

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

**March 2, 2021**

**Clip Sheet Summary**

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

<b>Bill</b>	<b>Amendment</b>	<b>Action</b>	<b>Sponsor</b>
<a href="#">SF 341</a> .....	<a href="#">S-3044</a> .....	Filed	JULIAN GARRETT

**Fiscal Notes**

[SF 367](#) — [Criminal Surcharge, Court Fees](#) (LSB1174SV.1)

[SF 439](#) — [Driver's License, Contact Information](#) (LSB2057SV)

[SF 456](#) — [Income Tax Apportionment, Air Freight](#) (LSB1529SV)

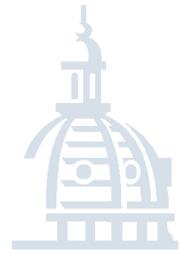
SENATE FILE 341

S-3044

1 Amend Senate File 341 as follows:  
2 1. Page 1, line 11, by striking <1> and inserting <2>  
3 2. Page 1, by striking lines 13 through 15 and inserting:  
4 <2. In a court action to challenge a mechanic's lien posted  
5 on a residential construction property, or any bond given in  
6 lieu thereof, if the person challenging the lien or defending  
7 against any action on the bond prevails, the court may award  
8 reasonable attorney fees and actual damages. If the court  
9 determines that the mechanic's lien was posted in bad faith  
10 or the supporting affidavit was materially false, the court  
11 shall award the owner reasonable attorney fees plus an amount  
12 not less than five hundred dollars or the amount of the lien,  
13 whichever is less.>

By JULIAN GARRETT

S-3044 FILED MARCH 1, 2021



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[SF 367](#) – Criminal Surcharge, Court Fees (LSB1174SV.1)  
Staff Contact: Laura Book (515.205.9275) [laura.book@legis.iowa.gov](mailto:laura.book@legis.iowa.gov)  
Fiscal Note Version – As Amended and Passed by the Senate

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**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) receive 15.0% of each court debt payment as a processing fee 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 collection fee must not include the amount of court debt collected for restitution involving pecuniary damages, the victim compensation fund, the crime services surcharge, the domestic and sexual abuse crimes surcharge, the agricultural surcharge, or the sex offender civil penalty.

Senate File 367 states that payments made by a person between January 1, 2021, and August 1, 2021, 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 clerk of court 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\(602\)](#) on August 1, 2021. Section 2 of the Bill is effective upon enactment and Section 4 of the Bill takes effect on August 1, 2021. Section 2 also applies retroactively to July 15, 2020. Section 2 of this Bill makes a conforming change to Iowa Code section [602.8105](#). Section 4 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, [SF 457](#) (Criminal Fines and Surcharges) was enacted, 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 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
<b>Total</b>	<b>\$ 9,690,000</b>	<b>\$ 1,191,900</b>

\*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 August 1, 2021, a person pays off their court debt, including the processing fee, the clerk of court 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 on August 1, 2021. This may have a fiscal impact on the State General Fund and city and county budgets, but the impact is unknown at this time.

**Sources**

Judicial Branch  
Iowa Department of Revenue  
LSA analysis

/s/ Holly M. Lyons

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March 1, 2021

Doc ID 1215117117

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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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[www.legis.iowa.gov](http://www.legis.iowa.gov)



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[SF 439](#) – Driver’s License, Contact Information (LSB2057SV)  
Staff Contact: Austin Brinks (515.725.2200) [austin.brinks@legis.iowa.gov](mailto:austin.brinks@legis.iowa.gov)  
Fiscal Note Version – New

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**Description**

[Senate File 439](#) requires the Department of Transportation (DOT) to include emergency contact information in its electronic database for persons issued a driver’s license or identification card. When a person applies for the issuance, replacement, or renewal of a driver’s license or identification card, the DOT is required to request that person voluntarily submit emergency contact information to the DOT. This information would be kept confidential, and would be accessible only by DOT employees or a member of law enforcement while performing official duties.

The information submitted may include the name, address, telephone number, and relationship of up to two emergency contacts. A person who is younger than 18 years of age and is not emancipated is required to include their parent or guardian as the emergency contact. The contact information provided may be used by law enforcement when responding to an accident where someone dies, or is injured and unable to communicate, to make a good faith effort to reach that person’s emergency contacts.

The Bill is effective January 1, 2022.

**Background**

Illinois established a similar database in 2013 that is operated by the Secretary of State. Illinois allows residents who hold an Illinois driver’s license, instruction permit, or identification card to voluntarily register their contact information into a database that may be used by law enforcement when that person is incapacitated. The Illinois database also allows for a person to enter basic medical information such as medical conditions or allergies.

**Assumptions**

The DOT stated programming expenses would be necessary to implement the requirements in the Bill.

**Fiscal Impact**

The DOT states that the Bill will require approximately \$18,000 for internal programming, and up to \$108,000 paid to an external vendor, to update the programming on their kiosks.

The DOT has also stated there will be increased administrative workload, which will be addressed within current resources and will not require an increase in personnel.

**Sources**

Legislative Services Agency  
Department of Transportation

/s/ Holly M. Lyons

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March 1, 2021

Doc ID 12153921215392

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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 456** – Income Tax Apportionment, Air Freight (LSB1529SV)  
Analyst: Jeff Robinson (515.281.4614) [jeff.robinson@legis.iowa.gov](mailto:jeff.robinson@legis.iowa.gov)  
Fiscal Note Version – New

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### **Description**

**Senate File 456** allows a taxpayer that is a qualified air freight forwarder to apportion the taxpayer's income to Iowa based on the total miles the qualified air freight forwarder's affiliated airline flies within Iowa as a percent of the affiliated airline's miles flown everywhere. A phase-in process is provided to transition the taxpayer from the current income apportionment process to the new process. The phase-in begins with tax year (TY) 2021 and is fully transitioned in TY 2030.

"Qualified air freight forwarder" is defined in the Bill as a taxpayer that:

- Is primarily engaged in the transportation of property by air.
- Does not itself operate an airline.
- Is in the same affiliated group as an airline.

### **Background**

Iowa generally determines the percentage of a company's income that is subject to the Iowa corporate income tax as equal to the percentage of that company's sales within Iowa compared to the company's total sales. This is the method currently used to apportion the income of a freight airline.

By existing rule, the percentage of income of a passenger airline that is subject to Iowa income tax is equal to the percentage of miles the airline travels in Iowa compared to all miles the airline travels. This Bill codifies the passenger airline apportionment rule and also transitions freight airlines to the passenger airline method over a 10-year period.

### **Assumptions**

The Department of Revenue produced the fiscal impact estimate for the Bill using tax return information from potential beneficiaries of the tax change. When fully implemented (TY 2030), the new income apportionment procedure is expected to reduce Iowa income tax liability for the taxpayers by \$1.1 million per year.

### **Fiscal Impact**

The income apportionment change contained in the Bill is projected to reduce net General Fund revenue by \$0.1 million in FY 2022 and \$0.2 million in FY 2023, with the revenue reduction increasing each year by approximately \$0.1 million until reaching \$1.1 million in FY 2031.

**Source**

Department of Revenue

/s/ Holly M. Lyons

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March 1, 2021

Doc ID 1215189

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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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