

**EIGHTY-SIXTH GENERAL ASSEMBLY  
2015 REGULAR SESSION  
DAILY  
SENATE CLIP SHEET**

MARCH 26, 2015

SENATE FILE 346

S-3070

1 Amend Senate File 346 as follows:

2 1. By striking page 1, line 35, through page 2,  
3 line 4, and inserting <and accessible by the general  
4 public. "Intermediary" also means an entity registered  
5 with the administrator as an Iowa crowdfunding portal.>

6 2. Page 2, after line 9 by inserting:

7 <(3) "Iowa crowdfunding portal" means an entity  
8 incorporated or organized under the laws of this state,  
9 authorized to do business in this state, and engaged  
10 exclusively in intrastate crowdfunding offers and  
11 sales of exempt securities in this state through an  
12 internet site and which does not operate or facilitate  
13 a secondary market in securities.>

14 3. Page 5, after line 31 by inserting:

15 <Sec. \_\_\_\_\_. Section 505.19, Code 2015, is amended by  
16 adding the following new subsection:

17 NEW SUBSECTION. 4A. Notwithstanding subsection 1,  
18 a health insurance carrier licensed to do business in  
19 this state that participates in the health benefits  
20 exchange used in this state and created pursuant to the  
21 federal Patient Protection and Affordable Care Act,  
22 Pub. L. No. 111-148, as amended by the federal Health  
23 Care and Education Reconciliation Act of 2010, Pub. L.  
24 No. 111-152, shall not be subject to the requirements  
25 of this section for health plans issued by the health  
26 insurance carrier that are filed and purchased within  
27 the exchange or the matching health plans issued by the  
28 health insurance carrier that are purchased outside of  
29 the exchange. However, such a health insurance carrier  
30 shall inform policyholders who purchase such health  
31 plans of their total premium due and any rate increases  
32 to their premium for each upcoming policy year. Such  
33 notice shall be provided thirty days prior to the  
34 beginning of open enrollment for the health plans and  
35 shall provide policyholders with information about how  
36 the policyholder can contact the insurance division to  
37 submit a comment about a proposed rate increase. A  
38 health insurance carrier subject to this subsection  
39 shall be subject to all applicable other state and  
40 federal laws.>

41 4. Page 15, by striking lines 4 through 19.

42 5. Page 19, line 17, by striking <may> and  
43 inserting <shall>

44 6. By renumbering as necessary.

**By MATT McCOY**

S-3070 FILED MARCH 25, 2015

ADOPTED



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**SF 226** – Fireworks (LSB1107SV)

Analyst: Alice Fulk Wisner (Phone: (515) 281-6764) ([alice.wisner@legis.iowa.gov](mailto:alice.wisner@legis.iowa.gov))

Fiscal Note Version – New

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**Description**

[Senate File 226](#) legalizes the sale and use of consumer fireworks and novelties in the State of Iowa.

**Background**

The State Fire Marshal Division of the Department of Public Safety (DPS) is directed to:

- Establish a consumer fireworks seller license including a fee schedule.
- Adopt rules to enact various parts of the Bill.
- Establish a local fire protection and emergency medical service providers grant program to establish or provide fireworks safety education programming to members of the public.
- Enforce all laws and rules relating to this legislation.

Revenue from seller license fees is to be deposited in the Consumer Fireworks Seller License Fee Fund under the control of the State Fire Marshal for the administration and enforcement of consumer fireworks and novelties sales.

The Bill also establishes simple misdemeanors for violation of various requirements, with a fine of at least \$250 but no more than \$625. Simple misdemeanors also generate a 35.0% criminal penalty surcharge and \$60 in court costs.

- Simple misdemeanor fines are deposited in the General Fund.
- Criminal penalty surcharges are distributed:
  - 5.0% goes to the local government where the ticket is written.
  - 95.0% goes to the State. Of that 95.0%, 17% goes to the Victim Compensation Fund and 83.0% goes to the General Fund.
- Court costs are deposited in the General Fund.

There are no estimates available on how many simple misdemeanor tickets will be written for violations of this Bill.

**Assumptions**

**Expenditures.** The DPS estimates 2.0 FTE positions will be needed to implement [SF 226](#). Salaries and support are estimated to be \$162,000 for FY 2016 and \$133,000 for FY 2017 and subsequent years. Support costs include two computers, a vehicle, fuel, a gun, travel, and miscellaneous.

**Revenue.** The estimate of sales tax revenue uses the following assumptions:

- Taxable sales of consumer fireworks for the states of Indiana and Maine in 2014 were adjusted to allow a per-capita sale of fireworks in Iowa estimate. This resulted in an average fireworks sales revenue estimate of \$17.1 million for Iowa.
- Growth in sales tax revenues as estimated by the Revenue Estimating Conference was used to estimate future growth in fireworks sales.
- The sales tax rate is 6.0%, and the effective local option sales tax (LOST) rate is 0.87%.

## **Fiscal Impact**

**Expenditures.** To fully fund the \$162,000 of estimated costs for the State Fire Marshal Division to administer the Bill, will require sale and collection of approximately 406 retail licenses (at \$400 each), 812 retail licenses (at \$200 each), or a combination of the two. For comparison purposes, Missouri has 1,200 seasonal retailers, 75 wholesale/retail distributors, 50 special fireworks distributors, and 10 wholesalers. Oklahoma has 14 distributors and 31 wholesalers. It is not known at this time how many retailers will apply for licenses during the first fiscal year. There is a concern that the license fee revenue may or may not cover the costs of implementing the Bill.

**Revenue.** Sales tax revenue deposits to the General Fund are estimated at \$1.1 million for FY 2016 and \$1.2 million for FY 2017. Local option sales tax revenue (LOST) is estimated to be \$162,000 in FY 2016 and \$167,000 in FY 2017.

| <b>Fiscal Year</b> | <b>Estimated Total Sales</b> | <b>Estimated Sales Tax Revenue</b> | <b>Estimated LOST Revenues</b> |
|--------------------|------------------------------|------------------------------------|--------------------------------|
| 2016               | \$18,595,000                 | \$1,116,000                        | \$162,000                      |
| 2017               | 19,227,000                   | 1,154,000                          | 167,000                        |
| 2018               | 19,938,000                   | 1,196,000                          | 173,000                        |
| 2019               | 20,536,000                   | 1,232,000                          | 179,000                        |
| 2020               | 21,152,000                   | 1,269,000                          | 184,000                        |

**Correctional Impact.** Since this is a new program, the amount of misdemeanor fines that will be collected is unknown, and the correctional impact cannot be estimated.

## **Sources**

Iowa Department of Revenue and Finance  
Iowa Department of Public Safety

/s/ Holly M. Lyons

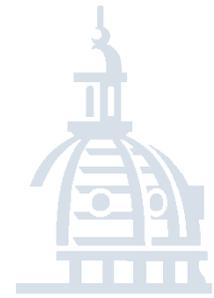
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March 25, 2015

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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 477** – School Infrastructure Sales Tax Sunset (LSB2369SZ)  
Analyst: John Parker (Phone: (515) 725-2249) ([john.parker@legis.iowa.gov](mailto:john.parker@legis.iowa.gov))  
Fiscal Note Version – New

**Description**

**Senate File 477** extends the 6.0% sales tax rate, the allocation to the Secure an Advanced Vision for Education (SAVE) Fund, and the statutory repeal of Iowa Code chapter **423F** until January 1, 2050.

**Background**

Under current law, the sales tax rate of 6.0% is reduced to 5.0% on January 1, 2030. The revenue in the SAVE Fund is allocated to school districts on a per pupil basis to be used for infrastructure and property tax reduction purposes specified in Iowa Code chapter **423F**. Prior to distribution of money in the SAVE Fund to school districts, 2.1% of the money is credited to the Property Tax Equity and Relief Fund created in Iowa Code section **257.16A**. Total SAVE Fund payments to school districts from FY 2009 to FY 2014 include:

|         | <b>Total Payments</b> |
|---------|-----------------------|
| FY 2009 | \$ 373,891,951        |
| FY 2010 | 377,095,837           |
| FY 2011 | 382,812,657           |
| FY 2012 | 401,369,617           |
| FY 2013 | 410,929,431           |
| FY 2014 | 429,873,936           |

**Assumptions**

The following assumptions are used in the estimate:

- Historical sales and use receipts from 1988 to the present were used to arrive at an average annual growth rate of 3.6%. Fiscal years 1993 and 2009 were excluded due to the implementation of higher sales and use tax rates in those years.
- The Iowa Department of Revenue growth forecast for sales and use receipts is 3.4% for FY 2017, 3.7% for FY 2018, and 3.0% for FY 2019. For FY 2020 through FY 2050, an annual growth rate of 3.6% is used to forecast the annual sales and use tax receipts.
- Under current law, heavy construction machinery, rental vehicles, and hotel/motel charges are not subject to the 6.0% tax rate. These sales comprised 2.23% of the receipts in FY 2014 and will remain unchanged in the future.
- For FY 2050, the 6.0% sales tax rate will be collected for only half the year.

## Fiscal Impact

The following table shows the estimated impact of extending the 6.0% sales tax rate:

| <b>Estimated Impact<br/>(Dollars in Millions)</b> |                        |   |   |                       |  |
|---|------------------------|---|---|-----------------------|--|
| <b>Fiscal<br/>Year</b>                            | <b>Growth<br/>Rate</b> | <b>Current Law</b>                          |   | <b>SAVE<br/>Share</b> |  |
|   |                        | <b>Sales &amp; Use<br/>Receipts at 5.0%</b> | <b>Sales &amp; Use<br/>Receipts at 6.0%</b> |                       |  |
| 2030  | 3.6%                   | \$ 3,817                                    | \$ 4,580                                    | \$ 763                |  |
| 2031  | 3.6%                   | 3,954                                       | 4,745                                       | 791                   |  |
| 2032  | 3.6%                   | 4,096                                       | 4,916                                       | 819                   |  |
| 2033  | 3.6%                   | 4,244                                       | 5,093                                       | 849                   |  |
| 2034  | 3.6%                   | 4,397                                       | 5,276                                       | 879                   |  |
| 2035  | 3.6%                   | 4,555                                       | 5,466                                       | 911                   |  |
| 2036  | 3.6%                   | 4,719                                       | 5,663                                       | 944                   |  |
| 2037  | 3.6%                   | 4,889                                       | 5,867                                       | 978                   |  |
| 2038  | 3.6%                   | 5,065                                       | 6,078                                       | 1,013                 |  |
| 2039  | 3.6%                   | 5,247                                       | 6,297                                       | 1,049                 |  |
| 2040  | 3.6%                   | 5,436                                       | 6,523                                       | 1,087                 |  |
| 2041  | 3.6%                   | 5,632                                       | 6,758                                       | 1,126                 |  |
| 2042  | 3.6%                   | 5,834                                       | 7,001                                       | 1,167                 |  |
| 2043  | 3.6%                   | 6,045                                       | 7,253                                       | 1,209                 |  |
| 2044  | 3.6%                   | 6,262                                       | 7,515                                       | 1,252                 |  |
| 2045  | 3.6%                   | 6,488                                       | 7,785                                       | 1,298                 |  |
| 2046  | 3.6%                   | 6,721                                       | 8,065                                       | 1,344                 |  |
| 2047  | 3.6%                   | 6,963                                       | 8,356                                       | 1,393                 |  |
| 2048  | 3.6%                   | 7,214                                       | 8,656                                       | 1,443                 |  |
| 2049  | 3.6%                   | 7,473                                       | 8,968                                       | 1,495                 |  |
| 2050  | 3.6%                   | 3,871                                       | 4,645                                       | 774                   |  |

## Sources

Iowa Department of Revenue  
LSA analysis and calculations

/s/ Holly M. Lyons

March 25, 2015

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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**HF 515** – School District Management Levy Fund for Legal Costs (LSB1967HV)  
Analyst: John Parker (Phone: (515-725-2249) ([john.parker@legis.iowa.gov](mailto:john.parker@legis.iowa.gov))  
Fiscal Note Version – New

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**Description**

**House File 515** permits school districts to use revenue from the district management levy to pay the costs of mediation and arbitration, including but not limited to legal fees associated with mediation or arbitration.

**Background**

The school district management levy is approved by school boards and can only be used for the following purposes:

- To pay the cost of unemployment benefits.
- To pay the costs of liability insurance and the costs of a judgment or settlement relating to the liability.
- To pay the costs of insurance agreements under Iowa Code section [296.7](#).
- To pay the costs of a judgment under Iowa Code section [298.16](#).
- To pay the cost of early retirement benefits to employees under Iowa Code section [279.46](#).

In FY 2015, 328 school districts levied a total of \$147.2 million for the management levy.

**Assumptions**

- In FY 2014, 113 school districts went to mediation; this is expected to remain constant in future years.
- Not all districts require mediation every year because of multiple-year contracts or because settlement occurs prior to mediation.
- Legal fees associated with each mediation range from \$5,000 to \$10,000.
- In FY 2014, three school districts went to interest arbitration of the 113 (2.7%) school districts that went to mediation; this is expected to remain constant in future years.
- The average cost per arbitration is \$12,000. Half of the cost is paid by the school district and half is paid by the Iowa State Education Association (ISEA).
- Legal fees associated with an arbitration range from \$10,000 to \$15,000.

**Fiscal Impact**

This Bill will have no impact on the State General Fund but may increase local property tax. The number of districts that will increase their management levy (property tax) due to this new permitted use is unknown.

Mediation legal fees may be very limited or could range from \$565,000 to \$1.1 million statewide. The total statewide cost for arbitrations, including legal fees, will range from \$48,000 to \$63,000.

**Sources**

Iowa Public Employment Relations Board  
Iowa State Education Association  
Iowa Association of School Boards  
LSA Analysis and calculations

/s/ Holly M. Lyons

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March 25, 2015

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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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