

**EIGHTY-EIGHTH GENERAL ASSEMBLY
2019 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

February 21, 2019

Clip Sheet Summary

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

Bill	Amendment	Action	Sponsor
SF 93	S-3010	Filed	COMMITTEE ON LOCAL GOVERNMENT, et al
SF 203	S-3008	Lost	NATE BOULTON
SF 265	S-3009	Adopted	DAN ZUMBACH

Fiscal Notes

[SF 89](#) — [Homeownership Development Tax Credit](#) (LSB1340XS)

[SF 164](#) — [Income Tax Abatement, High-Demand Jobs](#) (LSB1068XS)

[SF 306](#) — [Lake Manawa State Park User Fee Pilot Program](#) (LSB1034SV)

[SF 307](#) — [Inheritance Tax](#) (LSB1104SV)

[SF 321](#) — [Investor and Innovation Fund Investment Tax Credit Allocations](#)
(LSB1250SV)

SENATE FILE 93

S-3010

1 Amend Senate File 93 as follows:

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

4 <Section 1. Section 631.1, Code 2019, is amended by adding
5 the following new subsection:

6 NEW SUBSECTION. 10. The district court sitting in small
7 claims has concurrent jurisdiction for administrative warrant
8 applications pursuant to section 657A.1A, subsection 2.

9 Sec. 2. Section 655A.6, Code 2019, is amended to read as
10 follows:

11 **655A.6 Rejection of notice.**

12 1. If either the mortgagor, or successor in interest of
13 record including a contract purchaser, within thirty days of
14 service of the notice pursuant to section 655A.3, files with
15 the recorder of the county where the mortgaged property is
16 located, a rejection of the notice reasonably identifying
17 the notice which is rejected together with proofs of service
18 required under section 655A.4 that the rejection has been
19 served on the mortgagee, the notice served upon the mortgagor
20 pursuant to section 655A.3 is of no force or effect.

21 2. Rejection of notice pursuant to subsection 1 shall not be
22 available to a mortgagor, or successor in interest of record
23 including a contract purchaser, of a mortgaged property that a
24 court of competent jurisdiction determined has been abandoned
25 pursuant to section 657A.2, on or after the date as determined
26 in section 657A.2, subsection 5.

27 Sec. 3. Section 657A.1, subsections 1 and 3, Code 2019, are
28 amended to read as follows:

29 1. "*Abandoned*" or "*abandonment*" means that a building ~~has~~
30 ~~remained~~ is vacant, or is occupied only by trespassers, and has
31 ~~been~~ in violation of the housing code or building code of the
32 city in which the property is located or the housing code or
33 building code applicable in the county in which the property
34 is located if outside the limits of a city ~~for a period of six~~
35 ~~consecutive months.~~

1 3. *“Building”* means a building or structure, excluding a
2 mobile home, a modular home, and a manufactured home as defined
3 in section 435.1, unless the mobile home or manufactured
4 home has been converted to real estate pursuant to section
5 435.26, located in a city or outside the limits of a city in
6 a county, which is used or intended to be used for commercial
7 or industrial purposes or which is used or intended to be
8 used for residential purposes and includes a building or
9 structure in which some floors may be used for retail stores,
10 shops, salesrooms, markets, or similar commercial uses, or for
11 offices, banks, civic administration activities, professional
12 services, or similar business or civic uses, and other floors
13 are used, designed, or intended to be used for residential
14 purposes.

15 Sec. 4. Section 657A.1, Code 2019, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 8. *“Responsible building official”* or
18 *“official”* means the person appointed by the city or, if the
19 building is outside the limits of a city, the county, to
20 enforce its building codes and regulations in general or to
21 enforce this chapter in particular.

22 Sec. 5. NEW SECTION. 657A.1A **Preliminary inspection of**
23 **building.**

24 1. No sooner than one hundred thirty-five days after a
25 property has become vacant, a person, other than a governmental
26 entity, may request that the responsible building official
27 inspect the property and certify that a property is both
28 abandoned and in need of abatement. The responsible building
29 official may also initiate an inspection on the official’s own
30 initiative at any time.

31 2. If the responsible building official finds from an
32 exterior view of the property, in addition to any other
33 credible information that the official may have, that there
34 is reasonable cause to believe that the property is abandoned
35 and in need of abatement, the official shall schedule a date

1 and time for an inspection of the property by the official.
2 The person requesting the inspection shall provide written
3 notice of the scheduled inspection by first class mail and
4 certified mail to the owner and all interested persons at
5 least twenty days before the inspection. The notice must
6 state the date, time, and place of the inspection and state
7 that unless the owner appears at the inspection to allow the
8 responsible building official access to the interior of the
9 property, the official, accompanied by the person serving
10 notice and any interested persons appearing for the inspection,
11 may enter the property to determine whether the property is
12 abandoned and in need of abatement and, if so, to estimate
13 the costs of abatement. The official may enter the property
14 for an inspection, along with the person serving notice and
15 any interested persons, if the owner is not present for the
16 inspection. Upon request, the inspection may be rescheduled
17 as needed. The responsible building official must obtain an
18 administrative search warrant pursuant to section 808.14 to
19 enter any building to conduct an inspection pursuant to this
20 section.

21 3. The responsible building official's findings shall
22 be in writing with copies provided to the person requesting
23 the inspection, the owner, and all interested parties. The
24 governmental entity employing the responsible building official
25 may establish and charge a fee to cover the reasonable costs
26 of the inspection, which shall be added to costs in an action
27 under this chapter.

28 4. Evidence that financial obligations in respect to a
29 building, including but not limited to payments of a mortgage,
30 bills, or property taxes, are currently met does not rebut a
31 finding of abandonment if the property is substantially in need
32 of abatement in an action filed under section 657A.2.

33 Sec. 6. Section 657A.2, Code 2019, is amended by striking
34 the section and inserting in lieu thereof the following:

35 **657A.2 Petition.**

1 1. No sooner than the latter of thirty days after provision
2 of the responsible building official's findings under section
3 657A.1A and six months after a building has become abandoned,
4 a petition for abatement under this chapter may be filed in
5 the district court of the county in which the property is
6 located by the city in which the property is located, by the
7 county if the property is located outside the limits of a city,
8 by a neighboring landowner, or by a duly organized nonprofit
9 corporation which has as one of its goals the improvement of
10 housing conditions in the county or city in which the property
11 in question is located. The petition shall not demand a
12 personal judgment against any party, but shall concern only
13 the interests in the property. A petition for abatement filed
14 under this chapter shall include the legal description of
15 the real property upon which the public nuisance is located
16 unless the public nuisance is not situated on or confined to
17 a parcel of real property, or is portable or capable of being
18 removed from the real property. Service shall be made on all
19 interested persons by personal service or, if personal service
20 cannot be made, by certified mail and first class mail to the
21 last known address of record of the interested person and by
22 posting the notice in a conspicuous place on the building,
23 or by publication. The last known address of record for the
24 property owner shall be the address of record with the county
25 treasurer of the county where the property is located. Service
26 may also be made as provided in section 654.4A.

27 2. If entering judgment, the court shall determine any
28 issues at law, including issues relating to title, raised by
29 the plaintiff or by a party in interest who has filed a motion
30 or answer.

31 3. In any evidentiary hearing or motion in a proceeding
32 under this chapter, the written findings of the responsible
33 building official relating to the condition of the building and
34 other matters within the scope of this chapter, if provided
35 at least ten days before the hearing to all persons not in

1 default, shall be accepted as evidence without prejudice to the
2 right of any party to require the personal testimony of the
3 responsible building official at the hearing.

4 4. If the court finds at a hearing pursuant to this section
5 that the building is abandoned or is a public nuisance, the
6 court may issue an injunction requiring the owner to correct
7 any conditions that make such building a public nuisance, or
8 issue another order that the court deems appropriate to address
9 the public nuisance.

10 5. If the court finds at a hearing pursuant to this
11 section that the building is abandoned, unless the court
12 order establishes otherwise, the property shall be deemed
13 continuously abandoned from the date the action is indexed
14 pursuant to section 617.10, subsection 1.

15 6. A property shall not be claimed as homestead pursuant to
16 chapter 561 on or after the date determined in subsection 5.

17 7. In a proceeding under this section, if the court
18 determines the building is not abandoned, the court shall
19 dismiss the petition and may require the petitioner to pay an
20 interested party's reasonable attorney fees. An owner of the
21 property who failed to appear for an inspection pursuant to
22 section 657A.1A shall not be awarded attorney fees under this
23 section.

24 8. If a party to the action holds an interest in the
25 property as a nominee, a fiduciary, or another representative
26 capacity for a third party, or an underlying loan on the
27 property is guaranteed by a third party, the party to the
28 action may apply to the court for a stay of action, as it
29 affects the party's interest, for a reasonable time to allow
30 the party to obtain the appropriate authority, information, or
31 instructions from or on behalf of the beneficiary or guarantor
32 as related to the property interest or underlying loan.

33 Sec. 7. Section 657A.3, Code 2019, is amended to read as
34 follows:

35 **657A.3 Interested persons — opportunity to abate public**

1 nuisance.

2 1. Before appointing a receiver to perform work or to
3 furnish material to abate a public nuisance under this chapter,
4 the court shall ~~conduct a hearing at which the court shall~~
5 ~~offer mortgagees of record, lienholders of record, or other~~
6 ~~known interested persons in the order of priority of interest~~
7 ~~in title, the opportunity to undertake the work and to furnish~~
8 ~~the materials necessary to abate the public nuisance. The~~
9 establish a date before which interested persons may file with
10 the court shall require the person selected to demonstrate
11 the written proof of intent and ability to promptly undertake
12 promptly the work required and to post security for the
13 performance of the work. If no such written proof is filed
14 by that date, the court may appoint a receiver pursuant to
15 subsection 3.

16 2. All amounts expended by the person toward abating the
17 public nuisance are a lien on the property if the expenditures
18 ~~were~~ are approved in advance by ~~the~~ a judge and if the person
19 desires the lien. ~~The~~ Unless an interested person has a
20 contract with the owner providing for a different interest
21 rate, the lien shall bear interest at the rate provided for
22 judgments pursuant to section 535.3, and shall be payable upon
23 terms approved by the judge. If a certified copy of ~~the~~ a
24 court order ~~that approved~~ approving the expenses and the terms
25 of payment for the lien, and a description of the property
26 in question, are filed ~~for~~ of record within thirty days of
27 the date of issuance of the order in the office of the county
28 recorder of the county in which the property is located, the
29 lien has the same priority as the mortgage of a receiver as
30 provided in section 657A.7.

31 ~~2.~~ 3. If the court determines by the date established
32 in subsection 1 or at the a hearing conducted pursuant
33 to subsection 1, on the sufficiency of a timely filed
34 rehabilitation plan that no interested person can undertake the
35 work and furnish the materials required to abate the public

1 nuisance, or if the court determines at any time after the
2 hearing that an interested person who is undertaking corrective
3 work pursuant to this section cannot or will not proceed, or
4 has not proceeded with due diligence, the court may appoint a
5 receiver to take possession and control of the property. The
6 receiver shall be appointed in the manner provided in section
7 657A.4.

8 4. If the building is a historic building or is located in
9 a designated historic district, the court shall give preference
10 to an economically feasible rehabilitation plan that preserves
11 the historical nature of the building.

12 5. Unless a receiver's mortgage provides for periodic
13 payments, a notice, in lieu of the notice pursuant to section
14 654.2D, shall also be served by ordinary or electronic mail
15 informing all interested persons of the date certain for the
16 maturity of the mortgage note, or the event triggering maturity
17 of the mortgage note, and that on maturity the receiver's
18 mortgage loan will be payable in full and the mortgagee may
19 then commence foreclosure without further notice. A notice
20 pursuant to section 654.4B shall also be served by ordinary or
21 electronic mail on the owner of record of the property. The
22 mortgagee shall not commence foreclosure of the mortgage until
23 sixty calendar days have passed since the date of service of a
24 notice under this subsection.

25 Sec. 8. Section 657A.4, Code 2019, is amended to read as
26 follows:

27 **657A.4 Appointment of receiver.**

28 ~~After conducting~~ If after expiration of a date established
29 pursuant to section 657A.3, subsection 1, or a hearing
30 pursuant to section 657A.3, the court may appoint a receiver
31 to take possession and control of the property in question.
32 A person shall not be appointed as a receiver unless the
33 person has first provided the court with a viable financial
34 and construction plan for the rehabilitation of the property
35 in question and has demonstrated the capacity and expertise

1 to perform the required work in a satisfactory manner. The
2 appointed receiver may be a financial institution that
3 possesses an interest of record in the property, a nonprofit
4 corporation that is duly organized and exists for the primary
5 purpose of improving housing conditions in the county or city
6 in which the property in question is located, or any person
7 deemed qualified by the court. No part of the net earnings of a
8 nonprofit corporation serving as a receiver under this section
9 shall benefit a private shareholder or individual. Membership
10 on the board of trustees of a nonprofit corporation does not
11 constitute the holding of a public office or employment and is
12 not an interest, either direct or indirect, in a contract or
13 expenditure of money by a city or county. No member of a board
14 of trustees of a nonprofit corporation appointed as receiver
15 is disqualified from holding public office or employment, nor
16 is a member required to forfeit public office or employment by
17 reason of the membership on the board of trustees.

18 Sec. 9. Section 657A.6, subsection 9, Code 2019, is amended
19 to read as follows:

20 9. Issue notes and secure the notes by mortgages bearing
21 interest at the rate provided for judgments pursuant to
22 section 535.3, and any terms and conditions as approved by
23 the court. The court may provide for a higher interest rate
24 if the receiver has established to the satisfaction of the
25 court that the receiver has sought financing from individuals
26 and institutions willing to lend money for rehabilitation
27 of property and that the terms proposed by the receiver are
28 reasonable. When transferred by the receiver in return for
29 valuable consideration ~~in~~ including money, material, labor,
30 or services, the notes issued by the receiver are freely
31 transferable. If the receiver has notice that the mortgagee
32 of the receiver's mortgage is contemplating a transfer of the
33 mortgage, the receiver shall disclose such to the court in the
34 application for approval of the mortgage.

35 Sec. 10. NEW SECTION. 657A.6A Receiver — prohibited acts.

1 Notwithstanding section 657A.10, it shall be unlawful, and a
2 receiver may be held liable for actual damages as determined
3 by a court, for entering a residential property that is not
4 abandoned for the purpose of forcing, intimidating, harassing,
5 or coercing a lawful occupant of the property to vacate in
6 order to render the property vacant and abandoned, and it shall
7 be unlawful to otherwise force, intimidate, harass, or coerce
8 a lawful occupant of a residential property to vacate so the
9 property may be deemed vacant and abandoned. A receiver who
10 peacefully enters a property for the purpose of rendering the
11 property vacant and abandoned shall be immune from liability
12 if the receiver makes a good-faith effort to comply with this
13 chapter and all terms of any applicable mortgage, lease, or
14 other agreement related to the occupancy of the building.

15 Sec. 11. Section 657A.7, subsection 1, Code 2019, is amended
16 to read as follows:

17 1. If the receiver's mortgage is filed ~~for~~ of record in
18 the office of the county recorder of the county in which the
19 property is located within sixty days of the issuance of a
20 secured note, the receiver's mortgage is a first lien upon the
21 property and is superior to claims of the receiver and to all
22 prior or subsequent liens and encumbrances except taxes and
23 assessments, including taxes and assessments advanced by any
24 mortgagee in the twelve-month period immediately preceding the
25 date a petition is filed pursuant to section 657A.2. Priority
26 among the receiver's mortgages is determined by the order in
27 which the mortgages are recorded.

28 Sec. 12. Section 657A.7, Code 2019, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 3. If a mortgagee of the receiver's
31 mortgage begins foreclosure procedures pursuant to chapter 655A
32 and an interested party desires to pay off the mortgage loan,
33 the interested party shall also pay the mortgagee's reasonable
34 costs and attorney fees.

35 Sec. 13. Section 657A.8, Code 2019, is amended to read as

1 follows:

2 **657A.8 Assessment of costs.**

3 The court may assess the costs and expenses set out in
4 section 657A.6, subsection 2, and may approve receiver's fees
5 to the extent that the fees are not covered by the income
6 from the property. The receiver shall pay the costs and
7 reasonable attorney fees of a plaintiff who requested an
8 inspection pursuant to section 657A.1A unless an interested
9 party not in default who appeared for the inspection objects
10 to the fees and costs in whole or in part. The court shall
11 determine the merits of such objection. If the court finds
12 that a neighboring landowner has pursued an action pursuant to
13 this chapter in bad faith, the court may assess attorney fees
14 against the neighboring landowner and may bar such neighboring
15 landowner from filing future actions under this chapter. If a
16 foreclosure of the receiver's mortgage pursuant to chapter 655A
17 is contemplated, the court may retain jurisdiction to determine
18 the amount of attorney fees payable under section 657A.7,
19 subsection 3.

20 Sec. 14. Section 657A.10A, subsection 1, paragraph a, Code
21 2019, is amended to read as follows:

22 a. In lieu of the procedures in sections ~~657A.2~~ 657A.1A
23 through 657A.10 and 657A.10B, a city in which ~~an abandoned a~~
24 building that has been abandoned for at least six consecutive
25 months is located may petition the court to enter judgment
26 awarding title to the abandoned property to the city. A
27 petition filed under this section shall include the legal
28 description of the abandoned property. If more than one
29 abandoned building is located on a parcel of real estate, the
30 city may combine the actions into one petition. The owner of
31 the building and grounds, mortgagees of record, lienholders
32 of record, or other known persons who hold an interest in the
33 property shall be named as respondents on the petition.

34 Sec. 15. NEW SECTION. 657A.10B Applicability.

35 The provisions of sections 657A.1A through 657A.10 shall

S-3010 (Continued)

1 only apply to cities and counties that have, by ordinance,
2 provided that the provisions shall apply.

3 Sec. 16. NEW SECTION. **657A.10C Petition for injunction.**

4 As an alternative to the remedies under this chapter, a
5 city, or a county if a property that is alleged to be a public
6 nuisance is located outside the limits of a city, may petition
7 the court for an injunction that requires the owner of the
8 property to correct or eliminate the condition or violation
9 causing the public nuisance. Service of the original notice
10 shall be made as provided in section 657A.2, subsection 1.

11 Sec. 17. **CODE EDITOR DIRECTIVE.**

12 1. The Code editor is directed to renumber section 657A.10B,
13 as enacted in this Act, as section 657A.10A, and to renumber
14 section 657A.10A as section 657A.10B.

15 2. The Code editor shall correct internal references in the
16 Code and in any enacted legislation as necessary due to the
17 enactment of this section.>

By COMMITTEE ON LOCAL GOVERNMENT

JEFF EDLER, CHAIRPERSON

S-3010 FILED FEBRUARY 20, 2019

SENATE FILE 203

S-3008

1 Amend Senate File 203 as follows:

2 1. Page 1, by striking lines 4 through 7.

3 2. Page 1, line 13, after <state> by inserting <and is
4 located entirely within the boundaries of a single property and
5 does not directly border any other property>

6 3. Title page, by striking lines 1 and 2 and inserting <An
7 Act relating to fishing on private waters.>

8 4. By renumbering as necessary.

By NATE BOULTON

S-3008 FILED FEBRUARY 20, 2019

LOST

SENATE FILE 265

S-3009

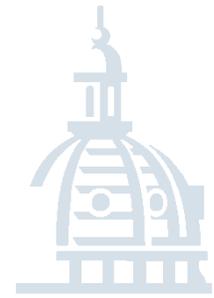
1 Amend Senate File 265 as follows:

2 1. Page 1, by striking lines 16 and 17 and inserting
3 <subsection 1, the department shall adopt rules for the sale
4 at a farmers market of culinary mushrooms commonly referred to
5 as a variety of wild golden oyster and classified as pleurotus
6 ostreatus, pleurotus populinus, or pleurotus pulmonarius.>

By DAN ZUMBACH

S-3009 FILED FEBRUARY 20, 2019

ADOPTED



SF 89 – Homeownership Development Tax Credit (LSB1340XS)
Analyst: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New (Same Fiscal Note as HF 87)

Description

Senate File 89 creates a new Homeownership Development Tax Credit. Taxpayers who make a charitable contribution to an eligible housing developer will receive an Iowa tax credit equal to 50.0% of the contribution. The tax credit is available for individual, corporate, franchise (bank), insurance premium, and credit union tax payers. The program will be administered by the Department of Revenue (DOR) and the Economic Development Authority (IEDA).

The tax credit is nontransferable and nonrefundable, but tax credits in excess of tax liability may be carried forward up to five tax years. The tax credit may not be claimed on any contribution for which a taxpayer claims an Iowa itemized deduction.

Total awards made under the program are capped at \$7.0 million per calendar year. At least 20.0% of the annual cap must be reserved for contributions to eligible rural housing developers. A taxpayer's annual tax credit is capped at \$250,000 (\$300,000 if certain rural housing developer requirements are met). Tax credits are awarded on a first-come, first-served basis and once the limit for a calendar year is reached, a wait list for credits under the next calendar year's cap is required.

An eligible housing developer is defined to include an Iowa nonprofit, tax-exempt organization that has been developing Iowa single-family housing for low-income households for at least three years. Additionally, an eligible rural housing developer must operate in Iowa counties with a population of 50,000 or less.

The new tax credit is available beginning January 1, 2019, and applies to charitable contributions made on or after that date.

Assumptions

- Tax credit and low-income housing construction demand is sufficient to fully utilize the annual \$7.0 million tax credit allocation, including the first-year allocation (calendar year 2019).
- Eighty-three percent (\$5.8 million) of the annual allocation will be awarded to individual income tax payers, and the remaining 17.0% (\$1.2 million) will be awarded to corporate income tax payers.
- The tax credits are not refundable or transferable, but unused credits may be carried forward. Corporate tax credits are assumed to be redeemed 100.0% in the calendar year of award, while individual income tax credits are assumed to be redeemed on the following schedule:
 - Year 1 = 70.0%
 - Year 2 = 20.0%
 - Year 3 = 6.0%
 - Expiring unredeemed = 4.0%

- Contributions eligible for the tax credit cannot be also claimed as itemized deductions or corporate expenses for Iowa tax purposes. It is assumed that 50.0% of all contributions represent contributions or expenses that would otherwise have been Iowa income tax deductions.
- For all years, the average marginal individual income tax rate is assumed to be 6.9% and the average marginal income tax rate for corporate taxpayers is assumed to be 7.7%.
- The average individual income surtax rate is assumed to be 2.9% for all years.

Fiscal Impact

The new Homeownership Development Tax Credit is projected to reduce net General Fund revenue by \$4.8 million in FY 2020, \$5.9 million in FY 2021, and \$6.3 million in FY 2022 and future fiscal years. Additionally, the credit will reduce the amount of revenue raised by the local option income surtax for schools by \$0.1 million in FY 2020 and FY 2021, and \$0.2 million in future fiscal years.

The Department of Revenue reports that the projected one-time staff and programming expenses associated with implementing the new tax credit will equal an estimated \$240,000.

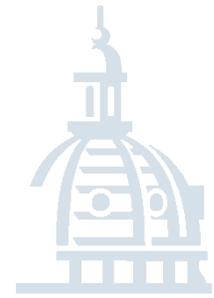
Source

Department of Revenue

/s/ Holly M. Lyons

February 20, 2019

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.



SF 164 – Income Tax Abatement, High-Demand Jobs (LSB1068XS)
Analyst: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New

Description

Senate File 164 exempts wages received through employment in high-demand jobs from the State individual income tax if the jobholder meets certain Iowa residency requirements. The exemption applies to new residents. A current resident of Iowa is not eligible for the income tax exemption unless the individual graduates from an Iowa community college, private college or university, or Regents institution after the effective date of the Bill.

The income tax exemption period for qualified jobholders is three or five years. The length of the income tax exemption period is:

- Five years if the jobholder lives in one of Iowa's 10 lowest populated counties.
- Five years if the jobholder lives in an Iowa city with a population of less than 15,000.
- Three years if the jobholder lives in a rural area of one of Iowa's 89 highest populated counties.
- Three years if the jobholder lives in an Iowa city with a population of 15,000 or more.

The definition of "high-demand job" has two components under the Bill:

- Iowa Code section 84A.1B(13A),¹ as enacted in 2018 Iowa Acts, chapter **1067** (Future Ready Iowa Act), allows the Workforce Development Board to designate as "high-demand" jobs where work opportunities exist and qualified applicants are lacking. Each community college is also allowed to designate up to five regional high-demand jobs.
- Cities and counties may petition the relevant community college to designate a job category as a high-demand job. Each community college may designate up to 10 job categories as high-demand jobs.

The change applies retroactively to tax year (TY) 2019.

Assumptions

- Using Department of Workforce Development employment projections, the Department of Revenue developed estimates of the annual number of high-demand job openings that will occur in Iowa.
- Fifty percent of high-demand job openings will be filled each year.
- Ten percent of the job openings that are filled will not qualify for the tax exemption. It is assumed that these positions will be filled by Iowa residents who are not qualified graduates.
- Fifty-three percent of qualified jobholders will live in locations that qualify for a five-year tax exemption. The remainder will qualify for a three-year exemption.
- The Bill allows the qualified jobholder to choose when to start the tax exemption period. Thirty percent of qualified jobholders will choose the first year of employment as the first year of the tax exemption and 70.0% will choose the second year.

¹ Iowa Code section 84A.1B(13A) is not effective until July 1, 2019.

- A portion (5.0% to 10.0%) of qualified jobholders will ultimately not benefit from the tax exemption due to other components of their income situation, such as business or capital losses.

The results of the previous assumptions are displayed in **Table 1**. The assumptions were used as inputs to the Iowa Department of Revenue income tax model. The model produced the projected reductions in income tax liability across all qualified jobholders by tax year. **Table 2** provides the tax model results.

Tax Year (TY)	Number of High- Demand Job Openings	Filled Openings	Qualified Filled Openings	Small City/County Jobs, Five- Year Exemption	Three- Year Exemption	Number Benefiting From Tax Exemption Each Tax Year
TY 2019	16,960	8,480	7,632	4,045	3,587	2,177
TY 2020	16,287	8,144	7,330	3,885	3,445	9,338
TY 2021	15,666	7,833	7,050	3,737	3,313	16,170
TY 2022	15,099	7,550	6,795	3,601	3,194	21,791
TY 2023	14,562	7,281	6,553	3,473	3,080	25,248
TY 2024	14,065	7,033	6,330	3,355	2,975	27,219

Tax Year (TY)	Number Benefiting From Tax Exemption Each Tax Year	Average Tax Benefit Per Benefiting Jobholder *	Total Income Tax Reduction in Millions *
TY 2019	2,177	\$ 2,784	\$ 6.1
TY 2020	9,338	2,914	27.2
TY 2021	16,170	3,035	49.1
TY 2022	21,791	3,126	68.1
TY 2023	25,248	3,643	92.0
TY 2024	27,219	3,743	101.9

* The average and total tax reductions include the local option surtax for schools.

Tax model results are converted to fiscal year State General Fund and local option surtax revenue impacts using the following assumptions:

- The contingent Iowa individual income tax system enacted in [SF 2417](#) (2018 Tax Modifications Act) will become effective beginning TY 2023.
- Local option income surtax revenue represents 3.0% of the total tax benefit displayed in **Table 2**.
- Twenty-five percent of the revenue reduction will be in the form of reduced withholding tax receipts. The jobholders will realize the remaining benefit through increased tax refunds and decreased tax payments made when filing individual income tax returns for the tax year.
- The Bill requires eligible jobholders who become ineligible before the end of the three- or five-year exemption to add back to net income on their next income tax return the exempt income from previous years. It is assumed that 2.0% of the previous fiscal year's tax benefit will be recovered through the income tax process due to lapses in jobholder eligibility (the jobholder quits the eligible job or is fired or otherwise becomes ineligible).

Fiscal Impact

The new tax exemption for qualified high-demand jobholders is projected to reduce net General Fund revenue and local option surtax for school revenue by the amounts listed in **Table 3**. The revenue reductions are projected to continue in future fiscal years, increasing at the rate of wage growth for qualified jobs.

<u>Fiscal Year</u>	<u>Total Income Tax Reduction</u>	<u>General Fund Revenue Reduction</u>	<u>Local Option Surtax Revenue Reduction</u>
FY 2020	\$ 9.2	\$ 8.9	\$ 0.3
FY 2021	28.8	27.9	0.9
FY 2022	49.3	47.8	1.5
FY 2023	67.9	65.9	2.0
FY 2024	89.0	86.3	2.7

The Department of Revenue reports that the one-time staff and programming expenses associated with implementing the new income tax credit will equal an estimated \$240,000, and the Department will also need to assign compliance staff to audit the new exemption for fraud.

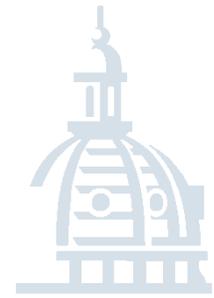
Sources

Department of Revenue
Department of Workforce Development
Legislative Services Agency analysis

/s/ Holly M. Lyons

February 19, 2019

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.



[SF 306](#) – Lake Manawa State Park User Fee Pilot Program (LSB1034SV)
Analyst: Debra Kozel (515.281.6767) deb.kozel@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 306](#) establishes a Lake Manawa State Park User Fee Pilot Program in the Department of Natural Resources (DNR). The Program allows the DNR to charge nonresidents the following fees:

- One-day entrance fee of \$5 per vehicle.
- Annual pass fee of \$40 for one vehicle and the option to buy a second vehicle pass for a fee of \$15.
- The Bill allows the Department to establish separate fees for residents and nonresidents related to camping and shelter rentals.

Background

Lake Manawa State Park is located in Council Bluffs, Iowa, and is approximately 10 minutes from Omaha, Nebraska. The state of Nebraska charges residents a fee of \$6 for a one-day entrance fee to a state park, and nonresidents are charged \$8. The annual fee is \$30 for residents and \$45 for nonresidents. A duplicate or second vehicle pass is \$15 for residents and \$22.50 for nonresidents. Since Iowa does not charge State park entrance fees, numerous Nebraska residents visit Lake Manawa State Park.

Assumptions

The DNR is using the following assumptions:

- Lake Manawa State Park has over 1,500 acres, and there are four entrances. It is assumed two entrances would have a pay station with staff on hand, and all four entrances would have outdoor kiosk machines that would not need to be staffed.
- There are 1.1 million nonresident visitors per year. There are four persons in each vehicle, so there are 275,000 nonresident vehicles.
- It is estimated that 60.0%, or 165,000 vehicles, are repeat customers who visit 25 times per year. This equals 6,600 unique nonresident vehicles (166,000 vehicles/25 visits).
- It is estimated there will be a 30.0% decrease in attendance due to the fee, which reduces the number of unique vehicles of nonresidents who will purchase an annual pass to 4,700 in year one.
- There will be a 5.0% increase in attendance in year two, with annual passes sold to 4,900 vehicles of nonresidents.
- Up to 111,000 nonresidents will purchase a daily pass for their vehicles. It is estimated the first year would have a 30.0% decrease in attendance due to the fee, which would reduce the number of vehicles to 78,000 in year one. In year two, the number of daily passes sold will increase by 5.0% to 81,000.

The DNR estimates the following fees will be collected:

Table 1 – Lake Manawa State Park User Fee Pilot Program Fees Collected

Fees	FY 2020	FY 2021
Annual Pass Fee	\$ 186,000	\$ 195,000
Daily Pass Fee	388,000	407,000
Total Fees	\$ 574,000	\$ 602,000

The DNR estimates the following one-time expenditures for the purchase of equipment, and construction and implementation of two pay stations and four pay kiosk machines at Lake Manawa State Park:

Table 2 – Lake Manawa State Park Pilot Program Construction Expenditures

Expenditures	FY 2020	FY 2021
Purchase of Four Kiosk Machines	\$ 20,000	\$ 0
Construction of Two Staffed Pay Stations	100,000	0
Point of Sale Equipment for Pay Stations	5,000	0
Total Expenditures	\$ 125,000	\$ 0

In addition, the DNR estimates the following recurring expenditures:

Table 3 – Lake Manawa State Park User Fee Pilot Program Other Expenditures

Expenditures	FY 2020	FY 2021
Data Processing and Utilities	\$ 6,000	\$ 6,000
Operating Supplies	5,000	5,000
Accounting Expenditures	50,000	50,000
Staff to Collect Fees	130,000	130,000
Total Expenditures	\$ 191,000	\$ 191,000

Fiscal Impact

The estimated fiscal impact of [SF 306](#) is summarized below:

Table 4 – Lake Manawa State Park User Fee Pilot Program Fiscal Impact

Description	FY 2020	FY 2021
Revenue	\$ 574,000	\$ 602,000
Expenditures	316,000	191,000
Total Net Revenue	\$ 258,000	\$ 411,000

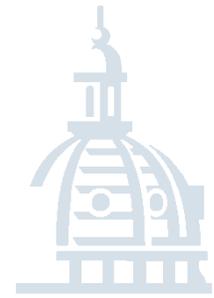
Source

Department of Natural Resources

/s/ Holly M. Lyons

February 20, 2019

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.



SF 307 – Inheritance Tax Elimination (LSB1104SV)
Analyst: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 307](#) repeals the State inheritance tax and the State qualified use inheritance tax. The repeal is effective July 1, 2019, and applies to deaths occurring on or after that date.

Background

Inheritances received by a spouse or lineal ascendants and descendants (children, grandchildren, parents, grandparents, etc.) are exempt from Iowa inheritance tax under current law. For inheritances not exempt, the tax rate varies by size of the inheritance and category of inheritor.

- If the net value of the entire estate is less than \$25,000, the tax rate is 0.0%.
- For a brother, sister, son-in-law, or daughter-in-law, the rate is 5.0% to 10.0%.
- For an aunt, uncle, niece, nephew, foster child, cousin, brother-in-law, sister-in-law, and all other individual persons, the rate is 10.0% to 15.0%.
- For firms and for-profit corporations and organizations, the rate is 15.0%.
- For charitable, educational, or religious organizations organized under the laws of any other state or country, the rate is 10.0%.
- For bequests for religious services in excess of \$500, the rate is 10.0%.
- For unknown heirs, the rate is 5.0%.
- For public libraries and art galleries, hospitals, humane societies, municipal corporations, or for the care of cemetery or burial lots, or bequests for religious services not to exceed \$500, the rate is 0.0%.

The State qualified use inheritance tax may apply to certain property of the decedent that was used in farming or other trade or business.

Assumptions

- For FY 2019 and FY 2020, the assumed amount of revenue the State will receive under current law is equal to the December 2018 Revenue Estimating Conference gross inheritance tax estimates for those years.
- For years beyond FY 2021, inheritance tax revenue is projected to grow 2.5% per year under current law.
- Annual estimates are reduced \$2.5 million to adjust for the average annual amount of gross inheritance tax that is refunded.
- In most instances, the tax return and payment are due nine months after the death date. Therefore, the revenue impact of the July 1, 2019, repeal is delayed.
- Future payments from deferred life estates and remainder interests, due from inheritances received prior to the repeal of the inheritance tax, are assumed to be minor and are therefore ignored in the fiscal impact calculation.

Fiscal Impact

The repeal of the State inheritance tax and the State qualified use inheritance tax is projected to reduce net General Fund revenue by \$30.2 million in FY 2020 and \$86.9 million in FY 2021. The revenue reduction is projected to grow by 2.5% per year after FY 2021.

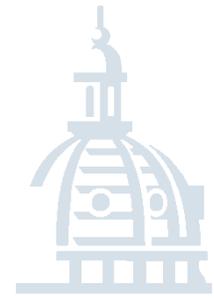
Source

Iowa Department of Revenue

/s/ Holly M. Lyons

February 20, 2019

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.



[SF 321](#) – Investor and Innovation Fund Investment Tax Credit Allocations (LSB1250SV)
Analyst: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New (Same as Fiscal Note for HF 339)

Description

[Senate File 321](#) increases the current \$2.0 million aggregate maximum annual tax credit allocation for the [Qualifying Business Tax Credit](#) to at least \$2.0 million and not more than \$4.0 million. In addition, the Bill reduces the current \$8.0 million aggregate maximum annual tax credit allocation for the [Innovation Fund Investment Tax Credit](#) to at least \$6.0 million and no more than \$8.0 million. Under both current law and the proposed law, the Iowa Economic Development Authority (IEDA) is allowed to allocate less than the specified minimum under both programs if the IEDA determines that insufficient demand exists. The changes take effect upon enactment.

Background

The IEDA tax credit tracking and reporting document (provided monthly to the IEDA Board) combines the two business tax credits into one \$10.0 million annual cap. Over the last four fiscal years (FY 2015 through FY 2018), an average of \$3.6 million of the \$10.0 million cap has been awarded. The Department of Revenue reports that in recent years, the highest utilization for the Innovation Fund Investment Tax Credit was \$3.7 million of that credit's \$8.0 million annual cap.

For both tax credit programs, the tax credit equals 25.0% of the qualified investment. The tax credits are transferable and, in some cases, refundable.

Assumptions

- The Qualifying Business Tax Credit has been operating at or near its \$2.0 million annual allocation cap.
- The Innovation Fund Investment Tax Credit has been operating well under its annual \$8.0 million allocation cap.
- There is sufficient demand for the Qualifying Business Tax Credit to fully utilize the additional \$2.0 million annual allocation, so transferring allocation cap amounts to the Qualifying Business Tax Credit from the Innovation Fund Investment Tax Credit will result in the redemption of up to \$2.0 million in additional tax credits each year, beginning FY 2020.
- Once awarded, tax credits are assumed to be redeemed on the following schedule:
 - Year 1 (year of award) = 70.0%
 - Year 2 = 25.0%
 - Year 3 = 2.0%
 - Never redeemed = 3.0%

Fiscal Impact

Increasing the maximum annual allocation to the Qualifying Business Tax Credit by \$2.0 million and decreasing the annual allocation to the Innovation Fund Investment Tax Credit by the same amount is projected to reduce net General Fund revenue by \$1.4 million in FY 2020 and \$1.9 million in future fiscal years.

Sources

Iowa Economic Development Authority
Department of Revenue

/s/ Holly M. Lyons

February 20, 2019

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.
