

**EIGHTY-EIGHTH GENERAL ASSEMBLY
2020 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

February 18, 2020

Clip Sheet Summary

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

Bill	Amendment	Action	Sponsor
SF 155	S-5006	Filed	COMMITTEE ON STATE GOVERNMENT, et al

Fiscal Notes

[SF 2047](#) — [Wetlands Property Tax Exemption](#) (LSB5214XS)

[SF 2184](#) — [Weapons, Law Enforcement Carrying on School Grounds](#)
(LSB1167SZ)

[SF 2225](#) — [Theft, Third Degree](#) (LSB5074SV)

[SF 2240](#) — [Sports Betting Debt Offset and Qualified Sponsoring Organization Boards](#) (LSB5802SV)

SENATE FILE 155

S-5006

1 Amend Senate File 155 as follows:

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

4 <Section 1. Section 158.1, subsection 3, Code 2020, is
5 amended to read as follows:

6 3. "*Barbershop*" means an establishment in a fixed location
7 or a location that is readily movable where one or more persons
8 engage in the practice of barbering.>

By COMMITTEE ON STATE GOVERNMENT

ROBY SMITH, CHAIRPERSON

S-5006 FILED FEBRUARY 17, 2020



[SF 2047](#) – Wetlands Property Tax Exemption (LSB5214XS)
Staff Contact: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 2047](#) expands an existing property tax exemption available to owners of native prairie or protected wetland property. The Bill removes the receipt of payments by the landowner from either of two federal conservation easement programs as a disqualifying factor for the property tax exemption. The change is effective beginning assessment year 2020 and will first apply to property tax payments made in FY 2022.

The Bill makes inapplicable Iowa Code section [25B.7](#) (State funding of any new property tax credits or exemptions).

Background

Department of Revenue property tax reports indicate that 5,653 acres with a total assessed value of \$5.3 million currently benefit from the native prairie and protected wetland property tax exemption (assessment year 2019 data).

Iowa Code section [427.1\(23\)\(a\)](#) disqualifies a particular native prairie or protected wetland property from the tax exemption if “the property is used for economic gain during the assessment year in which the exemption is granted.” Easement payments from the federal government have been interpreted as economic gain; due to this interpretation, some native prairie and protected wetland properties do not receive the property tax exemption. The federal government pays property owners for an easement to guarantee properties will be maintained as native prairie and/or protected wetland property. In some instances, the federal easement results in an annual payment to the landowner, and it is this annual payment that disqualifies the property from the property tax exemption. The Bill defines “economic gain” to exclude the easement payments received under two federal programs, thus making the properties eligible for the property tax exemption.

Iowa Code section [427.1\(23\)\(b\)](#) specifies that the reduced property tax associated with this property tax exemption is to be paid by the State.

Assumptions

- According to the [U.S. Department of Agriculture Natural Resources Conservation Service](#), a total of 187,413 acres in Iowa were enrolled in the two federal easement payment programs for 2018. The number of enrolled easement acres is assumed to increase by 1.0% each year.
- The average assessed value per acre for properties currently receiving the tax exemption for native prairie and protected wetland property is \$945 per acre. That value is assumed for new acres qualifying for the exemption for all future years.
- The agriculture rollback equaled 81.4832% for assessment year 2019, and that rollback is assumed to remain constant.
- The FY 2019 statewide average property tax rate for agricultural property was \$25.05 per \$1,000 of taxed value. The school basic levy represents \$5.40 (21.6%) of the \$25.05 rate.

Through action of the school aid formula, the State General Fund appropriation for school aid will replace the property tax reduction associated with 21.6% of the property tax reduction. The remaining 78.4% of the property tax reduction will result in reduced local government revenue.

- For the first year (assessment year 2020, FY 2022), owners of 50.0% of the newly eligible acres will apply for and receive the exemption. For the second and future years, owners of 80.0% of the acres are assumed to apply for and receive the exemption.
- The Bill makes Iowa Code section [25B.7](#) inapplicable but does not make Iowa Code section [427.1](#)(23)(b) inapplicable. For calculating the fiscal impact of the Bill, it is assumed that the State will only reimburse the property tax reduction to the extent covered by the school aid formula.

Fiscal Impact

The property tax exemption expansion is projected to reduce property taxes owed by owners of native prairie and protected wetland property and, as a result, increase the State General Fund appropriation for school aid and decrease local property tax revenue. The projected amounts are presented in the following table.

Projected State General Fund and Local Property Tax Impact			
In Millions			
<u>Fiscal Impact</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024 and After</u>
Increased School Aid Appropriation	\$ 0.4	\$ 0.6	\$ 0.6
<u>Decreased Local Property Tax Revenue</u>	<u>1.4</u>	<u>2.3</u>	<u>2.4</u>
Property Tax Reduction	\$ 1.8	\$ 2.9	\$ 3.0

Sources

U.S. Department of Agriculture Natural Resources Conservation Service
 Department of Revenue
 Department of Management property tax files
 Department of Revenue partial exemption and rollback history files

 /s/ Holly M. Lyons

February 17, 2020

Doc ID 1129879

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 2184](#) – Weapons, Law Enforcement Carrying on School Grounds (LSB1167SZ)
Staff Contact: Christin Mechler (515.250.0458) christin.mechler@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 2184](#) relates to peace officers, reserve peace officers, and federal officers going armed with, carrying, or transporting a firearm on school grounds. The Bill allows a peace officer or reserve peace officer, including a peace officer or reserve peace officer who has not been certified, and a federal officer when the officer's employment requires that individual to be armed with, carry, or transport a firearm on school grounds, whether or not the officer is acting in the performance of official duties.

Background

[Senate File 2184](#) establishes an exception to Iowa Code section [724.4B](#), which establishes a penalty for carrying firearms on school grounds. Under current law, a person who goes armed with, carries, or transports a firearm of any kind, concealed or not, on the grounds of a school commits a Class D felony. A Class D felony is punishable by confinement of no more than five years and a fine of at least \$750, but not more than \$7,500.

In FY 2019, there were a total of four convictions for carrying a firearm on school grounds.

Assumptions

- It is assumed insurance companies, in conjunction with an individual school or school district, will evaluate the need to update existing individual school or school district insurance policies for any potential increase in claims related to the exception for being armed with, carrying, or transporting firearms on specific areas of school grounds.
- Providing an exception for carrying firearms on limited school grounds is assumed to increase liability and risk coverage for individual school or school district insurance policies.

Correctional Impact

The correctional impact of [SF 2184](#) cannot be determined. The Bill creates an exception to an existing offense, and sufficient information is not available to estimate the number of convictions that will specifically be affected by this exception.

Fiscal Impact

The fiscal impact of [SF 2184](#) cannot be determined. Although the State is not expected to incur a fiscal impact, local schools and school districts may incur an increase in insurance coverage costs. Any insurance rate increases are expected to be paid out of the School District Management Fund, which is solely funded by local property taxes. An increase in insurance rates will likely result in an increase in property taxes, but any potential fiscal impact cannot be determined at this time.

Additionally, individual schools and school districts may experience an increase in operational costs to accommodate changes in school safety and associated local school board policies, but this increase is expected to be minimal.

Sources

Division of Criminal and Juvenile Justice Planning, Department of Human Rights
Legislative Services Agency
Department of Education
Iowa Association of School Boards

/s/ Holly M. Lyons

February 17, 2020

Doc ID 1130463

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

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[SF 2225](#) – Theft, Third Degree (LSB5074SV)
Staff Contact: Laura Book (515.205.9275) laura.book@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 2225](#) increases the dollar limit from \$500 to \$750 for third degree theft of any property by a person who has previously been convicted of theft. In addition, the Bill revises the imposition date of legislative changes in 2019 Iowa Acts, chapter [140](#), from July 1, 2018, to July 1, 2019, for the robbery in the first degree mandatory term under Iowa Code section [902.12\(3\)](#).

Background

Theft – Third and Fourth Degree

Under current law, theft in the third degree is defined as the theft of property that is more than \$750, but not more than \$1,500, or the theft of any property not more than \$500 by a person who has previously been twice convicted of theft. Theft in the third degree is an aggravated misdemeanor punishable by confinement for no more than two years and a fine of at least \$625 but not more than \$6,250.

Theft in the fourth degree is defined as the theft of property exceeding \$300 but not exceeding \$750 in value. Theft in the fourth degree is a serious misdemeanor punishable by confinement for no more than one year and a fine of at least \$315 but not more than \$1,875.

Robbery in the First Degree

Under current law, a person serving a sentence for a conviction of robbery in the first degree shall be denied parole or work release until the person has served between 50.0% to 70.0% of the maximum term of the person's sentence. This Bill updates the conviction date to reflect the changes made in 2019 Iowa Acts, chapter [140](#), and makes no change to the current mandatory minimum.

Assumptions

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends; prisoner length of stay; revocation rates; plea bargaining; and other criminal justice system policies and practices.
- A lag effect of six months is assumed from the effective date of this Bill to the date of first entry of affected offenders into the correctional system.
- Marginal costs for county jails cannot be estimated due to a lack of data. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.

Correctional Impact

Theft

[Senate File 2225](#) will likely increase the number of third degree theft convictions, prison admissions, probationers, and jail stays, and reduce the number of fourth degree theft convictions. The full impact cannot be estimated due to a lack of data describing the dollar value of current theft convictions. In FY 2019, there were 670 convictions of third degree theft,

214 admissions to prison, 342 admissions to probation, and 456 admissions to jail. There were 1,180 convictions for fourth degree theft in FY 2019.

Robbery

This section of the Bill is not estimated to have a correctional impact. According to the Department of Corrections (DOC), in 2019, there were three individuals incarcerated on a first-degree robbery offense whose mandatory term was modified from 70.0% to 50.0 to 70.0% mandatory term range under 2019 Iowa Acts, chapter 140. These individuals were sentenced after July 1, 2019.

Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 16, 2020, for information related to the correctional system.

Minority Impact

Currently, African-Americans represent 3.6% of the adult population in Iowa. In FY 2019, African-Americans represented 20.8% of convictions for third degree theft, 17.5% of convictions of fourth degree theft, and 80.0% of all convictions for robbery in the first degree. According to the Criminal and Juvenile Justice Planning Division (CJJP), these rates exceed the population proportion of the State and would lead to a racial impact if they remain consistent. Due to the low numbers of other minority categories, the impact on those populations cannot be assessed.

Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 15, 2020, for information related to minorities in the criminal justice system.

Fiscal Impact

The fiscal impact of [SF 2225](#) to the Justice System is unknown due to a lack of data describing the dollar value of current theft convictions and the potential increase in third degree theft convictions.

The average State cost for a serious misdemeanor ranges from \$410 to \$4,900, and the cost for an aggravated misdemeanor ranges from \$5,600 to \$8,000. As a result, the potential cost increase may range from \$3,100 to \$5,190 per offense. This estimate includes operating costs incurred by the Judicial Branch, the State Public Defender, and the DOC for one conviction. The cost would be incurred across multiple fiscal years for prison and parole supervision.

Sources

Criminal and Juvenile Justice Planning Division, Department of Human Rights
Department of Corrections

/s/ Holly M. Lyons

February 17, 2020

Doc ID 1129961

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 2240](#) – Sports Betting Debt Setoff and Qualified Sponsoring Organization Boards (LSB5802SV)
Staff Contact: Angel Banks-Adams (515.281.6301) angel.banks-adams@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 2240](#) requires that all winnings reported on Internal Revenue Service (IRS) Form W-2G for gambling winnings be applied to the full amount of debt owed by the individual to the state and political subdivisions who wins money on a wager at a racetrack, excursion gambling boat, or at a gambling structure. The Bill also amends provisions pertaining to qualified sponsoring organizations licensed to conduct or operate gambling games by providing that the inclusion of a member of the city council or a member of the county board of supervisors as ex officio members of the board of directors is at the option of the city or county, and that the ex officio members are not required to enter into a nondisclosure agreement as a condition of service on the board. Additionally, the Bill states that the provisions that apply to qualified sponsoring organizations also apply to an organization that receives contributions from the qualified sponsoring organization to distribute grants for charitable uses, and requires both types of organizations to conduct an audit on the organization’s activities and submit the audit to the Racing and Gaming Commission.

Background

Iowa Code section [8A.504](#) permits the Department of Administrative Services to recover delinquent payments owed to State and political subdivisions by withholding payments that would otherwise be paid to individuals and vendors. The Department then applies the moneys towards the debt the individual owes to the State of Iowa or local governments, after charging a \$7 administrative fee for costs incurred to the agency requesting placement of the debt into the setoff program. The administrative fee is deducted from the gross proceeds collected through the program and covers salaries, supplies, equipment, and system modification and development costs, and indirect costs such as office space, security, and utility costs. Some of the debt types recovered are child support, court fees and restitution, State individual income taxes, and fees for traffic citations.

Under Iowa Code sections [99D.28](#) and [99F.19](#), a debtor who wins money on a wager at a racetrack, excursion gambling boat, or gambling structure in the state is subject to a setoff from those winnings in the amount of debt owed if the winnings are equal to or greater than \$1,200. However, the requirements to file IRS Form W-2G correspond to several winning threshold amounts and wager types, and the Bill requires debtors to be subject to the setoff if the winnings are required to be reported on the form.

Gambling winnings are required to be reported on the form if:

1. The winnings (not reduced by the wager) are \$1,200 or more from a bingo game or slot machine;
2. The winnings (reduced by the wager) are \$1,500 or more from a keno game;

3. The winnings (reduced by the wager or buy-in) are more than \$5,000 from a poker tournament;
4. The winnings (except winnings from bingo, slot machines, keno, and poker tournaments) reduced, at the option of the payer, by the wager are:
 - a. \$600 or more; and
 - b. At least 300 times the amount of the wager; or
5. The winnings are subject to federal income tax withholding (either regular gambling withholding or backup withholding).

State tax receipts from sports wagering for FY 2020, as deposited into the Sports Wagering Receipts Fund, are estimated at \$3.2 million. As this is the first year of legal sports wagering and fantasy sports in the State, debt has not been recovered from this form of wagering winnings to date.

The following tables show the amount of debt recovered through the setoff procedure at Iowa casinos in FY 2019. Other State agencies recovering debt include the Iowa Department of Workforce Development, the Department of Inspections and Appeals, the judicial districts, the Department of Commerce, and the Attorney General.

**Table 1 — Setoff Debt Recovered by Entity
in FY 2019**

Entity	Debt Recovered
Judicial Branch	\$ 1,668,315
Department of Revenue	1,433,430
Department of Human Services	1,061,163
Other State Agencies/Political Subdivisions	373,827
	\$ 4,536,735

**Table 2 — Debt Recovered by Other State Agencies
and Political Subdivisions
in FY 2019**

Entity	Debt Recovered
Other State Agencies	\$ 149,378
Cities	105,551
Community Colleges	68,361
Municipal Utilities	26,651
Universities	23,282
Housing Authorities	604
	\$ 373,827

Assumptions

- Approximately \$4.6 million in setoff funds, or 9.0% of funds collected through the setoff program, is collected by the 19 licensed Iowa casinos.
- Iowa casinos are responsible for checking claimants' winning money on wagers at the facility against the State debt database.

- State General Fund revenue, in addition to city and county revenue, could increase as the setoff threshold is removed and sports wagering winnings are added to the debt collection pool.
- The amount of debt recovered from wagering winnings and placed in the setoff program cannot be less than \$50.

Fiscal Impact

While the fiscal impact cannot be estimated at this time, the impact is expected to be positive as sports wagering winnings are included and the number of taxable gambling events, and the eligible amount won from those taxable events, is expanded. There is no estimated fiscal impact as a result of language in the Bill pertaining to qualified sponsoring organizations.

Sources

Department of Administrative Services
Iowa Racing and Gaming Commission
Iowa Gaming Association

/s/ Holly M. Lyons

February 14, 2020

Doc ID 1130495

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

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