

**EIGHTY-SIXTH GENERAL ASSEMBLY  
2016 REGULAR SESSION  
DAILY  
SENATE CLIP SHEET**

FEBRUARY 24, 2016

SENATE FILE 2155

S-5021

1 Amend Senate File 2155 as follows:

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

4 <Section 1. NEW SECTION. 80.29A Statewide land  
5 mobile radio communications system fund.

6 1. A statewide land mobile radio communications  
7 system fund is created in the state treasury under  
8 the control of the department. Moneys in the fund  
9 are appropriated to the department for operation of a  
10 statewide land mobile radio communications system to be  
11 administered by the department in coordination with the  
12 department of transportation.

13 2. Notwithstanding section 12C.7, subsection  
14 2, interest or earnings on moneys in the fund shall  
15 be credited to the fund and shall be used for costs  
16 associated with construction of the statewide land  
17 mobile radio communications system. Notwithstanding  
18 section 8.33, moneys credited to the fund that remain  
19 unexpended or unobligated at the end of a fiscal year  
20 through the fiscal year beginning July 1, 2021, and  
21 ending June 30, 2022, shall not revert to any other  
22 fund.

23 Sec. 2. STATEWIDE LAND MOBILE RADIO COMMUNICATIONS  
24 SYSTEM APPROPRIATION. There is appropriated from the  
25 general fund of the state for the fiscal year beginning  
26 July 1, 2015, and ending June 30, 2016, the following  
27 amount, or so much thereof as is necessary, to be used  
28 for the purposes designated:

29 1. For deposit in the statewide land mobile radio  
30 communications system fund created in section 80.29A:  
31 ..... \$ 20,371,298

32 2. The Iowa telecommunications and technology  
33 commission shall collaborate with the department  
34 of public safety regarding the deployment of the  
35 statewide land mobile radio communications system

S-5021

**S-5021**

Page 2

1 network and the ongoing operations of the network.  
2 The commission, as required by the department, shall  
3 provide project management regarding the technical  
4 network deployment and ongoing network operations,  
5 including the procurement of any vendor services  
6 or equipment necessary for the technical network  
7 deployment and ongoing operations. The department  
8 of public safety, in conjunction with the state  
9 department of transportation, shall at all times  
10 retain overall responsibility for the statewide land  
11 mobile radio communications system network and primary  
12 responsibility for the operational policy of the  
13 network.

14 Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being  
15 deemed of immediate importance, takes effect upon  
16 enactment.>

**By** JEFF DANIELSON

**S-5021** FILED FEBRUARY 23, 2016

**SENATE FILE 2164**

**S-5024**

1 Amend Senate File 2164 as follows:  
2 1. Page 1, line 4, by striking <and> and inserting  
3 <or a conviction for>  
4 2. Page 1, line 7, by striking <including> and  
5 inserting <for a violation of this section or>  
6 3. Page 1, line 11, by striking <and> and inserting  
7 <for a violation of this section or>  
8 4. Page 1, line 15, by striking <and> and inserting  
9 <for a violation of this section or>  
10 5. Page 1, line 19, by striking <and> and inserting  
11 <for a violation of this section or>  
12 6. Page 1, line 22, by striking <and> and inserting  
13 <for a violation of this section or>

**By** MARK CHELGREN

**S-5024** FILED FEBRUARY 23, 2016  
WITHDRAWN

SENATE FILE 2200

S-5022

1 Amend Senate File 2200 as follows:

2 1. Page 1, after line 25 by inserting:

3 <Sec. \_\_\_\_\_. Section 282.18, subsection 7, Code 2016,  
4 is amended to read as follows:

5 7. a. A pupil participating in open enrollment  
6 shall be counted, for state school foundation aid  
7 purposes, in the pupil's district of residence. A  
8 pupil's residence, for purposes of this section, means  
9 a residence under section 282.1.

10 b. (1) The board of directors of the district of  
11 residence shall pay to the receiving district the state  
12 cost per pupil for the previous school year, and the  
13 teacher leadership supplement state cost per pupil for  
14 the previous fiscal year as provided in section 257.9,  
15 plus any moneys received for the pupil as a result of  
16 the non-English speaking weighting under section 280.4,  
17 subsection 3, for the previous school year multiplied  
18 by the state cost per pupil for the previous year. If  
19 the pupil participating in open enrollment is also an  
20 eligible pupil under section 261E.6, the receiving  
21 district shall pay the tuition reimbursement amount to  
22 an eligible postsecondary institution as provided in  
23 section 261E.7.

24 (2) If a pupil participates in an extracurricular  
25 activity in accordance with subsection 11A, the  
26 district of residence may deduct an activity fee from  
27 the amount calculated in subparagraph (1). The amount  
28 of an activity fee shall not exceed the lesser of the  
29 actual cost of providing the activity to the pupil or  
30 fifteen percent of the state cost per pupil for the  
31 previous school year.

32 Sec. \_\_\_\_\_. Section 282.18, Code 2016, is amended by  
33 adding the following new subsection:

34 NEW SUBSECTION. 11A. A pupil participating in  
35 open enrollment for purposes of receiving educational

S-5022

**S-5022**

Page 2

1 instruction and course content primarily over  
2 the internet in accordance with section 256.7,  
3 subsection 32, paragraph "c", may participate in any  
4 extracurricular activities offered to children in the  
5 pupil's grade or group and sponsored by the district of  
6 residence under the same conditions and requirements as  
7 the pupils enrolled in the district of residence.>

8 2. Title page, line 2, after <initiative> by  
9 inserting <and participation in extracurricular  
10 activities in the school district of residence  
11 by pupils who open enroll to receive educational  
12 instruction and course content primarily over the  
13 internet.>

**By** MARK CHELGREN  
BRAD ZAUN  
JASON SCHULTZ  
JERRY BEHN  
DENNIS GUTH

MICHAEL BREITBACH  
RANDY FEENSTRA  
JACK WHITVER  
KEN ROZENBOOM  
AMY SINCLAIR

**S-5022** FILED FEBRUARY 23, 2016  
RULED OUT OF ORDER

**SENATE FILE 2218**

**S-5023**

1 Amend Senate File 2218 as follows:

2 1. Page 1, line 27, after <provider,> by inserting  
3 <a registered nurse staffing an authorized service  
4 program under section 147A.12, a physician assistant  
5 staffing an authorized service program under section  
6 147A.13,>

**By** JOE BOLKCOM

**S-5023** FILED FEBRUARY 23, 2016

**SENATE FILE 2233**

**S-5020**

1 Amend Senate File 2233 as follows:

2 1. Page 13, by striking lines 30 and 31 and  
3 inserting <jurisdiction under chapter 252K, the uniform  
4 interstate family support Act.>

**By** STEVEN J. SODDERS

**S-5020** FILED FEBRUARY 23, 2016  
ADOPTED



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**SF 2113** – Fireworks (LSB1107SW)

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 2113](#) legalizes the sale and use of consumer fireworks and novelties in the State of Iowa. It also establishes an opt-in policy allowing counties, and then cities within those counties wanting to legalize the sale and usage of fireworks within their jurisdictions, to first pass a resolution stating that intent.

**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 is no information available to estimate how many licenses and registrations will be issued. Annual license fees and wholesaler registration are established as follows:

- Retailer with 50.0% or more of floor space devoted to fireworks: \$800.
- Retailer with less than 50.0% 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 as follows:
  - 5.0% goes to the local government where the ticket is written.
  - 95.0% goes to the state. Of that 95.0%, 17.0% goes to the Victim Compensation Fund and 83.0% goes to the General Fund.
- Court costs are deposited in the General Fund.

There is no information available to estimate how many simple misdemeanor tickets will be written for violations of this bill. The bill also states that a simple misdemeanor charge can occur for violating the hour limitations on fireworks usage, but not imprisonment.

## **Assumptions**

**Expenditures.** The DPS estimates 2.0 FTE positions (a fire inspector and a budget analyst) will be needed to implement [SF 2311](#) for the entire state. Salaries and support are estimated to be \$164,000 for FY 2017 and \$141,000 for FY 2018 and subsequent years. Support costs include two computers, a vehicle, fuel, a gun, travel, and miscellaneous.

With an opt-in system, it is assumed there will be a longer phase-in period, and the costs to implement the bill will take longer to be realized. At this time, it is not possible to estimate how many counties and cities will choose to opt in and pass resolutions to legalize fireworks.

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

- Taxable sales of consumer fireworks for the states of Indiana and Maine in calendar year (CY) 2014 were adjusted (by the Department of Revenue and Finance) to estimate a per-capita sale of fireworks amount for Iowa. This resulted in an initial fireworks sales revenue estimate of \$19.4 million for Iowa. For comparison purposes:
  - Missouri reported \$36.0 million in taxable sales of fireworks for FY 2014. At the 4.225% sales tax rate in Missouri, this is \$1.5 million in sales tax revenue. If the Missouri sales tax rate was equal to the Iowa sales tax rate (6.0%), the Missouri fireworks sales would have generated \$2.2 million in sales tax revenue.
  - Michigan reported \$31.1 million in taxable sales of fireworks in FY 2014. The Michigan tax rate is 6.0%, and this yielded \$2.1 million in sales tax revenue.
- Growth in sales tax revenue as estimated at the December 2015 meeting of the Revenue Estimating Conference (REC) was used to estimate future growth in fireworks sales for FY 2016 (3.1%) and FY2017 (2.7%). FY 2018 through FY 2020 sales tax growth is estimated at 2.5% per year.
- The sales tax rate is 6.0%, and the effective local option sales tax (LOST) rate is 0.87%.

## **Fiscal Impact**

**Expenditures.** To recoup the full \$164,000 of estimated costs for the State Fire Marshal Division to administer the bill, will require sale and collection of approximately 205 retail licenses (at \$800 each), or 410 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 in Iowa will apply for licenses. It is assumed that the majority of licenses issued will be for retailers. Additionally, it will take a longer period of time for businesses to apply for licenses as counties and cities will need to opt in before license applications are submitted and licenses issued.

**Revenue.** Sales tax revenue deposits to the General Fund are estimated to range from zero, assuming no counties opt in for legalization, to \$1.2 million for FY 2017 if all 99 counties and all cities within Iowa were to opt in. Outlying years are adjusted for the December 2015 REC sales tax growth estimate. The LOST revenue is estimated to be \$162,000 in FY 2017 and \$167,000 in FY 2018 with full implementation across the state.

<b>Conviction Offense Class</b>	White	Black	Other
Serious Misdemeanor	100.0%	0.0%	0.0%
Aggravated Misdemeanor	71.4%	21.4%	7.1%
Total Convictions	73.3%	20.0%	6.7%

Refer to the Legislative Services Agency (LSA) [Minority Impact Statements Memo](#) dated January 26, 2016, for information related to minorities in the criminal justice system.

### **Assumptions**

- Conviction and sentencing patterns will not change, for an average of four convictions a year. While the conviction rate may increase with an expansion of the controlled substances list, past experience shows that drug manufacturers will stop making those synthetic drugs whose formulas have been made illegal and develop new formulas to avoid the law.
- The impact on minorities will remain consistent with current data.
- The average state cost for one Class C felony conviction ranges from \$7,800 to \$18,400. The average state cost for one Class B felony conviction ranges from \$9,600 to \$34,800. The LSA [Correctional Impact Statements Memo](#) dated February 18, 2016, contains additional information.

### **Summary of Impacts**

**Minority Impact:** To the extent convictions occur under the provisions of the bill, there will be a minority impact, specifically on Blacks. Blacks represent approximately 3.3% of the Iowa population, but represent approximately 20.0% of the convictions impacted under this bill.

**Correctional Impact:** The correctional impact is expected to be minimal due to the low number of convictions under current law.

**Fiscal Impact:** The additional cost for enforcement and regulation by law enforcement agencies at the state and local level is expected to be minimal. The current maximum fiscal impact to the state of Iowa is estimated to be \$139,200 per year (average of four convictions at the maximum Class B felony conviction cost of \$34,800). This bill may increase the conviction rate, but that is not possible to estimate at this time.

### **Sources**

Office of National Drug Control Policy  
 Department of Public Safety  
 State Court Administrator's Office  
 Criminal Justice and Juvenile Planning Board

/s/ Holly M. Lyons

February 23, 2016

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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 2147** – IPERS Protection Occupation (LSB5659SV)

Analyst: Jennifer Acton (Phone: (515-281-7846) ([jennifer.acton@legis.iowa.gov](mailto:jennifer.acton@legis.iowa.gov)))

Fiscal Note Version – New

**Description**

**Senate File 2147** requires persons employed as a peace officer at a Board of Regents institution or in an enforcement and security role at the Civil Commitment Unit for Sex Offenders (CUSCO) under the purview of the Department of Human Services (DHS) to be included in the Protection Occupation category of the Iowa Public Employees’ Retirement System (IPERS).

**Background**

- Public safety officers employed by the Board of Regents are certified by the Iowa Law Enforcement Academy (ILEA). Currently, at the time of hire, a public safety officer chooses to participate in either the Teacher’s Insurance Annuity Association-College Retirement Equity Fund (TIAA-CREF) (a defined contribution retirement program) or in IPERS (a defined benefit retirement program). The following table shows the current participation of public safety officers in retirement programs.

	<u>TIAA-CREF</u>	<u>IPERS</u>
University of Iowa	30	5
Iowa State University	29	8
University of Northern Iowa	11	7

- The following table shows the rate differences between TIAA-CREF and IPERS.

	<u>TIAA-CREF</u>	<u>IPERS</u>
<b>Employee Contribution</b>	<b>Year 1-5:</b> 3.33% of first \$4,800 of budgeted salary <b>Year 6+:</b> 5.00% of budgeted salary	<b>Year 1:</b> 5.95% of budgeted salary <b>Each July 1:</b> IPERS may adjust the rate up or down by no more than 1.0%.
<b>Employer Contribution</b>	<b>Year 1-5:</b> 6.66% of first \$4,800 of budgeted salary and 10.00% of budgeted salary over \$4,800 <b>Year 6+:</b> 10.00% of budgeted salary	<b>Year 1:</b> 8.93% of budgeted salary <b>Each July 1:</b> IPERS may adjust the rate up or down by no more than 1.0%.

- The aggregate funded ratio for IPERS is 83.7%. The funded ratio is 82.7% for Regular membership and 101.3% for Protection Occupation.
- The unfunded actuarial liability is \$5,448.7 million for Regular membership. The Protection Occupation has no unfunded liability and the balance is a positive \$17.4 million.
- As of June 30, 2015, there were 158,809 active members in Regular membership and 7,007 active members in Protection Occupation.

- In March 2014, IPERS completed a cost study using the June 30, 2013, valuation to estimate the potential cost to move 73 positions within the DHS from Regular membership to Protection Occupation. At that time, the inclusion of the DHS employees in Protection Occupation would have increased the Protection Occupation normal cost by 0.02 percentage points.
- As of June 30, 2015, the normal cost rate was 10.22% for Regular membership and 16.01% for Protection Occupation.
- The Benefits Advisory Committee (BAC) Board met April 28, 2014, to approve the DHS CCUSO Unit employees.
- The BAC Board met on February 22, 2016, to approve the Board of Regents security officers request to be included in the Protection Occupation category.

**Assumptions**

- The IPERS contribution rates for Protection Occupation members and employers are higher than for Regular members and employers. (The FY 2017 total required contribution rate is 14.88% for Regular membership compared to 16.40% for Protection Occupation.)
- Assumes Psychiatric Security Specialists, Treatment Program Supervisors, and Licensed Practical Nurses will be approved jointly by the DHS and the Department of Administrative Services (DAS) as approved job classifications eligible for Protection Occupation. This will impact approximately 83.0 FTE positions.
- The increase for moving from Regular membership to Protection Occupation is applied 60.0% to the employer and 40.0% to the employee.

**Fiscal Impact**

The fiscal impact to the State General Fund is expected to be minimal. Both the DHS and the Board of Regents operate with a mix of funds including State General Fund appropriations, federal funds, and other funds. The employee contribution to IPERS will increase from 5.95% of covered payroll to 6.56%, a difference of 0.61%. The employer share will increase from 8.93% of covered payroll to 9.84%, a difference of 0.91%. For the Board of Regents institutions, this will impact approximately 20 people and for the DHS, it will impact approximately 83 people. The following table shows the increased cost to the employer and the employees for the DHS CCUSO Unit workers:

<b>Department of Human Services Employer and Employee Increased Costs</b>			
	<b>Employer</b>	<b>Employee</b>	<b>Total FTEs</b>
<b>Psychiatric Security Specialists</b>	\$ 32,103	\$ 21,520	70
<b>Treatment Program Supervisors</b>	3,181	2,132	6
<b>Licensed Practical Nurses</b>	3,448	2,311	7
	<u>\$ 38,732</u>	<u>\$ 25,963</u>	<u>83</u>

The following table shows the increased cost to the employer and the employees for the Regents' peace officers that are currently in IPERS Regular membership:

	<b>Employer</b>	<b>Employee</b>	<b>Total FTEs</b>
<b>University of Iowa</b>	\$ 2,427	\$ 1,618	5
<b>Iowa State University</b>	3,451	2,301	8
<b>University of Northern Iowa</b>	3,739	2,492	7
	<u>\$ 9,617</u>	<u>\$ 6,411</u>	<u>20</u>

**Sources**

Iowa Public Employees' Retirement System (IPERS)  
Board of Regents  
Department of Human Services (DHS)

\_\_\_\_\_  
/s/ Holly M. Lyons

February 23, 2016

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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 2223** – Biofuel Tax Incentives (LSB5598SV)  
Analyst: Jeff Robinson (Phone: (515-281-4614) ([jeff.robinson@legis.iowa.gov](mailto:jeff.robinson@legis.iowa.gov))  
Fiscal Note Version – New

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**Description**

**SF 2223** relates to biofuel (ethanol and biodiesel) tax incentives.

- Extends the production payment currently available for biodiesel manufacturers located in Iowa. The payment is equal to \$0.02 per gallon produced, up to a total of 25.0 million annual gallons for each manufacturing facility. The payment, set to expire January 1, 2018, is extended seven years to January 1, 2025.
- Extends the E-15 Plus Gasoline Promotion Tax Credit expiration date seven years from the current January 1, 2018, date to January 1, 2025.
- Extends the E-85 Gasoline Promotion Tax Credit expiration date seven years from the current January 1, 2018, date to January 1, 2025.
- Extends the Biodiesel Blended Fuel Tax Credit expiration date seven years from the current January 1, 2018, date to January 1, 2025.
- Increases the Biodiesel Blended Fuel Tax Credit for biodiesel blends of B-11 or greater (currently \$0.045 per blended gallon) to \$0.07 per blended gallon. This change is retroactive to January 1, 2016. Biodiesel blends of B-5 through B-10 will continue to receive a tax credit equal to \$0.045 per blended gallon.

**Background**

The E-15, E-85, and Biodiesel Blended Fuel Tax credits are funded through the individual and corporate income tax process. The tax credits are refundable. As refundable credits they do not impact the calculation of the local option income surtax for schools. The biodiesel production payment is funded through a sales tax refund process that is also refundable.

Iowa taxes diesel fuel that contains 10.0% biodiesel (B-10) or less at \$0.325 per gallon. Iowa taxes diesel fuel with biodiesel content greater than 10.0% at a rate \$0.03 per gallon lower, or \$0.295 per gallon.

Iowa taxes gasoline that does not contain at least 9.0% ethanol (E-9) at \$0.308 per gallon. Iowa taxes gasoline that does contain ethanol at a rate \$0.015 per gallon lower, or \$0.293 per gallon.

Revenue raised by the state tax on gasoline and diesel fuel is deposited in the Road Use Tax Fund.

**Assumptions**

All gasoline and diesel fuel gallon projections were provided by the Department of Revenue and are based on:

- Historical tax credit usage and redemption patterns
- The 2014 Iowa Retailers' Fuel Gallons Annual Report
- Fuel demand forecasts from the U.S. Energy Information Administration

For the projection, extension of the two ethanol tax credits is not assumed to impact the percentage of gallons sold in Iowa that are blended with ethanol. Therefore, the ethanol tax credit extensions are not projected to have an impact on the Road Use Tax Fund.

Increasing the tax credit available for biodiesel blends in excess of B-10 is projected to increase the number of diesel gallons sold at the lower tax rate and decrease the number of gallons sold at the higher tax rate. The Department of Revenue projects that the higher tax credit incentives available for diesel blends in excess of B-10 will result in 113.0 million diesel gallons shifting from B-10 or lower gallons to gallons that are blends higher than B-10. Of those 113.0 million annual gallons, 87.0 million (77.0%) are expected to be gallons subject to the state diesel fuel tax. At a tax rate differential of \$0.03 per gallon, the shift to blends higher than B-10 will decrease Road Use Tax Fund fuel tax revenue by \$2.6 million per calendar year through the end of calendar year 2024.

**Fiscal Impact**

This bill has four separate General Fund fiscal impacts. All four impacts are projected to reduce net General Fund revenue through the redemption of refundable tax credits.

- Extension of the biodiesel production payment
- Extension of the E-15 Plus Gasoline Tax Credit
- Extension of the E-85 Gasoline Promotion Tax Credit
- Extension and increase of the Biodiesel Blended Fuel Tax Credit

The projected reduction in net General Fund revenue for each provision, as well as the summed total, is presented in the following table.

<b>Projected Reduction in General Fund Revenue</b>					
In millions					
	Biodiesel Production Payment	E-15	E-85	Biodiesel Blended Fuel Tax Credit	Total Impact
FY 2016	\$ 0.0	\$ 0.0	\$ 0.0	\$ 1.0	\$ 1.0
FY 2017	0.0	0.0	0.0	5.3	5.3
FY 2018	0.9	0.1	0.7	9.0	10.7
FY 2019	4.0	0.5	3.0	23.5	31.0
FY 2020	4.1	0.6	3.4	24.2	32.3
FY 2021	4.1	0.7	3.6	24.4	32.8
FY 2022	4.2	0.7	3.9	24.5	33.3
FY 2023	4.2	0.8	4.2	24.7	33.9
FY 2024	4.3	0.9	4.5	24.9	34.6
FY 2025	3.2	0.8	3.7	20.3	28.0
FY 2026	0.0	0.1	0.3	0.4	0.8
	<u>\$ 29.0</u>	<u>\$ 5.2</u>	<u>\$ 27.3</u>	<u>\$ 182.2</u>	<u>\$ 243.7</u>

The bill also impacts the Road Use Tax Fund. The increased incentive available for biodiesel blended fuel in excess of B-10 is projected to reduce diesel fuel sales subject to the \$0.325 per gallon tax rate and increase sales subject to the \$0.295 tax rate. This projected shift will result in lower revenue from the tax on diesel fuel. The projected impact is a projected reduction in Road Use Tax Fund revenue of \$2.6 million per calendar year. By fiscal year, the projected reduction equals:

- FY 2016 – \$650,000
- FY 2017 through FY 2024 – \$2.6 million per year
- FY 2025 – \$1.3 million

**Sources**

Iowa Department of Revenue  
2014 Iowa Retailers' Fuel Gallons Annual Report  
U.S. Energy Information Administration

/s/ Holly M. Lyons

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February 23, 2016

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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 2281** – Public Entity Investments, Israel Boycotting Prohibition (LSB5462SV)  
Analyst: David Reynolds (Phone: 515-281-6934) ([dave.reynolds@legis.iowa.gov](mailto:dave.reynolds@legis.iowa.gov))  
Fiscal Note Version – New

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**Description**

**Senate File 2281** prohibits certain entities defined by the bill as public funds from directly investing in companies that are engaged in a boycott of Israel. The entities include: the Treasurer of State, Board of Regents, Iowa Public Employees' Retirement System (IPERS), the Municipal Fire and Police Retirement System, the Peace Officer Retirement Fund, and the Judicial Retirement System. The public funds are not prohibited from investing in indirect holdings (i.e., mutual funds, etc.) that include scrutinized companies, but are encouraged to replace such investments with investments that do not include scrutinized companies.

The bill also prohibits a public entity from entering into a contract of \$1,000 or more with a scrutinized company. The bill requires each public fund to file an annual report by October 1 with the General Assembly, and make the report available to the public. The report is to include a list of identified scrutinized companies, a summary of written notices sent, and all investments sold, redeemed, divested, or withdrawn during the prior fiscal year.

**Background**

**SF 2281**, as well as similar legislation in other states, is intended to counter efforts of the Boycott, Divestment, and Sanctions (BDS) Movement. The purpose of the BDS Movement is to encourage countries, government entities, and companies to boycott goods manufactured in Israel and by Israeli companies and divest from financial holdings in Israel and Israeli companies. Legislation similar to **SF 2281** has been enacted in South Carolina and Illinois. Similar legislation is currently pending in seven other states.

**Fiscal Impact**

**Senate File 2281** will not have a fiscal impact on the State General Fund. However, the fiscal impact resulting from future investment activity on the pension funds cannot be determined due to lack of information as to particular companies that may be covered by the legislation.

The cost associated with purchasing research services associated with identifying information on scrutinized companies is estimated to range from \$3,000 to \$10,000 annually. It is assumed that the entities impacted by the requirements of the bill will coordinate for the purchase of these research services to eliminate duplication.

**Sources**

Iowa Treasurer of State  
Iowa Public Employees' Retirement System (IPERS)  
Board of Regents  
Municipal Fire and Police Retirement System of Iowa

/s/ Holly M. Lyons

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February 23, 2016

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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 LSA upon request.

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**SJR 2007** – Educational Examiners Board Fees, Nullification Resolution (LSB5995SV)  
Analyst: Tim Crellin (Phone: (515-725-1286) ([timothy.crellin@legis.iowa.gov](mailto:timothy.crellin@legis.iowa.gov))  
Fiscal Note Version – New

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**Description**

**Senate Joint Resolution 2007** nullifies **ARC 2229C**, the administrative rule increasing all Board of Educational Examiners licensing fees by \$4.

**Background**

In December 2015, the Board of Educational Examiners presented ARC 2229C to the Administrative Rules Review Committee (ARRC). The rule provides for a \$4 increase for all licensing fees charged by the Board. The Board is responsible for processing applications from all prospective candidates for educational licensure in Iowa. During the December meeting, the ARRC approved a session delay on the rule. Barring legislative action, ARC 2229C will become effective upon adjournment of the 2016 Legislative Session.

**Assumptions**

- The revenue growth rate for the Board will be 0.85% annually. The rate is based on the Board's annual revenue growth rate during the period of FY 2011 through FY 2015.
- The Board will conduct 31,000 licensing transactions per year in FY 2017 and FY 2018.
- The Board will not increase licensing fees during the period of FY 2017 through FY 2018.

**Fiscal Impact**

The nullification of **ARC 2229C** is estimated to decrease State General Fund revenue by \$31,000 per year in FY 2017 and FY 2018, and decrease Board revenue by \$92,000 in FY 2017 and \$93,000 in FY 2018.

**Sources**

Board of Educational Examiners  
LSA Analysis

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/s/ Holly M. Lyons

February 23, 2016

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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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