

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

February 22, 2021

Clip Sheet Summary

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

Bill	Amendment	Action	Sponsor
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No amendments filed on February 18, 2021

Fiscal Notes

[SF 94](#) — [Hoover Presidential Library Tax Credit](#) (LSB1352XS)

[SF 290](#) — [Income Tax Exemption, Unemployment](#) (LSB2483XS)

[SF 331](#) — [Motor Vehicles, Blue Lights](#) (LSB1690SV)

[SF 339](#) — [Employment of Unauthorized Aliens, E-Verify](#) (LSB1681SV)

[SF 388](#) — [Human Trafficking, Massage Therapy Enforcement](#) (LSB2286SV)



[SF 94](#) – Hoover Presidential Library Tax Credit (LSB1352XS)
Staff Contact: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 94](#) creates a Hoover Presidential Library Tax Credit. The new income tax credit is available to Iowa taxpayers who donate to the Hoover Presidential Library and Museum Renovation Project Fund. The tax credit equals 25.0% of the donated amount. The total amount of tax credits awarded is limited to \$5.0 million in aggregate. The maximum credit a taxpayer may earn is \$250,000. Any donation to the Fund that earns a credit may not be used as an itemized deduction for Iowa income tax purposes.

The credit is applicable to individual, corporate, franchise, insurance premium, and moneys and credits taxes. The credit is not refundable or transferable. The credit is available for tax years 2021 through 2023, or until the full \$5.0 million has been awarded. Unused credits may be carried forward for up to five additional tax years.

Assumptions

- Sufficient demand exists to fully utilize the \$5.0 million aggregate award amount during the first tax year available (tax year 2021).
- Tax credits awarded for tax year 2021 will first impact FY 2022.
- The tax credit redemption pattern for the Hoover Presidential Library Tax Credit will be similar to the redemption pattern for the Endow Iowa Tax Credit. The Department of Revenue reports that the redemption pattern for the Endow Iowa Tax Credit is:
 - Year one = 43.0%
 - Year two = 31.0%
 - Year three = 5.0%
 - Year four = 3.0%
 - Year five = 1.5%
 - Year six = 1.5%
 - Expiring without redemption = 15.0%
- As a tax credit that is not refundable, the new tax credit will impact the calculation of any local option income surtax. Surtaxes are estimated to average 3.0% of State income tax liability.

Fiscal Impact

The new Hoover Presidential Library Tax Credit is projected to reduce General Fund revenue by the amounts in the following table.

Projected Net General Fund Revenue Change	
In Millions	
	<u>Amount</u>
FY 2022	\$ -2.2
FY 2023	-1.6
FY 2024	-0.3
FY 2025	-0.2
FY 2026	-0.1
FY 2027	-0.1

The new tax credit is also projected to reduce the amount of revenue raised by any local option income surtax. The reduction over six fiscal years is estimated to be \$135,000.

The Department of Revenue estimates that the new tax credit will result in \$90,000 in expenditures for administrative rulemaking, computer programming, and tax form updates.

Sources

Hoover Presidential Foundation
Department of Revenue

/s/ Holly M. Lyons

February 18, 2021

Doc ID 12134273427

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 290 – Income Tax Exemption, Unemployment (LSB2483XS)
 Staff Contact: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
 Fiscal Note Version – New

Description

Senate File 290 exempts up to \$10,200 in unemployment compensation from the State individual income tax. The Bill is effective upon enactment and the change is effective for tax year (TY) 2020 only.

Background

Unemployment compensation is subject to the State income tax as ordinary income. This includes payments received through various special federal programs designed to help maintain income during the COVID-19 pandemic.

Assumptions

- It is assumed that the \$10,200 exemption is available for each taxpayer, as opposed to each tax return (married taxpayers could each benefit up to \$10,200).
- The number of taxpayers and associated unemployment compensation payments for calendar year 2020 is provided in the following table. The amount of taxable income that is potentially subject to the proposed tax exemption is shown in the final column.

Iowa CY 2020 Unemployment Compensation Payments			
<u>Unemployment Payment Category</u>	<u>Number of Recipients</u>	<u>Total Payments</u>	<u>Total payments Not Over \$10,200</u>
Not over \$10,200	212,049	\$ 935,748,416	\$ 935,748,416
Over \$10,200	135,712	\$ 2,416,232,210	\$ 1,384,262,400
Total	347,761	\$ 3,351,980,626	\$ 2,320,010,816

- Filing of TY 2020 tax returns has already begun. It will take some time for tax forms, instructions, and programs to be modified. This will result in a percentage of the taxpayers who benefit from this exemption needing to file amended TY 2020 returns. It is assumed that 3.0% of the taxpayers who are eligible for the exemption will not claim the benefit on a TY 2020 traditional or amended tax return.
- Amended returns take time and can be filed well after the due date. It is assumed that 95.0% of taxpayers who claim the exemption will file returns during FY 2021 and 5.0% will file returns in FY 2022.
- The average marginal income tax rates for taxpayers who report unemployment compensation income is assumed to be 5.3%.
- The Statewide average income surtax for schools is assumed to average 3.0%.

Fiscal Impact

The proposed exemption for up to \$10,200 in unemployment income received by a taxpayer in TY 2020 is projected to reduce General Fund revenue by \$113.3 million in FY 2021, and \$6.0 million in FY 2022.

The reduction will also reduce the amount of revenue raised through the income surtax for schools by an estimated \$3.4 million in FY 2021, and \$0.2 million in FY 2022.

Since TY 2020 tax returns are currently being accepted by the Department of Revenue, the new exemption for TY 2022 will increase the Department’s administrative expenses related to tax forms, instructions, and programming, as well as the processing of amended tax returns.

Sources

Department of Revenue
Department of Workforce Development

/s/ Holly M. Lyons

February 18, 2021

Doc ID 1213072

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 331](#) – Motor Vehicles, Blue Lights (LSB1690SV)
Staff Contact: Austin Brinks (515.725.2200) austin.brinks@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 331](#) creates Iowa Code section 321.424, which outlines where authorized emergency vehicles can equip lighting equipment and authorizes the different colors and functions of those lights. In addition, the Bill amends Iowa Code sections [321.423](#) and [321.433](#) by restricting towing or recovery vehicles that are not owned by the State or a municipality from being equipped with red or blue lights or a siren. A fine of \$45 is created within Iowa Code section [805.8A](#)(3) for violations of new Iowa Code section 321.424.

Background

Iowa law currently provides circumstances in which blue, red, white, and amber lights may be used on vehicles. Flashing lights on or in a motor vehicle are prohibited except for the following instances:

- On an authorized emergency vehicle.
- On a vehicle when used to turn, a mechanical failure, or an emergency stop.
- On a vehicle used by a rural mail carrier when stopped or stopping near a highway to deliver mail, or if the shade of the light is between white and amber and mounted as a dome light on top of the vehicle.
- On a vehicle being operated under an excess size permit.
- A blue light under Iowa Code section 321.423(3) and a white light under Iowa Code section 321.423(7).
- Red, amber, and white lights used by school buses as described in Iowa Code sections [321.372](#) and [321.373](#)(7).
- An amber light on a towing or recovery vehicle; utility, municipal, or highway maintenance vehicle; construction vehicle; or certain other vehicles.
- Modulating headlamps on a motorcycle.
- On a vehicle being operated as an escort vehicle for a funeral procession under Iowa Code section [321.324A](#).

Assumptions

There will be an unknown increase in fine and surcharge revenue as a result of SF 331.

Correctional Impact

Senate File 331 creates a new citation under Iowa Code section 805.8A(3). Since the violation of this citation does not result in imprisonment, this Bill is not estimated to have a correctional impact. 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.

Minority Impact

Senate File 331 establishes a new citation under Iowa Code section 805.8A(3). Since this is a new citation, it is unknown how many violations there may be, and as a result, the minority

impact 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

Since SF 331 establishes a new citation, there may be an increase in fine and surcharge revenue, but the impact is unknown. **Table 1** shows the distribution of fine revenue for one citation of the scheduled violation established under this Bill.

Table 1 — Fine and Surcharge Revenue Distribution

Code Section	Scheduled Fine	15.0% Crime Services Surcharge	Fine Distribution		15.0% Crime Services Surcharge Distribution				Court Costs
			91.0% to State General Fund/EMS* Fund	9.0% to County	32.0% to Victim Comp. Fund	20.0% to Criminalistics Lab Fund	2.0% to DARE** Fund	46.0% to Juvenile Home Detention Fund	
805.8A(3)(ac)	\$45	\$6.75	\$40.95	\$4.05	\$2.16	\$1.35	\$0.14	\$3.11	\$55.00

*Emergency Medical Services Fund (EMS) ** Drug Abuse Resistance Education (DARE)

/s/ Holly M. Lyons

February 18, 2021

Doc ID 1212789

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 339](#) – Employment of Unauthorized Aliens, E-Verify (LSB1681SV)
Staff Contact: Eric Richardson (515.281.6767) eric.richardson@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 339](#) prohibits licensed employers from knowingly employing unauthorized aliens and authorizes a county attorney, local law enforcement official, or member of the public to file a complaint of a violation with the Iowa Department of Workforce Development (IWD). If the IWD determines that an employer has committed a violation, the IWD is required to bring an action in district court against the employer for the violation in the county where the unauthorized alien employee is or was employed by the employer. The Bill requires licensed employers hiring or rehiring an employee to verify the employee's employment eligibility through the federal E-Verify Program and certify to the IWD that the employer has done so. The Bill further requires the IWD to adopt administrative rules to carry out the IWD's duties under the Bill.

The Bill also requires the Secretary of State to maintain an online database of employers registered with the federal E-Verify Program, first-time employer offenders, and related court documents.

Background

The federal [Immigration Reform and Control Act of 1986](#) (IRCA) (8 USC §1324a) made it illegal for employers to knowingly hire immigrants who are unauthorized to work in the United States. The IRCA established an employment verification process (the Form I-9 process) that required employers to review documents presented by new employees to establish their identity and employment eligibility. The IRCA provides for penalties or sanctions against employers that knowingly violate the law. Employers are required to certify that they have reviewed the documents presented by their employees and that the documents reasonably appear genuine and relate to the individual presenting them. The [Illegal Immigration Reform and Immigrant Responsibility Act of 1996](#) created E-Verify as a pilot program. The program has since been expanded. Employers participating in E-Verify are required to retain Form I-9s for all newly hired employees in accordance with the IRCA. Currently, 25 states have some type of E-Verify mandate for businesses and/or governments, while the federal government mandates that all [federal contractors](#) utilize E-Verify.

Assumptions

- Enactment of the Bill would require the IWD to incur additional expenses for vehicles, phones, computers, employee support, preparation of rules, development of training materials, training of staff, investigative time, postage, filing fees, service of process fees, witness subpoenas, travel time and expenses, court preparation and appearances, monitoring employers, and following up on court orders. This will result in the IWD adding the following 9.0 full-time equivalent (FTE) positions:
 - Public Service Manager 1 1.0 FTE position
 - Secretary 1 1.0 FTE position
 - Attorney 2 1.0 FTE position

- Investigator 2 4.0 FTE positions
- Field Auditor 2.0 FTE positions
- Salary costs include benefits and are estimated at the entry level of the salary range for each position. Salary costs for FY 2022 assume positions are filled by October 1, 2021.
- The IWD will investigate 500 complaints per year and file 50 court actions, administered through the Iowa Judicial Branch.
- The Secretary of State will develop and maintain a permanent searchable database. The database will be developed in house.
- The Secretary of State will use a link to the federal Department of Human Services E-Verify System for the purposes of new Iowa Code section 95.3(3).
- The Secretary of State will use 0.5 hours of staff time at \$20 per hour to manage court documents for each court action.

Fiscal Impact

The Bill will result in increased cost to the IWD of an estimated \$656,000 for 9.0 FTE positions in FY 2022 and \$687,000 in subsequent years, to be paid from the IWD General Fund appropriation.

The Secretary of State will utilize an estimated \$25,000 from its Secretary of State Technology Modernization Fund appropriation in FY 2022 for the creation of a database and approximately \$500 from its annual General Fund appropriation, beginning with FY 2023, for the processing of court documents and data entry.

The Iowa Judicial Branch will incur expenses estimated at \$75,000 per year to administer complaints that might be filed against an employer by a county attorney, law enforcement officer, or member of the public, with a subsequent determination by the IWD that a violation has occurred. There are offsetting amounts of filing fees and court costs of an estimated \$300 per instance made to the General Fund and other funds. See estimated costs in table below.

Estimated Costs, Senate File 339

Agency	Category	FTE	Est. Cost	
			FY 2022	FY 2023
Secretary of State	Salary and Benefits	0.0	\$ -	\$ 500
	Database Development		25,000	-
Judicial Branch	Trial Costs		\$ 75,000	\$ 75,000
	Court Fees and Filing Fees		-15,000	-15,000
Iowa Workforce Development (IWD)	Salary and Benefits	9.0	\$ 453,444	\$ 617,289
	Capital Outlay		150,000	-
	Travel		15,000	20,000
	Fees and Postage		15,000	20,000
	Other Operating Costs		22,500	30,000
Total		9.0	\$ 740,944	\$ 747,789

Sources

Legislative Services Agency
Iowa Department of Workforce Development
Iowa Secretary of State
Iowa Judicial Branch
General Accounting Office (GAO)

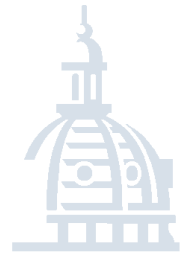
/s/ Holly M. Lyons

February 17, 2021

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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 388](#) – Human Trafficking, Massage Therapy Enforcement (LSB2286SV)
Staff Contact: Laura Book (515.205.9275) laura.book@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 388](#) relates to certain civil and criminal enforcement activities involving the practice of massage therapy, cosmetology, and human trafficking, and provides penalties. The Bill creates several new crimes punishable as serious misdemeanors, including the following:

- Iowa Code section 152C.5B — A person who is licensed or who purports to be licensed refuses to present a copy of the person’s valid license and government-issued identification to a peace officer immediately upon request.
- Iowa Code section 152C.5C — A person, in an announcement to the public, is prohibited from representing that another person is licensed as a massage therapist or a cosmetologist, when the person knows or has reason to know the other person is not licensed.
- Iowa Code section 157.4B — A person is prohibited from falsely representing the person’s self as being licensed as a massage therapist or a cosmetologist.

Senate File 388 also expands the definition of human trafficking and states that a person engages in human trafficking when:

- A person knowingly provides or facilitates the provision of a forged, altered, or fraudulent license to another person in order to force, coerce, entice, assist, facilitate, or permit the other person to perform labor or services.
- Knowingly forcing, coercing, enticing, assisting, facilitating, or permitting another person in possession of a fraudulent license to produce such license to a peace officer upon request.

Violation of these provisions is an aggravated misdemeanor. If the victim is under 18, the person is guilty of a Class D felony.

Senate File 388 establishes a crime relating to the premises used for human trafficking. A person who has possession of a building where there is reason to suspect human trafficking occurs is guilty of a Class D felony.

The Bill also provides that a court may order restorative expenses for a period of 10 years as part of a human trafficking victim’s restitution and defines restorative expenses. The court is prohibited from considering a defendant’s ability to pay in the court’s decision to order restorative expenses.

Background

The penalties for human trafficking under this Bill range from a serious misdemeanor to a Class D felony. Felonies and misdemeanors are punishable by the terms defined in Iowa Code chapters [902](#) and [903](#), respectively.

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

Senate File 388 establishes several new offenses and expands offenses related to human trafficking. The Department of Corrections (DOC) estimates this Bill will result in an increase in convictions in regard to the new licensure requirements as well as the expanded definition for human trafficking. However, a correctional impact cannot be estimated for the portions of this Bill establishing new penalties relating to licensure due to the lack of existing conviction data.

In FY 2019 and FY 2020, there were no human trafficking convictions. Over the last five fiscal years, there have been zero prison admissions for an Iowa Code chapter [710A](#) offense. Similarly, over the course of the last five years, there have been zero admissions to probation for the same offense. It is unknown how many more convictions may result under the expanded definition of human trafficking in Iowa Code chapter 710A, and therefore a correctional impact cannot be estimated. It is important to note that the current correctional impact for offenders convicted of Iowa Code chapter 710A offenses is small due to the low conviction rate.

Table 1 provides estimates for sentencing to State prison, parole, probation, or Community-Based Corrections (CBC) residential facilities; length of stay (LOS) under those supervisions; and supervision marginal costs per day for all convictions ranging from serious misdemeanors to Class D felonies.

Table 1 — Sentencing Estimates and LOS

Offense Class	Ordered to Prison	Prison LOS (months)	Ordered to Probation	Probation LOS (Months)
Serious Misdemeanor	2.1%	10.5	58.5%	15.1
Aggravated Misdemeanor	46.5%	8.9	71.9%	20.2
Class D Felony	86.8%	16.0	47.8%	30.5

Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 26, 2021, for information related to the correctional system.

Minority Impact

Senate File 388 establishes several new offenses and expands offenses related to human trafficking. In FY 2019 and FY 2020, there were no human trafficking convictions. As a result, the Criminal and Juvenile Justice Planning Division (CJJP) of the Department of Human Rights cannot use prior existing data to estimate the minority impact of SF 388. Refer to the LSA

memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 26, 2021, for information related to minorities in the criminal justice system.

Fiscal Impact

Senate File 388 establishes several new offenses and expands offenses related to human trafficking, and the fiscal impact cannot be estimated due to the lack of existing conviction data.

Table 2 contains cost estimates for the average State cost per offense class type for one conviction. The cost estimate includes operating costs incurred by the Judicial Branch, the State Public Defender, and the Department of Corrections for one conviction. The cost would be incurred across multiple fiscal years for prison and parole supervision.

Table 2 — Average State Cost Per Offense Class Type

<u>Offense Class</u>	<u>Total Cost</u>	
	<u>Minimum</u>	<u>Maximum</u>
Serious Misdemeanor	\$ 410	\$ 7,500
Aggravated Misdemeanor	3,700	7,800
Class D Felony	7,700	13,500

The new offense established by SF 388 may also result in an increase in fine and surcharge revenue, but the impact is unknown.

Sources

CJJP, Department of Human Rights
Department of Corrections
Judicial Branch

/s/ Holly M. Lyons

February 18, 2021

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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.
