 spontaneous termination of pregnancy, an abortion, or a
14 stillbirth.
15 c. "Spontaneous termination of pregnancy" means as
16 defined in section 144.29A.
17 d. "Stillbirth" means as defined in section 136A.2.
18 e. "Valuable consideration" does not include
19 reasonable payments associated with the transportation,
20 implantation, processing, preservation, quality
21 control, or storage of human fetal tissue.
22 2. A person shall not knowingly acquire, receive,
23 or otherwise transfer any human fetal tissue for
24 valuable consideration in this state.
25 3. A person who violates this section is guilty of
26 a class "C" felony, punishable by imprisonment for no
27 more than ten years and a fine of not less than twice
28 the amount of the valuable consideration received.
29 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being
30 deemed of immediate importance, takes effect upon
31 enactment.>
32 2. Title page, line 1, by striking <fetal body
33 parts> and inserting <human fetal tissue>
34 3. Title page, by striking line 2 and inserting
35 <providing penalties, and including effective date

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1 provisions.>>

By WESSEL-KROESCHELL of Story

H-8026 FILED FEBRUARY 24, 2016

HOUSE FILE 2369

H-8030

1 Amend House File 2369 as follows:
2 1. Page 1, line 18, after <standards> by inserting
3 <and satisfies the requirements of subsection 6>

By GASSMAN of Winnebago
STECKMAN of Cerro Gordo

H-8030 FILED FEBRUARY 24, 2016

HOUSE FILE 2397

H-8028

1 Amend [House File 2397](#) as follows:
2 1. Page 1, line 3, by striking <biobased> and
3 inserting <biobased>
4 2. Page 4, line 7, by striking <biobased> and
5 inserting <biobased>
6 3. Page 4, line 13, by striking <biobased> and
7 inserting <biobased>
8 4. Page 4, line 32, by striking <biobased> and
9 inserting <biobased>
10 5. Page 5, line 2, by striking <biobased> and
11 inserting <biobased>
12 6. Page 5, line 12, by striking <biobased> and
13 inserting <biobased>
14 7. Page 5, line 16, by striking <biobased> and
15 inserting <biobased>

By RIZER of Linn

H-8028 FILED FEBRUARY 24, 2016

SENATE FILE 2200

H-8031

1 Amend [Senate File 2200](#), as passed by the Senate, as
2 follows:
3 1. Page 1, line 16, by striking <a> and inserting
4 <an Iowa>

By STECKMAN of Cerro Gordo

H-8031 FILED FEBRUARY 24, 2016



HF 2271 – Identity Theft (LSB5083HV)
Analyst: Alice Wisner (Phone: (515) 281-6764) (alice.wisner@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2271 relates to the criminal offense of identity theft.

Background

Current law defines identity theft as the act of fraudulently using or attempting to fraudulently use the identification of another person with the intent to obtain credit, property, services, or other benefit. However, the term other benefit is not contained in the penalty language relating to identity theft. This bill aligns that language.

The bill also enhances the penalty for identity theft if the value of the credit, property, services, or other benefit obtained through the identity theft exceeds \$10,000. A Class C felony is punishable by confinement of no more than 10 years and a fine between \$1,000 and \$10,000.

Assumptions

- Charge, conviction, and sentencing patterns will not change over the projection period.
- Prisoner length of stay, revocation rates, plea bargaining, and other criminal justice policies and practices will not change over the projection period.
- The law will become effective July 1, 2016. A lag effect of six months is assumed from this date to the first entry of affected offenders into the correctional system.
- A small percentage of current convictions for Class D felonies will become Class C felonies.

Minority Data Information: The impact on minorities is estimated to be minimal. Refer to the Legislative Services Agency (LSA) [Minority Impact Statements Memo](#) dated January 26, 2016, for information related to minorities in the criminal justice system.

Correctional Data Information: The average state cost for one Class C felony conviction ranges from \$7,800 to \$18,400. At this time it is estimated that only three prison admissions annually will fall into the Class C felony category and remain in prison longer than current law. The LSA [Correctional Impact Statements Memo](#) dated February 18, 2016, contains additional information.

Fiscal Impact

The fiscal impact on the corrections system and the indigent defense budget is estimated to be minimal.

Sources

Iowa Department of Human Rights, Criminal and Juvenile Justice Planning Division
Iowa Department of Corrections
Iowa State Public Defender

/s/ Holly M. Lyons

February 24, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



HF 2309 – Synthetic Drugs (LSB 5168YH)

Analyst: Alice Wisner (Phone: 515-281-6764) (alice.wisner@legis.iowa.gov)

Fiscal Note Version – New

Description

House File 2309 modifies the penalties for controlled substances containing a cocaine base by reducing the disproportionality between crack and powder cocaine levels, enhances penalties for imitation controlled substances, modifies the controlled substances list, and lengthens the time the Pharmacy Board is allowed to temporarily designate substances as controlled substances before the General Assembly must take action to codify the changes.

Background – Imitation Controlled Drugs

The chemical compositions of imitation controlled drug products are constantly changing to avoid newly enacted laws to place the products on the scheduled lists of controlled substances. Currently, if the Pharmacy Board designates a new substance as controlled, the General Assembly has 60 days upon convening to make corresponding changes in Iowa Code chapter **124**, or the Board's temporary designation is nullified. This bill lengthens that time to two years before the General Assembly must take action to codify the changes, and also codifies newly identified synthetic formulas. This bill also repeals Code chapter **124A** and transfers the regulation of imitation controlled substances to Code chapter **124**.

Under this bill, penalties relating to imitation controlled substances are enhanced as follows:

- Possession of more than 10 kilograms becomes a Class B felony punishable by no more than 50 years of confinement and a fine of not more than \$1.0 million.
- Possession of 5 to 10 kilograms becomes a Class B felony punishable by no more than 25 years of confinement and a fine of between \$5,000 and \$100,000.
- Possession of less than 5 kilograms becomes a Class C felony punishable by a fine of between \$1,000 and \$50,000.
- There are other modifications to penalties contained within the bill.

Correctional Information – Imitation Controlled Drugs

The table below shows the FY 2010-2015 convictions in Iowa for imitation controlled substances. The overall conviction rate is 23.5%. The correctional impact is expected to be minimal due to the low number of convictions under current law.

Offense Class	FY 2010-2015 Convictions
Serious Misdemeanor	1
Aggravated Misdemeanor	23
Total Convictions	24

Enhancing the penalties to Class B and Class C felonies will create additional costs for every conviction. The average state cost for one Class B felony conviction ranges from \$9,600 to \$34,800. The average state cost for one Class C felony conviction ranges from \$7,800 to \$18,400. The maximum fiscal impact to the state of Iowa is estimated to be \$139,200 per year (average of four convictions at the maximum Class B felony conviction cost of \$34,800). This bill may increase the conviction rate, but that is not possible to estimate at this time.

Minority Data Information – Imitation Controlled Drugs

The following table shows the FY 2010-2015 offender-based convictions for imitation controlled substances, by race/ethnicity, according to the Justice Data Warehouse. Data was available for 15 of the 24 convictions recorded.

Conviction Offense Class	White	Black	Other
Serious Misdemeanor	100.0%	0.0%	0.0%
Aggravated Misdemeanor	71.4%	21.4%	7.1%
Total Convictions	73.3%	20.0%	6.7%

To the extent convictions occur under the provisions of the bill, there will be a minority impact, specifically on Blacks. Blacks represent approximately 3.3% of the Iowa population, but represent approximately 20.0% of the convictions impacted under this bill.

Background – Powder and Crack Cocaine

The Public Safety Advisory Board (PSAB) of the Iowa Department of Human Rights has recommended modifying the penalties for crack and powdered cocaine to address the disparity in penalties contributing to the disproportionate incarceration of Blacks within the state. This bill will change the current ratio of 10:1 for establishing penalties (100 grams of powder cocaine to 10 grams of crack cocaine), to a ratio of 2.8:1 (100 grams of power cocaine to 35 grams of crack cocaine).

This bill also changes the threshold limits for cocaine base substances (crack cocaine) punishment.

- More than 125 grams (current law is 50 grams) becomes a Class B felony punishable by confinement of no more than 50 years and a fine of no more than \$1.0 million.
- Possession of 35 to 125 grams (current law is 10 to 50 grams) becomes a Class B felony punishable by confinement of no more than 25 years and a fine of \$5,000 to \$100,000.
- Less than 35 grams (current law is 10 grams) becomes a Class C felony punishable by a fine of not less than \$1,000.

Correctional Impact – Powder and Crack Cocaine

According to an analysis done for the PSAB recommendation, under this proposal offenders that currently enter prison for a Class B felony (25 years) drug convictions will instead be convicted of a Class C felony (10 years). While this will not result in an immediate impact on the prison population, Class C nonviolent offenders serve an average of 17.6 months in prison, versus 36.9 months for Class B nonviolent offenders. The net impact in prison population over the long term would be approximately 11 fewer offenders. With a marginal cost for the prison system at \$18.43/day, this will result in an estimated savings of at least \$74,000 per year after year four.

Minority Impact - Powder and Crack Cocaine

It is expected this bill would reduce the disproportionate impact on Blacks slightly. The reduction will occur over time.

Summary of Impacts

Minority Impact: There will be a favorable minority impact in regards to the powder and crack cocaine provisions, and an unfavorable minority impact in regards to the imitation controlled drug provisions. Refer to the Legislative Services Agency (LSA) [Minority Impact Statements Memo](#) dated January 26, 2016, for information related to minorities in the criminal justice system.

Correctional Impact: There will be a savings in correctional spending in regards to the powder and crack cocaine provisions, and potential additional costs in correctional spending in regards to the imitation controlled drug provisions. The LSA [Correctional Impact Statements Memo](#) dated February 18, 2016, contains additional information.

Fiscal Impact: The additional cost for enforcement and regulation by law enforcement agencies at the state and local levels is expected to be minimal. The additional conviction costs to the state of Iowa will be offset over the long term by lower costs in correctional spending. The net impact is estimated to be less than \$100,000 annually.

Sources

Iowa Department of Human Rights, Criminal and Juvenile Justice Planning Division
Iowa Department of Human Rights, Public Safety Advisory Board
Iowa Department of Corrections

/s/ Holly M. Lyons

February 24, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



HF 2288 – Renewable Chemical Production Income Tax Credit (LSB5172HV)
Analyst: Jeff Robinson (Phone: (515-281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2288 creates a Chemical Production Tax Credit. The new credit is equal to \$0.05 per pound of qualified chemicals produced, applies to individual and corporate income tax, and is refundable. The credit is available for chemicals produced beginning January 1, 2017, and ending December 31, 2027 (11 years).

The new tax credit is limited to no more than \$10.0 million per year in total awards and the credit is placed under the Economic Development Authority's (EDA) \$170.0 million aggregate annual tax credit cap established in Iowa Code [section 15.119](#). If qualified credit applications exceed the annual limit, any qualified credit applications that do not receive credits will receive the first credits as part of the next year's application round. While the credit is available for chemicals produced during an 11-year window, the time frame for awarding credits is not limited. Therefore, should applications in the final year exceed \$10.0 million (including unfunded applications from previous years), the annual availability of tax credits will remain in place until any backlog is funded.

The new credit cannot be awarded until July 1, 2018, and cannot be redeemed until September 1, 2018. The maximum annual amount an existing business may receive in tax credits is \$500,000 and the maximum annual amount a new business may receive is \$1.0 million. In both instances, a company may only receive the credit for five years. Eligibility for the new credit is limited to businesses that organize, expand, or locate in Iowa on or after the effective date of the bill.

The bill also reduces the annual amount of tax credits that may be awarded by the EDA under the existing [High Quality Jobs Program](#) for five fiscal years. While that Program does not currently have an annual limit, it is effectively capped at \$130.0 million per year through the application of the \$170.0 million aggregate annual tax credit cap. For five fiscal years (FY 2017 through FY 2021), the bill caps the High Quality Jobs Program at \$105.0 million per year.

Assumptions

Chemical Production Tax Credit Projection – Projected tax credit redemptions are made by the Department of Revenue in consultation with Iowa State University using the following assumptions:

- For existing companies, the new tax credit will be allowed only for expanded production of the eligible chemical, as opposed to all production of any eligible chemical by an existing company that expands.
- Over the 11 years of credit availability, 25 existing companies will produce eligible renewable chemicals totaling 1.25 billion pounds or more, and receive a combined \$62.5 million in Renewable Chemical Production Tax Credits.
- Over the 11 years of credit availability, six new (or newly located in Iowa) companies will produce renewable chemicals totaling 0.60 billion pounds or more, and receive a combined \$30.0 million in Renewable Chemical Production Tax Credits.

- While credits are first available for production during the 2017 calendar year, credits cannot be awarded until July 1, 2018, and cannot be claimed until September 1, 2018. Therefore, there is no assumed impact resulting from credit redemptions until FY 2019.
- The credits are refundable, so all awarded credits are assumed to be redeemed. The redemption pattern is assumed to follow the redemption pattern of the existing refundable Research Activities Tax Credit.

Fiscal year of award = 0.0%
 Fiscal year of award year plus 1 year = 16.37%
 Fiscal year of award year plus 2 years = 74.54%
 Fiscal year of award year plus 3 years = 9.09%

- The following table is based on the previous assumptions. It presents the estimated pounds of chemicals produced and eligible for tax credits, the timing for tax credits earned and awarded, and in the right hand column, the direct impact on net General Fund revenue that is the result of redemption of the new tax credits.

Renewable Chemical Production Tax Credit				
Pounds of Eligible Chemicals Earning Tax Credits and Fiscal Impact of Credit Redemptions				
	Pounds of Eligible Chemicals (in Millions)	Tax Credits Earned	Tax Credits Awarded	Tax Credits Redeemed (Fiscal Impact)
CY 2017	70.0	\$ 3,500,000	\$ 3,500,000	FY 2018 \$ 0
CY 2018	120.0	6,000,000	6,000,000	FY 2019 -572,950
CY 2019	150.0	7,500,000	7,500,000	FY 2020 -3,591,100
CY 2020	200.0	10,000,000	10,000,000	FY 2021 -6,018,300
CY 2021	230.0	11,500,000	10,000,000	FY 2022 -7,772,900
CY 2022	210.0	10,500,000	10,000,000	FY 2023 -9,772,750
CY 2023	250.0	12,500,000	10,000,000	FY 2024 -10,000,000
CY 2024	220.0	11,000,000	10,000,000	FY 2025 -10,000,000
CY 2025	170.0	8,500,000	10,000,000	FY 2026 -10,000,000
CY 2026	140.0	7,000,000	10,000,000	FY 2027 -10,000,000
CY 2027	90.0	4,500,000	5,500,000	FY 2028 -10,000,000
CY 2028	0.0	0	0	FY 2029 -9,263,350
CY 2029	0.0	0	0	FY 2030 -5,008,700
CY 2030	0.0	0	0	FY 2031 -499,950
	1,850.0	\$ 92,500,000	\$ 92,500,000	\$ -92,500,000

High Quality Jobs Tax Credit Reduction – Tax credit redemption projections are made by the Department of Revenue using historical redemption patterns for the various tax credits available under the High Quality Jobs Program:

- The state tax credits available under the High Quality Jobs Program include an investment tax credit, a Supplemental Research Activities Tax Credit, and a sales/use tax refund. Most of the tax incentives under the Program are not refundable. On average, approximately 50.0% of tax credits awarded under the High Quality Jobs Program are actually redeemed.
- A tax credit award under the High Quality Jobs Program is distributed over five years and each year has a potential seven-year carryforward period. Therefore, tax credits awarded under the Program take many years to be redeemed.
- The bill reduces the available tax credits under the High Quality Jobs Program by \$25.0 million per year for five fiscal years for a total reduction in those five years of \$125.0 million. In addition, the \$170.0 million aggregate tax credit cap will require the EDA to reduce the High Quality Jobs Program by \$10.0 million in each of six fiscal years (FY 2022 through FY 2027), for a total additional reduction of \$60.0 million. The combined reduction

over 11 fiscal years is \$185.0 million. Using the assumed redemption rate of 50.0%, the \$185.0 million reduction in High Quality Jobs Tax Credit awards is projected to reduce tax credit redemptions \$92.5 million over 17 fiscal years.

Projected Reduction in High Quality Jobs (HQJ) Tax Credit Redemptions			
FY 2017	\$ 30,000	FY 2026	\$ 7,890,000
FY 2018	580,000	FY 2027	6,820,000
FY 2019	2,860,000	FY 2028	5,480,000
FY 2020	4,370,000	FY 2029	5,350,000
FY 2021	5,910,000	FY 2030	4,980,000
FY 2022	8,400,000	FY 2031	3,920,000
FY 2023	10,520,000	FY 2032	3,540,000
FY 2024	9,530,000	FY 2033	3,540,000
FY 2025	8,780,000	Total	<u>\$ 92,500,000</u>

Fiscal Impact — State General Fund

The creation of a new Renewable Chemical Production Tax Credit and the reduction in tax credits available under the High Quality Jobs Program impacts 17 fiscal years, with positive revenue impacts in FY 2018 through FY 2020. Over the 17 years, the projected impact of the changes nets to zero.

Projected Net Impact on General Fund Revenue In Millions			
	Chemical Tax Credit Redemptions	HQJ Tax Credit Redemptions	Net Fiscal Impact
FY 2017	\$ 0.0	\$ 0.0	\$ 0.0
FY 2018	0.0	0.6	0.6
FY 2019	-0.6	2.9	2.3
FY 2020	-3.6	4.4	0.8
FY 2021	-6.0	5.9	-0.1
FY 2022	-7.8	8.4	0.6
FY 2023	-9.8	10.5	0.7
FY 2024	-10.0	9.5	-0.5
FY 2025	-10.0	8.8	-1.2
FY 2026	-10.0	7.9	-2.1
FY 2027	-10.0	6.8	-3.2
FY 2028	-10.0	5.5	-4.5
FY 2029	-9.3	5.4	-3.9
FY 2030	-5.0	5.0	-0.0
FY 2031	-0.5	3.9	3.4
FY 2032	0.0	3.5	3.5
FY 2033	0.0	3.5	3.5
	<u>\$ -92.5</u>	<u>\$ 92.5</u>	<u>\$ 0.0</u>

The above fiscal estimate is based on the Department of Revenue assumption that \$92.5 million of the available \$110.0 million tax credits (84.1%) will be awarded over the 11 years. In the first three years of the new tax credit, the assumption is that \$17.0 million of the available \$30.0 million (56.7%) in tax credits will be earned. While the estimate may turn out to be accurate, or even high, the possibility of higher credit awards and redemptions seems quite possible.

The list of chemicals eligible for the credit includes glycerol (a byproduct of biodiesel production), non-fuel ethanol, and fatty acid methyl esters (biodiesel). In the past year, plants in Iowa produced an estimated 28.5 billion pounds of these three chemicals. If a quantity equal to 0.7% of this amount is produced in a manner that qualifies for the new tax credit (the chemical is produced by an eligible business and is used for a purpose other than feed, food, and fuel), the entire \$10.0 million in annual credits could be consumed by just these three chemicals.

In addition, the Department estimate assumes the tax credit program will wind down on its own by year 11, with few additional businesses producing eligible chemicals in the final years and therefore no backlog of “earned by not awarded” tax credits will exist when the production incentive ends. If this is not the case, the bill will require additional tax credit awards for past production in years after year 11.

Fiscal Impact – Other Issues

The new tax credit is a refundable tax credit and it is available for individual and corporate income tax payers. Refundable tax credits do not impact the calculation of the local option income surtax for schools that applies to many individual income tax payers. The investment tax credit portion of the High Quality Jobs Program is not refundable. Nonrefundable tax credits do impact the surtax calculation. The change to the new credit is expected to have a modest positive impact on local school revenue derived from the local option income surtax for schools.

Applicants for the new tax credit will be assessed EDA compliance cost administrative fees totaling \$500 per application plus 0.5% of the tax credits redeemed. The reduction in High Quality Jobs Tax credit awards will reduce EDA fees collected under that Program. The two EDA revenue changes should offset.

The Department of Revenue states that the creation of a Renewable Chemical Production Tax Credit will require additional administrative, information technology, and tax credit tracking costs for the Department. The addition development cost is estimated to be a one-time cost of \$90,000.

Sources

Iowa Department of Revenue
Iowa State University

/s/ Holly M. Lyons

February 24, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



HF 2324 – Computer Science Advisory Council (LSB5204HV)
Analyst: Tim Crellin (Phone: (515-725-1286) (timothy.crellin@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2324 creates a computer science advisory council and changes the minimum educational program by adding one unit of computer science education for grades 9 through 12 and one unit of computer coding for grades 7 and 8. The bill may contain a state mandate as defined in Iowa Code section **25B.3**.

Background

The bill adds one unit of high-quality computer science education to the minimum educational program for grades 9 through 12. The bill also requires the technology education component of the minimum educational program to include one unit on computer coding for grades 7 and 8. These requirements apply to school years beginning on or after July 1, 2018.

The bill also requires the Director of the Department of Education to convene a computer science advisory council to make recommendations regarding the computer science courses, including computer science standards, guidelines for creating a kindergarten through grade 12 career pathway in computer science, and licensure and professional development for teachers. The council must submit recommendations to the Governor and the General Assembly by October 1, 2016.

Assumptions

- School districts may incur costs by providing:
 - The curriculum for computer science and computer coding courses, including professional development for instructors in the computer sciences.
 - Additional staff to teach the courses.
 - Substitute teachers while teachers participate in professional development.
 - Additional computers to utilize during the courses.
- It is possible that the state may pay for the development of Iowa Learning Online courses in computer science and computer coding. This would reduce the costs to the school districts.

Fiscal Impact

The fiscal impact of this bill cannot be estimated at this time. The Department of Education will incur costs related to the advisory council but has indicated that it will absorb those costs. The estimated costs to local school districts is unknown and will be determined on a district-by-district basis.

Sources

Department of Education
Iowa State Education Association
Iowa Association of School Boards

/s/ Holly M. Lyons

February 24, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



HF 2011 – Sexual Exploitation by a School Employee (LSB5270YH)
Analyst: Laura Book (Phone: 515-725-0509) (laura.book@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2011 amends Iowa Code section **709.15**(1)(f) to broaden the criminal offense of sexual exploitation by a school employee to include all school district employees, including full-time, part-time, substitute, certain contract employees, and certain volunteers.

Background

- A person who commits sexual exploitation by a school employee in violation of Code section **709.15**(3) commits either:
 - An aggravated misdemeanor, which is punishable by confinement for no more than two years and a fine of at least \$625, but not more than \$6,250; or
 - A class “D” felony, which is punishable by confinement for no more than five years and a fine of at least \$750, but not more than \$7,500.
- The person’s actions also constitute unprofessional and unethical conduct that may result in disciplinary action by the Board of Educational Examiners.
- Offenders sentenced under the provisions of Iowa Code chapter **709** are subject to sentencing enhancements because they are sex offenders. These offenders are subject to the requirements of the Sex Offender Registry (**SOR**) for at least 10 years per Iowa Code chapter **692A**.
- Sex offenders are also subject to the Special Sentence imposed under Iowa Code chapter **903B**. Offenders on Special Sentence are supervised by the Community-Based Corrections (CBC) District Departments.
- Sex offenders sentenced to prison are required to participate in a Sex Offender Treatment Program (SOTP).

Assumptions

- Charge, conviction, and sentencing patterns and trends will not change over the projection period.
- Prisoner length of stay, revocation rates, plea bargaining, and other criminal justice policies and practices will not change over the projection period.
- The law will become effective July 1, 2016. A lag effect of six months is assumed from the law’s effective date to the date of first entry of affected offenders into the correctional system.

Summary of Impacts

Correctional Impact

Since it is unknown how many more charges will result from this bill, the correctional impact of **HF 2011** is also unknown.

In FY 2015, there were 35 charges disposed of regarding various levels of sexual exploitation by a school employee. Of these, 12 charges resulted in a conviction. There were five Class D felony convictions for sexual exploitation by a school employee in FY 2015. Based on the

existing conviction levels for this offense, the correctional impact on the State prison system, CBC offender population, and county jails is expected to be minimal.

Minority Impact: There is no minority impact expected under [HF 2011](#).

Fiscal Impact

Although the overall impact of [HF 2011](#) is unknown, the fiscal impact is expected to be minimal.

Aggravated Misdemeanor

In FY 2015, there were seven aggravated misdemeanor convictions for sexual exploitation by a school employee:

- The cost to the indigent defense fund per aggravated misdemeanor case is \$1,200.
- The average cost to the Judicial Branch per aggravated misdemeanor case is \$222.
- The average state cost for one aggravated misdemeanor conviction ranges from \$3,100 to \$6,800. The minimum cost includes court time of a District Associate Judge or a District Court Judge, court reporter, court attendant, and Clerk of Court staff plus the costs of probation supervision. The maximum cost includes court time and the costs of a jury trial, indigent defense, state prison, and parole supervision.

Class D Felony

In FY 2015, there were five Class D felony convictions for sexual exploitation by a school employee.

- The cost to the indigent defense fund per Class D felony case is \$1,200.
- The average cost to the Judicial Branch per Class D felony case is \$452.
- The average state cost for one Class D felony conviction ranges from \$6,300 to \$12,000. The minimum average cost includes court time of a District Court Judge, court reporter, court attendant, and Clerk of Court staff plus the costs of indigent defense and probation supervision. The maximum cost includes court time and the costs of a jury trial, indigent defense, state prison, and parole supervision.

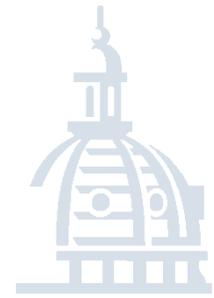
Sources

Department of Human Rights, Criminal and Juvenile Justice Planning Division
Department of Corrections
Office of the State Public Defender
Office of the State Court Administrator

/s/ Holly M. Lyons

February 24, 2016

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 LSA upon request.



HF 2362 – Military Property Tax Exemption Increase (LSB5737HV)
Analyst: Jeff Robinson (Phone: (515-281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2362 increases the **Military Service Property Tax Exemption** from its current level of \$1,852 of property value to \$2,000. The bill also strikes a higher property tax exemption amount (\$2,778) for veterans of World War I. The change is first effective for property taxes due during FY 2018.

Background

For the purposes of the property tax exemption, the term veteran is defined in Iowa Code section **35.1**, and in certain circumstances the exemption extends to the surviving spouse or minor children of a deceased veteran.

As a tax exemption, the dollar amount of exempt value is not subject to property taxation. Iowa Code section **426A.2** provides for a payment to local governments from the State General Fund in an amount equal to \$6.92 per thousand dollars of value exempted under the Military Service Property Tax Exemption. In addition, the state school aid formula requires all taxed value in the state to pay a basic levy of \$5.40 per thousand dollars of value to finance schools. The school aid formula requires an increase in the State General Fund appropriation for school finance whenever property value is made exempt from property taxation.

Assumptions

- Over the past five years, the number of properties benefiting from the exemption has decreased from 173,714 in FY 2013 to 152,870 in FY 2017, an average annual decrease of 5,211 per year. This annual decrease is assumed to continue.
- The average property tax rate on property qualifying for this credit was \$35.46 per thousand dollars of taxed value in FY 2016, and this tax rate is assumed for future fiscal years.
- The State General Fund reimburses local governments for \$6.92 per thousand dollars of reduced property tax value through the State General Fund Military Service Tax Credit appropriation.
- The State General Fund reimburses local school districts for \$5.40 per thousand dollars of reduced property tax value through the State School Aid Formula.
- The remaining tax rate of \$23.14 per thousand dollars is a local government finance impact.
- The increase from \$1,852 to \$2,000 is \$148, or 8.0%.

Fiscal Impact

Increasing the Military Service Property Tax Exemption by \$148 will increase the average benefit to qualified property owners by \$5.25 each year, and the benefit across all qualified properties by a total of \$775,000 beginning in FY 2018. The benefit is financed through the following changes to government finances:

- An increase of \$151,000 in the State General Fund Military Service Tax Credit appropriation.
- An increase of \$118,000 in the State General Fund School Aid appropriation.
- A decrease of \$506,000 in local government revenue. Schools will make up the majority of their revenue reduction through higher tax rates. Other local governments will replace the

reduced revenue if they are able and willing to set property tax rates higher than would otherwise be the case.

Military Service Property Tax Exemption			
Impact on the State General Fund and Local Government Finance			
	Current Law FY 2018 Projection	New Law FY 2018 Projection	Increase
Number of Exemptions	147,659	147,659	0
Taxed Value of Each Exemption	\$1,852	\$2,000	\$148
Average Property Tax Rate	\$35.46	\$35.46	\$0.00
Total Value of Exemption to Property Owner	\$9,697,050	\$10,471,976	\$774,926
Average Tax Value of Each Exemption	\$65.67	\$70.92	\$5.25
 Distribution of Fiscal Impact of Exemption Increase (in millions)			
	Current	New	Increase
State General Fund Credit Appropriation	\$1.892	\$2.044	\$0.151
State General Fund School Aid Appropriation	1.477	1.595	0.118
Local Government Impact	6.328	6.834	0.506
Total	<u>\$9.697</u>	<u>\$10.472</u>	<u>\$0.775</u>

The fiscal impact in years past FY 2018 will be similar, but will decline slightly each year if the number of Military Service Property Tax Exemptions continues to decline.

Sources

Department of Management Property Tax Files
Legislative Services Agency Analysis

/s/ Holly M. Lyons

February 24, 2016

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.
