

**EIGHTY-NINTH GENERAL ASSEMBLY
2021 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

February 18, 2021

Clip Sheet Summary

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

Bill	Amendment	Action	Sponsor
SF 262	S-3027	Adopted	AMY SINCLAIR
SF 269	S-3029	Lost	SARAH TRONE GARRIOTT
SF 329	S-3030	Lost	LIZ MATHIS
SF 341	S-3031	Filed	NATE BOULTON
SF 363	S-3026	Adopted	DAN DAWSON
HF 308	S-3028	Adopted	AMY SINCLAIR

Fiscal Notes

[SJR 2](#) — [Abortion, Constitutional Amendment](#) (LSB2186XS)

[SF 352](#) — [Forest Reserve Property Tax](#) (LSB1985SV)

[SF 357](#) — [Juvenile Defendant in Adult Court, Detention](#) (LSB1277SV)

[SF 360](#) — [Beginning Farmer Tax Credit](#) (LSB1885SV)

[SF 363](#) — [Paraphernalia Regulation](#) (LSB1117SZ)

[SF 364](#) — [Paycheck Protection Program, Fiscal Filers](#) (LSB2503SV)

[SF 367](#) — [Criminal Surcharge, Court Fees](#) (LSB1174SV)

SENATE FILE 262

S-3027

1 Amend Senate File 262 as follows:

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

4 <Section 1. Section 261E.3, subsection 1, paragraph e, Code
5 2021, is amended by striking the paragraph and inserting in
6 lieu thereof the following:

7 e. (1) The student, except as otherwise provided in
8 subparagraph (2), shall have demonstrated proficiency in
9 reading, mathematics, and science as evidenced by any of the
10 following:

11 (a) Achievement scores on the latest administration of the
12 state assessment for which scores are available and as defined
13 by the department.

14 (b) If the student is receiving competent private
15 instruction under chapter 299A, as evidenced by any of the
16 following:

17 (i) Submitting the written recommendation of the licensed
18 practitioner providing supervision to the student in accordance
19 with section 299A.2.

20 (ii) Achievement scores on the annual achievement
21 evaluation required under section 299A.4.

22 (iii) A selection index, which is the sum of the critical
23 reading, mathematics, and writing skills assessments, of at
24 least one hundred forty-one on the preliminary scholastic
25 aptitude test administered by the college board; a composite
26 score of at least twenty-one on the college readiness
27 assessment administered by ACT, inc.; or a sum of the critical
28 reading and mathematics scores of at least nine hundred ninety
29 on the college readiness assessment administered by the college
30 board.

31 (2) For purposes of section 261E.8, if a student is not
32 proficient in one or more of the content areas listed in
33 subparagraph (1), the school district shall adopt measures of
34 college readiness jointly agreed upon by the school board and
35 the eligible postsecondary institution through which a student

S-3027 (Continued)

1 may demonstrate proficiency.

2 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
3 importance, takes effect upon enactment.>

4 2. Title page, by striking lines 1 through 3 and inserting
5 <An Act relating to eligibility requirements for students under
6 the senior year plus program and including effective date
7 provisions.>

By AMY SINCLAIR

[S-3027](#) FILED FEBRUARY 17, 2021

ADOPTED

SENATE FILE 269

S-3029

1 Amend the House amendment, S-3022, to Senate File 269, as
2 passed by the Senate, as follows:

3 1. Page 1, before line 4 by inserting:

4 <Sec. _____. Section 256C.4, subsection 1, paragraph f, Code
5 2021, is amended by striking the paragraph.>

6 2. Page 6, after line 4 by inserting:

7 <Sec. _____. Section 257.31, subsection 5, Code 2021, is
8 amended by adding the following new paragraph:

9 NEW PARAGRAPH. o. Unusual need for additional funds or
10 higher than anticipated enrollment for a preschool program
11 under chapter 256C.

12 Sec. _____. PRESCHOOL ENROLLMENT FUNDING — FY 2021-2022. For
13 the budget year beginning July 1, 2021, if a school district's
14 preschool budget enrollment otherwise determined under section
15 256C.5 is less than the school district's preschool budget
16 enrollment for the budget year beginning July 1, 2020, the
17 department of management shall, notwithstanding any provision
18 of law to the contrary, adjust the school district's preschool
19 budget enrollment for the budget year beginning July 1,
20 2021, to equal the preschool budget enrollment for the budget
21 year beginning July 1, 2020. The adjusted preschool budget
22 enrollment figure shall be used to calculate all necessary
23 preschool funding amounts for the school budget year beginning
24 July 1, 2021.>

25 3. Page 6, line 19, after <pupil,> by inserting <modifying
26 provisions relating to preschool funding,>

27 4. By renumbering as necessary.

By SARAH TRONE GARRIOTT

S-3029 FILED FEBRUARY 17, 2021

LOST

SENATE FILE 329

S-3030

1 Amend Senate File 329 as follows:

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

4 <Section 1. Section 715A.1, Code 2021, is amended by adding
5 the following new subsections:

6 NEW SUBSECTION. 01. "Adulterant" means any substance that
7 is designed to be added to human urine for the purpose of
8 defrauding an alcohol, drug, or urine screening test.

9 NEW SUBSECTION. 1A. "Synthetic urine" means any substance
10 that is designed to simulate the composition, chemical
11 properties, physical appearance, or physical properties of
12 human urine for the purpose of defrauding an alcohol, drug, or
13 urine screening test.

14 Sec. 2. NEW SECTION. 715A.11 Synthetic urine — defrauding
15 alcohol, drug, or urine screening test.

16 A person who knowingly or intentionally distributes, keeps,
17 offers for sale, sells, delivers, or finances the delivery of
18 an adulterant or synthetic urine with the intent to defraud or
19 assist another person in defrauding an alcohol, drug, or urine
20 screening test commits a simple misdemeanor. For a second
21 or subsequent conviction, the person is guilty of a serious
22 misdemeanor.>

23 2. Title page, lines 1 and 2, by striking <a drug or
24 alcohol> and inserting <an alcohol, drug, or urine screening>

By LIZ MATHIS

S-3030 FILED FEBRUARY 17, 2021

LOST

SENATE FILE 341

S-3031

1 Amend Senate File 341 as follows:

2 1. Page 1, line 15, by striking <plaintiff> and inserting
3 <plaintiff party>

By NATE BOULTON

S-3031 FILED FEBRUARY 17, 2021

SENATE FILE 363

S-3026

1 Amend Senate File 363 as follows:

2 1. Page 10, by striking lines 14 and 15 and inserting
3 <treasury under the control of the governor's office of drug
4 control policy. Moneys from>

5 2. Page 10, by striking lines 26 and 27 and inserting:

6 <2. Moneys in the fund are appropriated to the governor's
7 office of drug control policy to be used for the purpose of
8 the>

9 3. Page 10, after line 31 by inserting:

10 <____. The drug policy coordinator of the governor's office
11 of drug control policy shall develop criteria for approval of
12 a request for specialty courts program funding. Annually, by
13 May 1, the state court administrator shall submit a specialty
14 courts funding request for the upcoming fiscal year to the drug
15 policy coordinator of the governor's office of drug control
16 policy for approval, and the drug policy coordinator shall
17 approve or reject any such request no later than June 1. The
18 state court administrator may submit a subsequent request
19 within fifteen days of notification of the rejection of an
20 initial request. The state court administrator shall consult
21 with the director of the department of corrections prior to
22 submitting any funding request that involves the department of
23 corrections.>

24 4. By renumbering, redesignating, and correcting internal
25 references as necessary.

By DAN DAWSON

S-3026 FILED FEBRUARY 17, 2021

ADOPTED

HOUSE FILE 308

S-3028

1 Amend House File 308, as passed by the House, as follows:

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

4 <Section 1. Section 261E.3, subsection 1, paragraph e, Code
5 2021, is amended to read as follows:

6 e. (1) The student, except as otherwise provided in this
7 paragraph "e", shall have demonstrated proficiency in reading,
8 mathematics, and science as evidenced by achievement any of the
9 following:

10 (a) Achievement scores on the latest administration of the
11 state assessment for which scores are available and as defined
12 by the department. ~~However, a~~

13 (b) If the student is receiving competent private
14 instruction under chapter 299A, may demonstrate proficiency
15 by submitting the written recommendation of the licensed
16 practitioner providing supervision to the student in accordance
17 with section 299A.2, . Such student may demonstrate proficiency
18 as evidenced by achievement scores on the annual achievement
19 evaluation required under section 299A.4; or may also
20 demonstrate proficiency as evidenced by a selection index,
21 which is the sum of the critical reading, mathematics, and
22 writing skills assessments, of at least one hundred forty-one
23 on the preliminary scholastic aptitude test administered by
24 the college board; a composite score of at least twenty-one on
25 the college readiness assessment administered by ACT, inc.;
26 or a sum of the critical reading and mathematics scores of at
27 least nine hundred ninety on the college readiness assessment
28 administered by the college board.

29 (2) (a) If a student is not proficient in one or more of
30 the content areas listed in this paragraph, has not taken the
31 college readiness assessments identified in this paragraph,
32 or has not achieved the scores specified in this paragraph,
33 the subparagraph (1), the student may demonstrate proficiency
34 through measures of college readiness jointly agreed upon by
35 the school board and the eligible postsecondary institution.

S-3028 (Continued)

1 **(b)** The school board may establish alternative but
2 equivalent qualifying performance measures including but not
3 limited to additional administrations of the state assessment,
4 portfolios of student work, student performance rubric, or
5 end-of-course assessments.

6 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
7 importance, takes effect upon enactment.

8 Sec. 3. APPLICABILITY. Notwithstanding section 261E.3,
9 subsection 1, paragraph "e", subparagraph (1), subparagraph
10 division (a), as enacted by this Act, for the school year
11 beginning July 1, 2021, the achievement scores from the state
12 assessment administered during the school year beginning July
13 1, 2019, shall be considered the latest available scores.>

14 2. Title page, line 2, after <date> by inserting <and
15 applicability>

By AMY SINCLAIR

S-3028 FILED FEBRUARY 17, 2021

ADOPTED



SJR 2 – Abortion, Constitutional Amendment (LSB2186XS)
Staff Contact: Christopher Ubben (515.725.0134) chris.ubben@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate Joint Resolution 2](#) proposes an amendment to the Iowa Constitution specifying that the Constitution shall not be construed to recognize, grant, or secure a right to abortion or to require the public funding of abortion.

Background

Iowa Code section [49A.1](#) and the Iowa Constitution require that when a proposed amendment to the Constitution has passed the General Assembly and has been referred to the next succeeding General Assembly, the General Assembly is required to publish the proposed amendment in two newspapers of general circulation in each Iowa congressional district once each month for three consecutive months prior to the start of the next General Assembly. The General Assembly is also required to make the amendment available on an Internet site.

Upon passage of the same amendment by the succeeding General Assembly, Iowa Code section [49A.2](#) requires the amendment to be published in newspapers in all 99 counties once each month for 3 consecutive months immediately preceding the general election.

Iowa Code section [49A.9](#) requires that these expenses, while arranged by the General Assembly, are required to be paid for by the State Commissioner of Elections (Secretary of State).

Assumptions

- The average cost to publish an amendment in a single newspaper is \$600.
- Publication of the initial amendment would occur in eight newspapers (two in each congressional district) for a three-month period.
- Subsequent publication of the amendment would occur in 99 newspapers (one in each county) for a three-month period if the Joint Resolution were passed by the 89th General Assembly.

Fiscal Impact

Constitutional Amendment Publication Cost. The estimated cost to publish a proposed constitutional amendment passed by the General Assembly during the 2021 Legislative Session would be \$14,400 (8 newspapers x 3 months x \$600). The costs would be incurred in the fall of 2022 (FY 2023).

Assuming the proposed amendment is passed a second time during the 90th General Assembly, the estimated cost would be \$178,200 (99 newspapers x 3 months x \$600). The costs would be incurred in the fall of 2024 (FY 2025).

These publication costs would be incurred by the Secretary of the Senate's Office and the Chief Clerk's Office in the House of Representatives and reimbursed from an appropriation to the Iowa Secretary of State's Office.

Sources

Legislative Services Agency
Office of the Secretary of State

/s/ Holly M. Lyons

February 17, 2021

Doc ID 12111861211186

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.

www.legis.iowa.gov



SF 352 – Forest Reserve Property Tax (LSB1985SV)

Staff Contact: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov

Fiscal Note Version – New

Description

[Senate File 352](#) places new restrictions on an existing property tax exemption available for qualified forest and fruit tree reservation land. Current law allows for a 100.0% tax exemption for qualified forest land parcels of 2.0 acres or larger. This Bill raises the minimum required parcel size to 10.0 acres and reduces the property tax exemption to 75.0%. Additionally, the Bill limits the exemption to five assessment years. Under current law, the exemption duration is unlimited. The changes are effective beginning assessment year (AY) 2022 (FY 2024).

Background

For AY 2020, there are 803,000 acres with a combined assessed value (market or productivity value, prior to the applicable rollback to taxable value) of \$733.0 million benefiting from the existing tax exemption for forest and fruit tree reservations. **Figure 1** applies the most recent property tax rollback percentages (AY 2020) and most recent relevant Statewide average property tax rates by property class (FY 2021), to calculate the amount of taxable value within forest and fruit tree reservations and the total value of the property tax exemption under current law (\$15.1 million).

Figure 1					
Forest and Fruit Tree Reservation Property Tax Exemption					
Dollars in Millions					
	Assessed Value	Rollback	Taxable Value	Average Tax Rate	Value of Prop. Tax Exemption
Agricultural	\$ 448.0	84.0305%	\$376.5	\$25.03	\$ 9.4
Residential	273.1	56.4094%	154.1	34.44	5.3
Commercial	10.1	90.0000%	9.1	37.21	0.3
Industrial	0.6	90.0000%	0.5	31.24	0.0
Multiresidential	1.2	67.5000%	0.8	37.84	0.0
Total All Classes	\$ 733.0		\$541.0	\$27.94	\$ 15.1

When a property tax exemption is reduced or eliminated, the taxpayer owes the consolidated property tax on the taxed property value that is no longer exempt (a property tax increase), the State General Fund appropriation for schools is reduced by \$5.40 per \$1,000 of taxed valuation by action of the State school aid formula (the property owner is now paying the \$5.40 basic levy instead of the State), and local property tax revenue increases by the applicable consolidated property tax rate (in this case an average of \$27.94 per \$1,000 of taxed value). The net increase in local government income increases by the sum of the increase in property tax revenue minus the decrease in State school aid.

Assumptions

- As presented in **Figure 1**, the value of the property tax exemption for existing forest and fruit tree reserves is calculated to be \$15.1 million for FY 2022.
- For the three years between AY 2017 and AY 2020, the number of acres subject to the forest and fruit tree property tax exemption increased at an average annual rate of 0.9%. This rate of growth is assumed to continue in both the current law and proposed law projections for FY 2023 and after.
- To simplify the calculations, the rollback percentages and average property tax rates for each class of property are assumed to remain constant for all years.
- Based on a [2003 Forestry Reserve Study](#) reported by the Department of Natural Resources, 70.0% of forest reserve owners who responded to the survey indicated that they owned 10.0 acres or more of forest reserve property. Based on this survey, the value of the existing property tax exemption for FY 2024 and after is reduced to 70.0% of the current law projection to adjust for the proposed 10.0-acre minimum.
- Existing forest reserve property is assumed to continue to receive the benefit of the exemption for FY 2024 through FY 2028 (five years), while new property is assumed to receive the benefit of the exemption for five years after being added to the reserve.

Fiscal Impact

The proposed limits on the existing forest and fruit tree reserve property tax exemption are projected to reduce the State General Fund appropriation to school aid by the amounts presented in the final column of **Figure 2**. The projected appropriation reduction continues at the \$3.0 million level in years beyond FY 2029.

The projected revenue increase for local governments is also presented in **Figure 2**. The projected total impact on local government finances is the combination of the property tax increase and the school aid appropriation decrease.

		Exemption Value Current Law	Exemption Value Proposed Law	Increase In Property Taxes	Local Government Revenue Increase	School Aid Appropriation Decrease
AY 2021	FY 2023	\$ 15.3	\$ 15.3	\$ 0.0	\$ 0.0	\$ 0.0
AY 2022	FY 2024	15.4	8.2	7.2	5.8	-1.4
AY 2023	FY 2025	15.5	8.3	7.2	5.8	-1.4
AY 2024	FY 2026	15.7	8.4	7.2	5.8	-1.4
AY 2025	FY 2027	15.8	8.6	7.2	5.8	-1.4
AY 2026	FY 2028	15.9	8.7	7.2	5.8	-1.4
AY 2027	FY 2029	16.1	0.4	15.6	12.6	-3.0

Sources

Iowa Department of Revenue

Iowa Department of Natural Resources [Iowa Forest Reserve Law Fact Sheet](#)

(link downloads the Fact Sheet)

Department of Management (average property tax rates by property class)

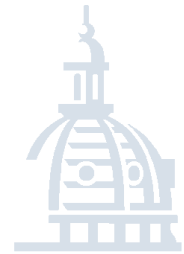
/s/ Holly M. Lyons

February 16, 2021

Doc ID 1212787

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.

www.legis.iowa.gov



[SF 357](#) – Juvenile Defendant in Adult Court, Detention (LSB1277SV)
Staff Contact: Laura Book (515.205.9275) laura.book@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 357](#) relates to the placement of a child (a person under age 18) in detention. The Bill provides that if the court has waived its jurisdiction over a child pursuant to Iowa Code section [232.45](#) or [232.45A](#), the child being tried as an adult shall not be placed in an adult detention facility while awaiting trial or other legal processes, unless the court determines that it is in the best interest of the child and the community. The Bill outlines the factors to be considered by the court in making the determination. The Bill also outlines several conditions that must apply if a child is detained in a facility intended for the detention of adults. The Bill takes effect December 18, 2021.

Background

In December 2018, Congress passed the [Juvenile Justice Reform Act of 2018 \(JJRA\)](#), which reauthorized the [Juvenile Justice Delinquency Prevention Act \(JJDP\)](#). A new provision of the federal law prohibits states from placing youth under 18 years old in adult jails if they are being prosecuted as an adult and awaiting trial. The federal law allows a youth to be placed in an adult jail if the court determines after a hearing that placement in an adult facility is in the best interest of the juvenile and community.

Iowa has two types of juvenile detention centers (JDCs): county-owned and regional facilities. There are four county-owned facilities (Woodbury, Polk, Linn, and Scott) and five regional facilities (North Iowa JDC, Central Iowa JDC, Northwest Iowa JDC, Southwest Iowa JDC, and South Iowa Area JDC). Over the last five years, there were an average of 409 adult court waiver holds per year. Of those holds, 255 (62.3%) were at JDCs and 154 (37.7%) at adult jails. The average length of stay at JDCs for adult court waiver youth is 28.1 days, and the average length of stay at adult jails is 57.8 days.

Currently, Polk, Linn, Pottawattamie, Johnson, Story, and Woodbury counties do not hold juveniles at their adult jails. Adult court waiver youth are already detained at JDCs or at other county jails. Those counties, along with Scott, Black Hawk, and Dubuque counties, account for many of the adult court waiver youth in the State.

Assumptions

- Noncompliance with the new requirements in the JJDP will result in a loss of juvenile justice grant funding from the federal Office of Juvenile Justice and Delinquency Prevention (OJJDP).
- On average, 59.7% of beds would be used on a daily basis if all those under 18 are held in JDCs. Placing all youth in JDCs instead of county jails would increase the number of juveniles detained by 5.3% on average.
- The average cost to detain a youth in a JDC is about \$175 per day. The average cost to detain an individual in an adult jail is approximately \$50 to \$60 per day.

Fiscal Impact

Senate File 357 is estimated to have a positive fiscal impact to the State. The provisions in this Bill would modify the Iowa Code to be consistent and in compliance with the new federal requirement, which would ensure that Iowa will maintain its annual federal award from the OJJDP. Annually, Iowa receives a minimum of \$400,000 in Title II formula funds from the OJJDP, along with discretionary grants averaging an additional \$400,000. The majority of the funds are for services provided to youth in the juvenile justice system.

The fiscal impact of this Bill on counties is estimated to be minimal. For county-owned JDCs, there is no fiscal impact to the county because the facility is already funded through the county budget and the JDC does not charge a fee to the adult jail to detain adult court waiver youth. For regional facilities, which serve a group of counties, there may be an increase in juvenile detention costs for the counties placing youth at these facilities when the youth are moved from the adult jail and the JDC charges the county for the hold. However, the impact is estimated to be minimal because the majority of adult court waiver youth are currently already being held at JDCs.

Source

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

/s/ Holly M. Lyons

February 16, 2021

Doc ID 1212743

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.

www.legis.iowa.gov



[SF 360](#) – Beginning Farmer Tax Credit (LSB1885SV)
Staff Contact: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 360](#) expands the existing Beginning Farmer Tax Credit program. The Bill:

- Specifies that an agricultural asset subject to a qualified agreement may include an agricultural improvement (building).
- Removes a requirement that a qualified lease must include agricultural land.
- Increases the current 10-year maximum that a taxpayer may participate in the program to 15 years.
- Allows a taxpayer to participate in the program through multiple agreements and with more than one qualified beginning farmer.
- Allows agreements to be renewed more than once.
- Changes a current \$50,000 per year limit on the annual amount of tax credits a single taxpayer may earn to a \$50,000 per year, per agreement limit.

Background

The Beginning Farmer Tax Credit program provides tax incentives to owners of agricultural assets who enter into leases or other agricultural contracts with qualified beginning farmers. The current tax credit is equal to 5.0% of qualified cash rent payments or 15.0% of the market price of the commodity produced on the land subject to the lease. The owner of the agricultural asset(s) subject to a qualified agreement receives the benefit of the tax credit.

A farmer qualifies as a beginning farmer by meeting all of the following criteria:

- Is a resident of Iowa.
- Has sufficient education, training, or experience in farming.
- Has access to adequate working capital and production items.
- Will materially and substantially participate in farming.
- Does not own more than a 10.0% ownership interest in an agricultural asset included in the agreement with the taxpayer.

The program is subject to a maximum award amount (cap) of \$12.0 million per calendar year. Tax credits awarded under the program totaled \$6.4 million for CY 2019 and \$6.5 million for CY 2020. The highest total for a year was CY 2017 at \$9.6 million. The full award history is provided in the following table.

Beginning Farmer Tax Credit Program Awards
In Millions

Award Year	Award Amount	Award Year	Award Amount
CY 2007	\$ 1.3	CY 2014	\$ 6.5
CY 2008	2.0	CY 2015	7.0
CY 2009	2.7	CY 2016	8.6
CY 2010	3.6	CY 2017	9.6
CY 2011	5.2	CY 2018	6.0
CY 2012	5.8	CY 2019	6.4
CY 2013	6.0	CY 2020	6.5

Assumptions

Although the Beginning Farmer Tax Credit program has an annual cap of \$12.0 million, the program does not have sufficient demand under current law to fully utilize that cap. Utilization over the past three years has averaged \$6.3 million, and the highest recent utilization was CY 2020 at \$6.5 million. Therefore, it is assumed that under current law, the tax credit award demand for future years will equal \$6.5 million per year.

The changes provided in the Bill remove participation restrictions and expand the types of agricultural assets that may be the subject of agreements. It is assumed for this projection that the program expansions will increase awards by \$2.5 million, to \$9.0 million per calendar year.

The credits are not refundable or transferable, but unused credits may be carried forward for up to 10 tax years. For reasons particular to each taxpayer, some earned tax credits are never redeemed on a tax return. Based on the history of tax credit redemptions under this program, the following tax credit redemption pattern is assumed:

- Year of award = 0.0%
- First tax year after award = 28.0%
- Second tax year = 15.0%
- Third through sixth tax year = 7.0%
- Tax credits that expire unused = 29.0%

Fiscal Impact

Expanding the Beginning Farmer Tax Credit program is projected to reduce General Fund revenue by the following amounts:

- FY 2023 = \$0.7 million
- FY 2024 = \$1.1 million
- FY 2025 = \$1.3 million
- FY 2026 = \$1.4 million
- FY 2027 = \$1.6 million
- FY 2028 and after = \$1.8 million

Sources

[Beginning Farmer Tax Credit Program Evaluation Study \(December 2020\)](#)

[Contingent Liabilities Report \(December 2020\)](#)

Department of Revenue

Legislative Services Agency analysis

/s/ Holly M. Lyons

February 17, 2021

Doc ID 12130661213066

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.

www.legis.iowa.gov



[SF 363](#) – Paraphernalia Regulation (LSB1117SV)
Staff Contact: Christin Mechler (515.250.0458) christin.mechler@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 363](#) relates to the regulation of certain tobacco-related products, including devices involved with the usage of these products and establishes licensing fees and sales and excise tax collection procedures. The Bill defines devices as any equipment or product, made in whole or in part of glass and metal, that is designed for use in inhaling through combustion tobacco, hemp, other plant materials, or a controlled substance. The definition of device does not include vapor products and other certain smokable tobacco-related products. Under SF 363, retailers who sell these devices, which would otherwise be characterized as drug paraphernalia but are currently exempt due to their intended use with tobacco products, will be taxed at a rate of 40.0% of the sales price in addition to sales and use tax.

In addition to a tobacco retailer permit, device retailers, including delivery sale device retailers, are required to apply for a device retailer permit. The device retailer permit fee totals \$1,500 and may be collected by the State, or if applicable, cities and counties that grant such permits.

Senate File 363 establishes the Specialty Courts Program Fund under the control of the Governor's Office of Drug Control Policy. The Fund will consist of moneys collected from device retailer permit fees (with the exception of fees collected by counties and cities) as well as the sales and use tax, and an excise tax of 40.0% paid on retail devices. The Bill states that the moneys in the Fund are only to be used as appropriations from the Fund for the purpose of supporting specialty courts to address underlying substance use disorder-related and mental health-related issues that contribute to the contact of individuals with the justice system. Pursuant to Iowa Code section [8.33](#), moneys are not subject to reversion and any interest or earnings on the deposited money will be credited to the Fund.

The sale of devices is prohibited to any individual under the age of 21. The Bill sets forth various requirements of device retailers related to recordkeeping, product marketing, labeling, sale and delivery, and the confirmation of identity and age of the purchaser and establishes civil penalties for the willful violation of those requirements. Additionally, a person holding a device retailer permit or device delivery sale permit who violates the provisions of SF 363 by marketing or selling a device to be used or attempted to be used in combination with a controlled substance to knowingly or intentionally and primarily inject, ingest, inhale, or otherwise introduce a controlled substance into the human body is guilty of a serious misdemeanor and subsequent civil penalties.

Background

Current law under Iowa Code chapter [453A](#) provides for cigarette and tobacco taxation and regulation, including penalties and license suspension and revocation provisions and penalties that are applicable to tobacco retailers, device retailer and device delivery sale permit holders, as well those who do not hold permits.

A serious misdemeanor is punishable by confinement for no more than one year and a fine of at least \$430 but no more than \$2,560.

Assumptions

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends; prisoner length of stay (LOS); 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.
- Data regarding estimated device sales and existing device retailers is based on FY 2019 data, as these numbers accurately reflect the state of the market rather than the variances in sales resulting from the effects of the COVID-19 pandemic in FY 2020.
- At the close of FY 2019, there were approximately 100 licensed tobacco retailers in the State. Based on the inventory advertised on store websites, it is estimated that there are currently 35 retailers in the State that sell the devices regulated under SF 363. Most of these retailers sell additional items such as clothing and accessories.
- The Department of Revenue estimates that the total sales of devices subject to the 40.0% excise tax in FY 2019 was \$3.1 million.
- **Table 1** provides a breakdown of the 35 retailers by the percentage that device sales comprise of the retailers’ total sales.
 - Device sales at 4 of the retailers comprised 90.0% of their total sales.
 - Device sales at 7 of the retailers comprised 25.0% of their total sales.
 - Device sales at 24 of the retailers comprised 10.0% of their total sales.

Table 1 — Estimated Device Sales, FY 2019

Device Sales as Percent of Total Sales	Estimated Number of Retailers	Estimated Sales of Devices
90.0%	4	\$ 939,000
25.0%	7	965,000
10.0%	24	1,200,000
Total	35	\$ 3,104,000

- It is assumed that the 35 retailers currently selling devices already possess a tobacco retail permit and will therefore only need to apply for a device retail permit or delivery sale device retail permit.
- The Department of Public Health (IDPH) and the Alcoholic Beverages Division (ABD) of the Department of Commerce, who operate under a Memorandum of Understanding in completing retail compliance investigations, may see an increase in retail compliance checks as a result of the new permit proposed in this Bill.
- Permit fees for out-of-state device retailers cannot be determined at this time.

Correctional Impact

The correctional impact of SF 363 cannot be determined. The Bill establishes a new crime, and subsequent convictions cannot be estimated due to a lack of data.

Table 2 provides estimates for sentencing to State prison, parole, probation, or CBC residential facilities; length of stay (LOS) under those supervisions; and supervision marginal costs per day for all convictions of serious misdemeanors. The LOS data is not applicable to simple misdemeanors. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 22, 2021, for information related to the correctional system.

Table 2 — Sentencing Estimate and Length of Stay (LOS)

Conviction Offense Class	Percent to Prison	Avg Length of Stay in Prison (months)	FY 20 Marginal Cost Per Day Prison	Percent Ordered to Probation	Avg LOS on Probation	Avg Cost Per Day on Probation	Percent Sentenced to CBC Residential Facility	FY 20 Marginal Cost CBC Per Day	Percent Ordered to County Jail	Avg Length of Stay in County Jail	Marginal Cost Per Day	Avg LOS on Parole	FY 20 Average Cost Per Day Parole
Serious Misdemeanor	2.0%	5.0	\$20.33	56.0%	13.4	\$5.38	1.0%	\$14.78	69.0%	N/A	\$50.00	2.4	\$5.38

Minority Impact

The minority impact of SF 363 is unknown. Refer to the LSA Memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 27, 2021, for information related to minorities in the criminal justice system.

Fiscal Impact

The DOR estimates that SF 363 will result in a total of \$1.36 million in revenue being deposited in the Specialty Court Fund in FY 2022. **Table 3** provides revenue estimates to the Fund through FY 2026 and accounts for the change in Consumer Price Index in order to trend sales of devices.

Table 3 — Fiscal Impact of Senate File 363

(Dollars in Millions)

Fiscal Year	Excise Tax Revenue	Permit Fee Revenue	Total Specialty Court Fund Revenue
FY 2022	\$ 1.30	\$ 0.50	\$ 1.36
FY 2023	1.33	0.50	1.38
FY 2024	1.36	0.50	1.41
FY 2025	1.39	0.50	1.44
FY 2026	1.42	0.50	1.47

Senate File 363 establishes a new criminal offense, and the resulting cost to the justice system cannot be estimated. **Table 4** shows estimates for the average State cost per offense class type. The estimates include operating costs incurred by the Judicial Branch, the State Public Defender, and the DOC for one additional conviction. The cost would be incurred across multiple fiscal years for prison and parole supervision.

Table 4 — Average State Cost Per Offense Class Type

Offense Class	Total Minimum Cost	Total Maximum Cost
Serious Misdemeanor	\$ 410	\$ 7,500

Additionally, it cannot be determined if SF 363 will lead to an increase in applications of tobacco retail permits and subsequently, device retail and/or delivery sale device retail permits. An increased amount of applications may result in a minimal cost increase for both the IDPH and the ABD, but the extent of that cost increase cannot be determined at this time.

Sources

Department of Revenue
Iowa Alcoholic Beverages Division
Department of Public Health
LSA analysis
Criminal and Juvenile Justice Planning Division, Department of Human Rights
Department of Corrections

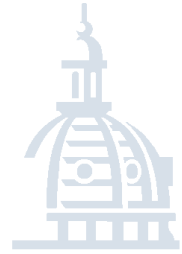
/s/ Holly M. Lyons

February 16, 2021

Doc ID 1212992212992

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.

www.legis.iowa.gov



SF 364 – Paycheck Protection Program, Fiscal Filers (LSB2503SV)
 Staff Contact: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
 Fiscal Note Version – New

Description

Senate File 364 expands an existing tax preference available for the income and deductions associated with a forgiven federal Paycheck Protection Program (PPP) loan to include taxpayers who received a PPP loan within the taxpayer’s 2019 tax year (TY).

Background

Existing Iowa law provides an income tax exemption and associated expense deduction for forgiven federal PPP loans for tax years beginning on or after January 1, 2020 (TY 2020). This change extends the same benefit to taxpayers whose tax year is not the calendar year and who received PPP income in TY 2019.

Assumptions

The Department of Revenue estimates that Iowa businesses that do not have a tax year that coincides with a calendar year have a total of \$107.8 million in net PPP income that will be subject to Iowa income tax under existing law. The net PPP income amounts, average marginal tax rates, and income tax reductions assumptions are shown in the following table.

Paycheck Protection Program Tax Exemption Projected General Fund Revenue Reduction			
Dollars in Millions			
<u>Taxpayer Type</u>	<u>PPP Net Income</u>	<u>Marginal Tax Rate</u>	<u>Tax Reduction</u>
Nonprofits	\$ 19.7	0.0%	\$ 0.0
C Corporations	\$ 43.2	6.40%	\$ 2.8
S Corps & Partnerships	\$ 38.2	5.58%	\$ 2.1
Individuals	\$ 6.7	5.35%	\$ 0.4
	<u>\$ 107.8</u>		<u>\$ 5.3</u>

It is anticipated that taxpayers will file returns or amended returns for TY 2019 prior to the end of FY 2021.

Fiscal Impact

Expanding the income tax exemption to include businesses with a tax year that is not a calendar year is projected to reduce net General Fund revenue by \$5.3 million in FY 2021.

Source

Department of Revenue

/s/ Holly M. Lyons

February 17, 2021

Doc ID 12130711213071

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.

www.legis.iowa.gov



[SF 367](#) – Criminal Surcharge, Court Fees (LSB1174SV)
Staff Contact: Laura Book (515.205.9275) laura.book@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 367](#) relates to certain financial obligations under the consumer credit code and the criminal and juvenile justice system by modifying criminal and civil surcharges, fines, fees, costs, and court debt. The Bill makes several technical corrections related to the collection of fines and civil fees. Senate File 367 expands the debts of which the county attorney may not collect a percentage to include all current surcharges.

Senate File 367 amends the definition of court debt to mean all restitution as defined in Iowa Code section [910.1](#), fees, forfeited bail, and other debt paid to or collected by the clerk of the district court. The Bill requires the Iowa Department of Revenue (IDR) to collect a 15.0% processing fee from all court debt payments collected on cases assigned to the IDR for collection, with the remainder of the court debt to be collected by the clerk of the district court for distribution in accordance with applicable law. The IDR shall not receive payment from any court debt collected that is payable to a crime victim as pecuniary damages until after the clerk of the district court has received the entirety of the court debt payable to the crime victim as pecuniary damages.

Senate File 367 states that payments made by a person between January 1, 2021, and the effective date of this Bill, which added the IDR processing fee to the debt owed, shall be calculated as if the payment had been made and the IDR fee shall be applied to such a payment. The IDR processing fee added to the debt shall be deducted from the amount of court debt owed. If a payment made by a person owing court debt during this specified time reduces the total amount owed to zero, the IDR shall issue a refund to the person in the amount of the processing fee. This provision is repealed on January 1, 2023.

Senate File 367 rescinds Iowa administrative rule [701—155.1\(602\)](#) upon enactment. Sections 2 and 5 of the Bill are effective upon enactment. Section 5 also applies retroactively to January 1, 2021, for collected delinquent court debt, and Section 2 applies retroactively to June 25, 2020. Section 2 of this Bill makes a conforming Code change to Iowa Code section [692A.110\(2\)](#). Section 5 of this Bill relates to the collection of court debt by the IDR and the 15.0% processing fee collected by the department.

Background

Prior to July 1, 2015, delinquent court debt was assigned to the Centralized Collection Unit (CCU) of the IDR at the time of delinquency. The CCU charged a 10.0% processing fee in addition to the delinquent debt. The CCU was removed from the collections process beginning in FY 2016, and debt was assigned to the private collector, Linebarger, Goggan, Blair, and Sampson, L.L.P. (Linebarger), at the time of delinquency. In FY 2017, further changes to the court debt collection system were implemented. The collections timeline was modified to allow the county attorneys to begin collecting after 30 days from assessment or the due date of an installment payment. If a county attorney has filed a notice of full commitment to collect delinquent court debt and a Memorandum of Understanding (MOU) with the Clerk of the District

Court, the debt is assigned to the county attorney. If not, the debt is assigned to the designated private debt collector.

During the 2020 Legislative Session, the General Assembly passed [SF 457](#) (Criminal Fines and Surcharges), which removed the private debt collector from the court debt collection process and replaced it with the CCU of the IDR beginning in January 2021. Currently, the IDR is permitted to collect a processing fee in addition to the delinquent debt in order to cover administrative costs. The fee is currently set by administrative rule at 15.0%. If enacted, this Bill will repeal the IDR administrative rule.

Assumptions

- The IDR collections will be similar to the average Linebarger collections from the last three fiscal years. The average annual collection by Linebarger was approximately \$9.7 million. In FY 2021, the IDR will collect half of the average annual Linebarger collection since IDR began collecting court debt halfway through the fiscal year.
- Based on the FY 2020 court debt collections, 82.0% of all fines and fees collected by and owed to the State will have a processing fee applied and collected from those fees. Court debt is comprised of: 22.0% attorney fees, 17.0% court costs, 33.0% fines, 10.0% jury and witness fees, and 18.0% surcharges. The analysis assumes that the IDR will not collect a percentage fee from pecuniary damages or criminal surcharges.
- The 15.0% processing fee will cover all administrative costs incurred by the IDR while collecting court debt.

Fiscal Impact

Senate File 367 is estimated to have a fiscal impact of approximately \$1.2 million annually beginning in FY 2022. It is estimated that the IDR will collect approximately \$1.2 million in processing fees and as a result, the State General Fund and city and county budgets will experience a combined revenue reduction of the same amount. This processing fee will cover any IDR administrative costs. It is unknown at this time how the \$1.2 million negative impact would be divided between the State, Cities, and Counties. **Table 1** provides the annual State collection categories and the fees estimated to be collected from each category beginning in FY 2022.

Table 1 — IDR Estimated State Collections and Fees Beginning in FY 2022

	Annual Estimated Collections*	Est. Fees (15.0%)
Attorney Fees	\$ 2,132,000	\$ 319,800
Court Costs	1,647,000	247,050
Jury and Witness	969,000	145,350
Fines	3,198,000	479,700
Surcharges	1,744,000	N/A
Total	\$ 9,690,000	\$ 1,191,900

*Does not include victim restitution or other amounts not owed to the State.

The IDR began collecting court debt on January 1, 2021, and currently collects the processing fee in addition to the amount owed. If between the time the IDR began collecting and the effective date of this Bill a person pays off their court debt, including the processing fee, the IDR is required to refund the additional processing fee. It is estimated that the IDR will collect

\$600,000 in processing fees in FY 2021, but it is unknown how much of this will be collected and qualify for refund upon the effective date of this Bill. This may have an impact on the IDR administrative costs, but the full fiscal impact is unknown at this time.

Sources

Judicial Branch
Iowa Department of Revenue
LSA analysis

/s/ Holly M. Lyons

February 17, 2021

Doc ID 1212921

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.

www.legis.iowa.gov