

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

MAY 12, 2015

SENATE FILE 508

S-3171

1 Amend Senate File 508 as follows:  
2 1. Page 1, before line 1 by inserting:  
3 <DIVISION I  
4 FIREWORKS REGULATION>  
5 2. By striking page 1, line 34, through page 2,  
6 line 1, and inserting:  
7 d. "Retailer" means as defined in section 423.1.>  
8 3. Page 4, line 20, by striking <or>  
9 4. Page 4, line 26, by striking <seller license>  
10 5. Page 4, line 29, by striking <seller license>  
11 6. Page 4, line 30, by striking <seller license>  
12 7. Page 4, line 34, after <section> by inserting  
13 <and section 100.19A>  
14 8. Page 5, line 2, after <3> by inserting <and the  
15 fees collected by the state fire marshal under section  
16 100.19A for wholesaler registration>  
17 9. Page 5, line 29, after <to> by inserting  
18 <annually>  
19 10. Page 5, line 33, by striking <a> and inserting  
20 <an annual>  
21 11. Page 5, line 35, after <state.> by inserting  
22 <Registration fees collected pursuant to this section  
23 shall be deposited in the consumer fireworks fee fund  
24 created in section 100.19, subsection 6.>  
25 12. Page 6, line 31, by striking <resolution  
26 suspend> and inserting <ordinance or resolution  
27 prohibit>  
28 13. Page 6, lines 32 and 33, by striking <727.2, if  
29 the board determines that the use of such devices would  
30 constitute a threat to public safety> and inserting  
31 <727.2>  
32 14. Page 7, after line 2 by inserting:  
33 <Sec. \_\_\_\_\_. Section 364.2, Code 2015, is amended by  
34 adding the following new subsection:  
35 NEW SUBSECTION. 6. A city council may by ordinance  
36 or resolution prohibit or limit the use of consumer  
37 fireworks, display fireworks, or novelties, as  
38 described in section 727.2.>  
39 15. Page 7, lines 5 and 6, by striking <consumer  
40 fireworks, display fireworks, and novelties,> and  
41 inserting <consumer fireworks or display fireworks,>  
42 16. Page 8, line 25, by striking <suspended by a  
43 resolution> and inserting <prohibited or limited by an  
44 ordinance>  
45 17. Page 8, line 26, after <county> by inserting  
46 <or city>  
47 18. Page 9, line 9, by striking <c. A> and  
48 inserting:  
49 <c. (1) A person who uses or explodes consumer  
50 fireworks or novelties while the use of such devices is

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1 prohibited or limited by an ordinance adopted by the  
2 city in which the fireworks are used commits a simple  
3 misdemeanor, punishable by a fine of not less than two  
4 hundred fifty dollars.

5 (2) A>

6 19. Page 10, by striking lines 14 and 15 and  
7 inserting:

8 <Sec. \_\_\_\_ . EFFECTIVE UPON ENACTMENT. This division  
9 of this Act, being deemed of immediate importance,  
10 takes effect upon enactment.

11 DIVISION \_\_\_\_  
12 RULEMAKING

13 Sec. \_\_\_\_ . EMERGENCY RULES. The state fire  
14 marshal shall adopt emergency rules under section  
15 17A.5, subsection 2, paragraph "b", to facilitate the  
16 implementation and administration of this Act.

17 Sec. \_\_\_\_ . EFFECTIVE UPON ENACTMENT. This division  
18 of this Act, being deemed of immediate importance,  
19 takes effect upon enactment.>

20 20. Title page, line 2, by striking <and providing  
21 penalties> and inserting <, providing fees and  
22 penalties, and including effective date provisions>

23 21. By renumbering as necessary.

**By JEFF DANIELSON**

**S-3171** FILED MAY 11, 2015

**SENATE FILE 508**

**S-3173**

1 Amend Senate File 508 as follows:

2 1. Page 3, by striking line 30 and inserting:

3 <d. Require that a retailer or community group not  
4 transfer consumer>

5 2. Page 3, after line 32 by inserting:

6 <e. Require that a retailer or community group not  
7 sell consumer fireworks within five hundred feet of a  
8 retail dealer, as defined in section 214A.1.>

9 3. Page 7, line 15, after <Fireworks> by inserting  
10 <— sales and use — penalties>

11 4. Page 9, after line 13 by inserting:

12 <d. A person who uses or explodes consumer  
13 fireworks within one thousand feet of a public or  
14 nonpublic elementary or secondary school, nursing  
15 home, hospital, or a building which is primarily used  
16 as a place of worship commits a simple misdemeanor,  
17 punishable by a fine of not less than two hundred fifty  
18 dollars.>

**By TONY BISIGNANO**

**S-3173** FILED MAY 11, 2015

SENATE FILE 508

S-3174

1 Amend Senate File 508 as follows:

2 1. Page 3, line 17, after <b.> by inserting <(1)>

3 2. Page 3, after line 21 by inserting:

4 <(2) Any person who is injured in person or  
5 property or means of support by a person using or  
6 exploding consumer fireworks has a right of action for  
7 all damages actually sustained, severally or jointly,  
8 against that retailer or community group that sold  
9 the consumer fireworks that caused the injury if the  
10 retailer or community group was not covered by public  
11 liability insurance and product liability insurance as  
12 required by this paragraph "b" at the time of selling  
13 the consumer fireworks.>

14 3. Page 7, line 15, after <Fireworks> by inserting  
15 <- sales and use - penalties>

16 4. Page 9, by striking line 35 and inserting:

17 ~~<3-~~ 5. Liability. A person who purchases a  
18 consumer firework or novelty shall be jointly and  
19 severally liable for damages, including emotional  
20 distress, caused by the ignition, explosion, operation,  
21 or use of the consumer firework or novelty and shall be  
22 jointly and severally liable for court costs, expenses,  
23 and reasonable attorney fees incurred by the party  
24 bringing the action. This subsection shall not impose  
25 any liability on a purchaser for damages that result  
26 from the ignition, explosion, operation, or use of a  
27 consumer firework or novelty if the consumer firework  
28 or novelty was acquired by another person without the  
29 knowledge or consent of the purchaser. A person liable  
30 for damages to property under this subsection is liable  
31 to pay three times the actual damages to the property  
32 which resulted from the ignition, explosion, operation,  
33 or use of the consumer firework or novelty.

34 6. Applicability.>>

**By** TONY BISIGNANO

S-3174 FILED MAY 11, 2015

SENATE FILE 508

S-3175

1 Amend Senate File 508 as follows:

2 1. Page 7, line 15, after <Fireworks> by inserting  
3 <- sales and use - penalties>

4 2. Page 8, line 34, after <person> by inserting  
5 <who is eighteen years of age or older>

6 3. Page 9, line 2, after <b.> by inserting <(1)>

7 4. Page 9, lines 4 and 5, by striking <a simple  
8 misdemeanor, punishable by a fine of not less than two  
9 hundred fifty dollars.> and inserting <an aggravated  
10 misdemeanor.>

11 5. Page 9, after line 8 by inserting:

12 <(2) (a) A person, firm, partnership, or  
13 corporation who provides consumer fireworks to a person  
14 who is under eighteen years of age or who uses or  
15 explodes consumer fireworks within fifty feet of a  
16 person who is under eighteen years of age commits child  
17 endangerment involving fireworks.

18 (b) A person who commits child endangerment  
19 involving fireworks under this subparagraph (2)  
20 resulting in the death of a person who is under  
21 eighteen years of age is guilty of a class "B" felony.  
22 Notwithstanding section 902.9, subsection 1, paragraph  
23 "b", a person convicted of a violation of this  
24 subparagraph division (b) shall be confined for no more  
25 than fifty years.

26 (c) A person who commits child endangerment  
27 involving fireworks under this subparagraph (2)  
28 resulting in serious injury to a person who is under  
29 eighteen years of age is guilty of a class "C" felony.

30 (d) A person who commits child endangerment  
31 involving fireworks under this subparagraph (2)  
32 resulting in bodily injury to a person who is under  
33 eighteen years of age that does not result in a serious  
34 injury is guilty of a class "D" felony.

35 (e) A person who commits child endangerment  
36 involving fireworks under this subparagraph (2) who is  
37 not subject to penalty under subparagraph division (b),  
38 (c), or (d) is guilty of an aggravated misdemeanor.>

**By** TONY BISIGNANO

S-3175 FILED MAY 11, 2015

HOUSE FILE 650

S-3176

1 Amend the amendment, S-3169, to House File 650,  
2 as amended, passed, and reprinted by the House, as  
3 follows:

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

5 <It is the intent of the general assembly that  
6 the state invest wisely in necessary infrastructure  
7 improvements in general aviation airports across the  
8 state and avoid costly future maintenance payments to  
9 airports with limited aviation activity.

10 The department of transportation shall adopt a  
11 process for a political subdivision of the state  
12 to submit an application to the department to close  
13 an airport and cease operations if the political  
14 subdivision determines that the cost of operating  
15 an airport far exceeds the benefits received from  
16 that airport. The application shall include a cost  
17 benefit analysis performed by the applicable political  
18 subdivision, plans and a timeline for closing of the  
19 facility, and plans for the future use of the facility.  
20 The process adopted by the department shall provide  
21 that if the future use of the facility results in a  
22 project that creates jobs and expands the economy, the  
23 department shall forgive any required repayment of  
24 financial assistance that may be owed to the state as  
25 a result of the closure of the airport provided that  
26 the amount of private investment in the project for the  
27 future use of the facility is equal to at least two  
28 times the amount estimated to be repaid to the state.>

**By** JASON SCHULTZ

S-3176 FILED MAY 11, 2015

ADOPTED

HOUSE FILE 650

S-3172

1 Amend the amendment, S-3169, to House File 650,  
2 as amended, passed, and reprinted by the House, as  
3 follows:

4 1. Page 7, line 7, by striking <soil monitoring>  
5 and inserting <statewide soil moisture>

**By** MATT McCOY

S-3172 FILED MAY 11, 2015

ADOPTED



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**SF 508** – Fireworks (LSB1107SZ)

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 508** 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.
- Require all wholesalers to register.
- 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 and wholesaler registrations are 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 establishes annual license fees for retailers and community groups offering fireworks for sale, and creates the definition of a consumer fireworks wholesaler and establishes a registration fee of \$1,000. There are no estimates available on how many licenses and registrations would be issued.

Annual License Fees and wholesaler registration are established as follows:

- Retailer with 50% or more of floor space devoted to fireworks: \$800.
- Retailer with less than 50% of floor space devoted to fireworks: \$400.
- Community group offering first-class consumer fireworks for sale: \$400.
- Community group offering second-class consumer fireworks for sale: \$100.
- Wholesaler registration fee: \$1,000.

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 508**. 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 the 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 203 retail licenses (at \$800 each), or 406 retail licenses (at \$400 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.
- Michigan issued 676 nonpermanent and 215 permanent licenses in FY 2014.

It is not known at this time how many retailers and community groups will apply for licenses in Iowa during the first fiscal year. It is assumed that the majority of licenses issued will be for retailers.

**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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May 11, 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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**HF 653** – Iowa Department of Revenue 2015 Tax Policy Bill (LSB1309HV.1)  
Analyst: Jeff Robinson (Phone: (515) 281-4614) ([jeff.robinson@legis.iowa.gov](mailto:jeff.robinson@legis.iowa.gov))  
Fiscal Note Version – As passed by the House

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**Description**

**House File 653:**

- Expands the definition of “livestock” as it is used for determining sales/use tax exemptions to include preserve whitetail deer (whitetail deer kept on a hunting preserve). This change is effective on enactment and applies retroactively to July 1, 2005.
- Expands a current sales/use tax exemption for certain all-terrain and off-road utility vehicles (ATVs). This change is effective July 1, 2015.
- Modifies the Disabled Veteran Homestead Tax Credit by allowing an extension of the application filing deadline. This change is effective on enactment and applies retroactively to March 5, 2015.
- Provides a property tax exemption for agricultural land owned by a cemetery association and leased to another person. This change is effective July 1, 2015.
- Provides a property tax exemption for up to 50 acres of property owned by a religious institution or society that receives monetary or in-kind profits from the property. To receive the exemption, all monetary or in-kind profits must be used exclusively for the appropriate objects of the institution or society. This exemption applies first to assessment year 2016 (taxes paid in FY 2018).

The Bill makes Iowa Code section [25B.7](#) (State funding of property tax credits and exemptions) inapplicable to the property tax exemptions provided in the Bill for cemetery associations and religious institutions and societies.

**Assumptions**

***Preserve Whitetail Deer Exemption***

- According to information provided by the Iowa Department of Natural Resources, there are currently nine private shooting preserves in the State. These preserves hold an estimated 721 deer and that number is assumed to remain constant.
- Estimated costs associated with breeding, raising, and replacing preserve whitetail deer are based on an analysis of information published by the [American Society of Farm Managers and Rural Appraisers](#). Average expenses associated with maintaining and replacing preserve whitetail deer equaled \$1,990 per deer in 2013 (mid-size operation average).
- The per deer annual expense is assumed to increase 3.0% each year.
- The State sales tax rate is 6.0%.
- The impact of the provision on local option sales tax (LOST) revenues is estimated using the average statewide rate of 0.87% of taxable sales.
- The exemption applies retroactively to purchases made on or after July 1, 2005. The provision prohibits refunds for those taxpayers that paid or will pay the tax on purchases made between that date and June 30, 2015. However, purchasers that did not remit the tax owed during the retroactive period will benefit from the retroactive implementation date. The Department did not provide an estimate of the amount of sales/use tax, penalties, and interest that is owed on purchases made during the 10-year retroactive period.

### **All-Terrain Vehicle (ATV) Tax Exemption**

- The Department of Revenue estimates that the price of ATVs purchased in Iowa during FY 2016 will average \$7,762. It is assumed this average will increase 2.0% percent each year.
- Based on data provided by the Iowa Department of Natural Resources (DNR), there will be 4,177 new registrations for ATVs in 2016 and future years, and farmers account for 9.5% of registrations of all new ATVs. It is assumed that annually, 397 (9.5%) new ATVs will be made newly-exempt from sales/use tax under the provisions of this Bill.
- The State sales tax rate is 6.0%.
- The impact of the provision on local option sales tax (LOST) revenues is estimated using the average statewide rate of 0.87% of taxable sales.
- The estimate does include the sale of used ATVs. However, used ATV sales that are not considered “casual sales” are also subject to sales/use tax and the sales of used ATVs will add an unknown amount to the fiscal impact of the provision.

### **Disabled Veteran Homestead Credit**

- This provision amends [HF 166](#) (Disabled Veteran Homestead Tax Credit Act). The change will allow eligible veterans to apply for the property tax credit through June 30, 2015, and receive the benefit as if they had applied by the normal due date for Homestead Tax Credit applications.
- The number of qualified disabled veteran homeowners that could become eligible for the HF 166 tax credit one year earlier under the provisions of this Bill is estimated to be 788. Since they must apply on or before June 30, 2015, it is estimated for this fiscal note that 75.0% (591) will do so, and the remainder will apply by June 30, 2016, and be eligible for the full tax credit in FY 2018.
- The additional tax credit benefit received will average \$2,557 per beneficiary in FY 2016.

**Cemetery Association Property Tax Exemption:** This new exemption applies to agricultural land owned by a cemetery association and leased to another person. An average acre of taxed Iowa farmland pays \$23.71 per acre in property tax (FY 2015 average). For the property tax fiscal impact of the exemption to equal \$50,000 or more per year statewide, the impacted acres must exceed 2,100. This is not assumed to be the case. Therefore, this provision is projected to have an annual property tax impact of less than \$50,000 per year.

### **Religious Institutions and Societies Property Tax Exemption**

- From the results of a 2011 survey of Iowa assessors, the Department of Revenue estimates that there are 18,145 acres owned by religious institutions or societies that will become tax exempt under this provision.
- The FY 2015 average property tax rate per acre for Iowa agricultural land is calculated by the Legislative Services Agency to be \$23.71 and for this estimate the FY 2015 average rate is assumed for all years. Also, all impacted land is assumed to be agricultural for the estimate, but the provision does not specify that only agricultural land will be exempt. On a statewide average basis, land that is not agricultural is taxed at a higher average rate.

### **Fiscal Impact**

**Division I - Preserve Whitetail Deer Exemption -** This provision is projected to reduce revenue by the following annual amounts, beginning in FY 2016:

- State General Fund Revenue - \$100,000
- Local Option Sales Tax - \$14,500

In addition, the provision is retroactive to July 1, 2005. While refunds of taxes paid during that time are not allowed under the provision, purchasers that did not remit the tax owed on purchases made during the 10-year retroactive period will no longer be subject to tax collection,

penalties, and interest. The amount of revenue involved in the retroactive period that might otherwise be collected is not known.

**Division I** - All-Terrain Vehicle Exemption - This provision is projected to reduce revenue by the following annual amounts, beginning in FY 2016:

- General Fund Revenue - \$192,000
- Local Option Sales Tax - \$28,000

This estimated fiscal impact does not include the sale of used ATVs that will also benefit from the expanded sales/use tax exemption.

**Division II** - Disabled Veteran Homestead Credit - This provision amends [HF 166](#) (Disabled Veteran Homestead Tax Credit Act). The change will allow eligible veterans to apply for the credit through June 30, 2015, and receive the benefit as if they had applied by the normal due date for Homestead Tax Credit applications. The application deadline extension is projected to increase the FY 2016 State General Fund standing unlimited appropriation for the Homestead Tax Credit by \$1.8 million. This fiscal impact is in addition to the \$560,000 FY 2016 impact cited in the [Fiscal Note for HF 166](#). The change in this Bill does not have an additional fiscal impact beyond FY 2016.

The current balance sheet estimate for the Homestead Tax Credit is \$135.0 million for FY 2016. The LSA estimates that number to be sufficient to cover current law claims, and the estimated additional claims made eligible under both [HF 166](#) and the provisions of this Bill. In addition, absent a noticeable increase in the statewide average property tax rate or the residential rollback, the \$135.0 million appropriation level should be sufficient to fully fund the Homestead and Disabled Veteran Homestead Credits in future fiscal years.

**Division III** - Cemetery Association Property Tax Exemption - The impact of this provision on local government property tax and on the State General Fund appropriation for school aid is assumed to be negligible.

**Division III** - Religious Institutions and Societies Property Tax Exemption - The fiscal impact of this provision begins in FY 2018 and is estimated to be:

- Local Government Property Tax Revenue Reduction - \$332,000
- State General Fund School Aid Appropriation Increase - \$98,000

This fiscal impact is based on the estimated acres currently owned by religious institutions and societies. If the number of acres owned by these entities and rented for profit increases in future years, the fiscal impact will also increase.

#### **Sources**

Iowa Department of Revenue  
Iowa Department of Natural Resources  
American Association of Farm Managers and Appraisers (DeVuyst 2013 analysis)  
Department of Management property tax files

/s/ Holly M. Lyons

May 10, 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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