

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

MARCH 15, 2016

HOUSE FILE 493

S-5085

1 Amend House File 493, as amended, passed, and
2 reprinted by the House, as follows:

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

5 <Section 1. Section 331.304, Code 2016, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 11. A county shall not adopt or
8 enforce any ordinance or regulation in violation of
9 section 562A.27B or 562B.25B.

10 Sec. 2. Section 364.3, Code 2016, is amended by
11 adding the following new subsection:

12 NEW SUBSECTION. 11. A city shall not adopt or
13 enforce any ordinance or regulation in violation of
14 section 562A.27B or 562B.25B.

15 Sec. 3. NEW SECTION. 562A.27B Right to summon
16 emergency assistance — waiver of rights.

17 1. a. A landlord shall not prohibit or limit a
18 resident's or tenant's rights to summon law enforcement
19 assistance or other emergency assistance by or on
20 behalf of a victim of abuse, a victim of a crime, or an
21 individual in an emergency.

22 b. A landlord shall not impose monetary or other
23 penalties on a resident or tenant who exercises the
24 resident's or tenant's right to summon law enforcement
25 assistance or other emergency assistance.

26 c. Penalties prohibited by this subsection include
27 all of the following:

28 (1) The actual or threatened assessment of
29 penalties, fines, or fees.

30 (2) The actual or threatened eviction, or causing
31 the actual or threatened eviction, from the premises.

32 d. Any waiver of the provisions of this
33 subsection is contrary to public policy and is void,
34 unenforceable, and of no force or effect.

35 e. This subsection shall not be construed to

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1 prohibit a landlord from recovering from a resident
2 or tenant an amount equal to the costs incurred to
3 repair property damage if the damage is caused by law
4 enforcement or other emergency personnel summoned by
5 the resident or tenant.

6 f. This section does not prohibit a landlord from
7 terminating, evicting, or refusing to renew a tenancy
8 or rental agreement when such action is premised upon
9 grounds other than the resident's or tenant's exercise
10 of the right to summon law enforcement assistance or
11 other emergency assistance by or on behalf of a victim
12 of abuse, a victim of a crime, or an individual in an
13 emergency.

14 2. a. An ordinance, rule, or regulation of a
15 city, county, or other governmental entity shall not
16 authorize imposition of a penalty against a resident,
17 owner, tenant, or landlord because the resident, owner,
18 tenant, or landlord was a victim of abuse or crime.

19 b. An ordinance, rule, or regulation of a city,
20 county, or other governmental entity shall not
21 authorize imposition of a penalty against a resident,
22 owner, tenant, or landlord because the resident, owner,
23 tenant, or landlord sought law enforcement assistance
24 or other emergency assistance for a victim of abuse, a
25 victim of a crime, or an individual in an emergency, if
26 either of the following is established:

27 (1) The resident, owner, tenant, or landlord
28 seeking assistance had a reasonable belief that the
29 emergency assistance was necessary to prevent the
30 perpetration or escalation of the abuse, crime, or
31 emergency.

32 (2) In the event of abuse, crime, or other
33 emergency, the emergency assistance was actually
34 needed.

35 c. Penalties prohibited by this subsection include

1 all of the following:

2 (1) The actual or threatened assessment of
3 penalties, fines, or fees.

4 (2) The actual or threatened eviction, or causing
5 the actual or threatened eviction, from the premises.

6 (3) The actual or threatened revocation,
7 suspension, or nonrenewal of a rental certificate,
8 license, or permit.

9 d. This subsection does not prohibit a city,
10 county, or other governmental entity from enforcing any
11 ordinance, rule, or regulation premised upon grounds
12 other than a request for law enforcement assistance
13 or other emergency assistance by a resident, owner,
14 tenant, or landlord, or the fact that the resident,
15 owner, tenant, or landlord was a victim of crime or
16 abuse.

17 e. This subsection does not prohibit a city,
18 county, or other governmental entity from collecting
19 penalties, fines, or fees for services provided which
20 are necessitated by the cleanup of hazardous materials,
21 the cleanup of vandalism, for a response to a false
22 alarm call, or which are incurred by the provision of
23 emergency medical services.

24 3. In addition to other remedies provided by law,
25 if an owner or landlord violates the provisions of this
26 section, a resident or tenant is entitled to recover
27 from the owner or landlord any of the following:

28 a. A civil penalty in an amount equal to one
29 month's rent.

30 b. Actual damages.

31 c. Reasonable attorney fees the tenant or resident
32 incurs in seeking enforcement of this section.

33 d. Court costs.

34 e. Injunctive relief.

35 4. In addition to other remedies provided by

1 law, if a city, county, or other governmental entity
2 violates the provisions of this section, a resident,
3 owner, tenant, or landlord is entitled to recover from
4 the city, county, or other governmental entity any of
5 the following:

6 a. An order requiring the city, county, or other
7 governmental entity to cease and desist the unlawful
8 practice.

9 b. Other equitable relief, including reinstatement
10 of a rental certificate, license, or permit, as the
11 court may deem appropriate.

12 c. Actual damages.

13 d. Reasonable attorney fees the resident, owner,
14 tenant, or landlord incurs in seeking enforcement of
15 this section.

16 e. Court costs.

17 5. For purposes of this section, "resident" means
18 a member of a tenant's family and any other person
19 occupying the dwelling unit with the consent of the
20 tenant.

21 Sec. 4. NEW SECTION. 562B.25B Right to summon
22 emergency assistance — waiver of rights.

23 1. a. A landlord shall not prohibit or limit a
24 resident's or tenant's rights to summon law enforcement
25 assistance or other emergency assistance by or on
26 behalf of a victim of abuse, a victim of a crime, or an
27 individual in an emergency.

28 b. A landlord shall not impose monetary or other
29 penalties on a resident or tenant who exercises the
30 resident's or tenant's right to summon law enforcement
31 assistance or other emergency assistance.

32 c. Penalties prohibited by this subsection include
33 all of the following:

34 (1) The actual or threatened assessment of
35 penalties, fines, or fees.

1 (2) The actual or threatened eviction, or causing
2 the actual or threatened eviction, from the premises.

3 d. Any waiver of the provisions of this
4 subsection is contrary to public policy and is void,
5 unenforceable, and of no force or effect.

6 e. This subsection shall not be construed to
7 prohibit a landlord from recovering from a resident
8 or tenant an amount equal to the costs incurred to
9 repair property damage if the damage is caused by law
10 enforcement or other emergency personnel summoned by
11 the resident or tenant.

12 f. This section does not prohibit a landlord from
13 terminating, evicting, or refusing to renew a tenancy
14 or rental agreement when such action is premised upon
15 grounds other than the resident's or tenant's exercise
16 of the right to summon law enforcement assistance or
17 other emergency assistance by or on behalf of a victim
18 of abuse, a victim of a crime, or an individual in an
19 emergency.

20 2. a. An ordinance, rule, or regulation of a
21 city, county, or other governmental entity shall not
22 authorize imposition of a penalty against a resident,
23 owner, tenant, or landlord because the resident, owner,
24 tenant, or landlord was a victim of abuse or crime.

25 b. An ordinance, rule, or regulation of a city,
26 county, or other governmental entity shall not
27 authorize imposition of a penalty against a resident,
28 owner, tenant, or landlord because the resident, owner,
29 tenant, or landlord sought law enforcement assistance
30 or other emergency assistance for a victim of abuse, a
31 victim of a crime, or an individual in an emergency, if
32 either of the following is established:

33 (1) The resident, owner, tenant, or landlord
34 seeking assistance had a reasonable belief that the
35 emergency assistance was necessary to prevent the

1 perpetration or escalation of the abuse, crime, or
2 emergency.

3 (2) In the event of abuse, crime, or other
4 emergency, the emergency assistance was actually
5 needed.

6 c. Penalties prohibited by this subsection include
7 all of the following:

8 (1) The actual or threatened assessment of
9 penalties, fines, or fees.

10 (2) The actual or threatened eviction, or causing
11 the actual or threatened eviction, from the premises.

12 (3) The actual or threatened revocation,
13 suspension, or nonrenewal of a rental certificate,
14 license, or permit.

15 d. This subsection does not prohibit a city,
16 county, or other governmental entity from enforcing any
17 ordinance, rule, or regulation premised upon grounds
18 other than a request for law enforcement assistance
19 or other emergency assistance by a resident, owner,
20 tenant, or landlord, or the fact that the resident,
21 owner, tenant, or landlord was a victim of crime or
22 abuse.

23 e. This subsection does not prohibit a city,
24 county, or other governmental entity from collecting
25 penalties, fines, or fees for services provided which
26 are necessitated by the cleanup of hazardous materials,
27 the cleanup of vandalism, for a response to a false
28 alarm call, or which are incurred by the provision of
29 emergency medical services.

30 3. In addition to other remedies provided by law,
31 if an owner or landlord violates the provisions of this
32 section, a resident or tenant is entitled to recover
33 from the owner or landlord any of the following:

34 a. A civil penalty in an amount equal to one
35 month's rent.

- 1 b. Actual damages.
- 2 c. Reasonable attorney fees the tenant or resident
- 3 incurs in seeking enforcement of this section.
- 4 d. Court costs.
- 5 e. Injunctive relief.
- 6 4. In addition to other remedies provided by
- 7 law, if a city, county, or other governmental entity
- 8 violates the provisions of this section, a resident,
- 9 owner, tenant, or landlord is entitled to recover from
- 10 the city, county, or other governmental entity any of
- 11 the following:
- 12 a. An order requiring the city, county, or other
- 13 governmental entity to cease and desist the unlawful
- 14 practice.
- 15 b. Other equitable relief, including reinstatement
- 16 of a rental certificate, license, or permit, as the
- 17 court may deem appropriate.
- 18 c. Actual damages.
- 19 d. Reasonable attorney fees the resident, owner,
- 20 tenant, or landlord incurs in seeking enforcement of
- 21 this section.
- 22 e. Court costs.
- 23 5. For purposes of this section, "resident" means
- 24 a member of a tenant's family and any other person
- 25 occupying the dwelling unit with the consent of the
- 26 tenant.>

COMMITTEE ON JUDICIARY
STEVEN J. SODDERS, CHAIRPERSON

HOUSE FILE 2064

S-5082

1 Amend House File 2064, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 2, line 1, after <record> by inserting <, a
4 validated risk assessment,>
5 2. Page 2, by striking lines 4 through 27 and
6 inserting:
7 <3. a. A person serving a sentence for a
8 conviction of robbery in the second degree in violation
9 of section 711.3 for a conviction that occurs on
10 or after July 1, 2016, shall be denied parole or
11 work release until the person has served between
12 three-tenths and seven-tenths of the maximum term of
13 the person's sentence as provided under paragraph "b".
14 b. The sentencing court shall determine when
15 the person shall become eligible for consideration
16 of parole or work release within the parameters
17 specified under paragraph "a", based upon all pertinent
18 information including the person's criminal record, a
19 validated risk assessment, and the negative impact the
20 offense has had on the victim or other persons.>
21 3. Title page, by striking line 1 and inserting <An
22 Act relating to denial of parole and work release for
23 offenders who commit the criminal offense of robbery in
24 the second degree or child endangerment>

COMMITTEE ON JUDICIARY
STEVEN J. SODDERS, CHAIRPERSON

S-5082 FILED MARCH 14, 2016

HOUSE FILE 2064

S-5086

1 Amend the amendment, S-5082, to House File 2064,
2 as amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 1, after line 2 by inserting:
5 <1. Page 1, by striking line 19 and inserting
6 <section 711.2 or 711.3.>>
7 2. Page 1, by striking lines 5 through 24 and
8 inserting:
9 <____. Page 2, by striking lines 4 through 27 and
10 inserting:
11 <Sec. _____. Section 802.2B, Code 2016, is amended by
12 adding the following new subsection:
13 NEW SUBSECTION. 5A. Child endangerment in
14 violation of section 726.6.>
15 _____. Title page, line 2, after <minor> by inserting
16 <and limitations on criminal actions for child
17 endangerment>>
18 3. By renumbering as necessary.

By KEVIN KINNEY

S-5086 FILED MARCH 14, 2016

HOUSE FILE 2314

S-5083

1 Amend House File 2314, as passed by the House, as
2 follows:
3 1. By striking everything after the enacting clause
4 and inserting:

5 <DIVISION I

6 VERIFICATION, TRAINING, AND APPEALS

7 Section 1. Section 724.4, subsection 4, paragraph
8 i, Code 2016, is amended to read as follows:

9 i. (1) A person who has in the person's immediate
10 possession and who displays to a peace officer on
11 demand a valid permit to carry weapons which has been
12 issued to the person, and whose conduct is within the
13 limits of that permit. A peace officer shall verify
14 through electronic means, if possible, the validity of
15 the person's permit to carry weapons.

16 (2) A person commits a simple misdemeanor
17 punishable as a scheduled violation pursuant to section
18 805.8C, subsection 11, if the person does not have in
19 the person's immediate possession a valid permit to
20 carry weapons which has been issued to the person.

21 (3) Except as provided in subparagraph (2), a
22 person shall not be convicted of a violation of this
23 section if the person produces at the person's trial a
24 permit to carry weapons which was valid at the time of
25 the alleged offense and which would have brought the
26 person's conduct within this exception if the permit
27 had been produced at the time of the alleged offense.

28 Sec. 2. Section 724.5, Code 2016, is amended to
29 read as follows:

30 724.5 Duty to carry or verify permit to carry
31 weapons.

32 1. A person armed with a revolver, pistol, or
33 pocket billy concealed upon the person shall have in
34 the person's immediate possession the permit provided
35 for in section 724.4, subsection 4, paragraph "i", and

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1 shall produce the permit for inspection at the request
2 of a peace officer.

3 2. A peace officer shall verify through electronic
4 means, if possible, the validity of the person's permit
5 to carry weapons.

6 3. Failure to so produce a permit is a simple
7 misdemeanor, punishable as a scheduled violation
8 pursuant to section 805.8C, subsection 12.

9 Sec. 3. Section 724.9, Code 2016, is amended to
10 read as follows:

11 724.9 Firearm training program.

12 1. An applicant for an initial permit to carry
13 weapons shall demonstrate knowledge of firearm safety
14 by any of the following means:

15 a. Completion of any national rifle association
16 handgun safety training course that includes
17 qualification on a firing range.

18 b. Completion of any handgun safety training course
19 that includes qualification on a firing range available
20 to the general public offered by a law enforcement
21 agency, community college, college, private or public
22 institution or organization, or firearms training
23 school, utilizing instructors certified by the national
24 rifle association or the department of public safety
25 or another state's department of public safety, state
26 police department, or similar certifying body.

27 c. Completion of any handgun safety training course
28 that includes qualification on a firing range offered
29 for security guards, investigators, special deputies,
30 or any division or subdivision of a law enforcement or
31 security enforcement agency approved by the department
32 of public safety.

33 d. Completion of small arms training while serving
34 with the armed forces of the United States ~~as evidenced~~
35 ~~by any of the following:~~

1 ~~(1) For personnel released or retired from active~~
2 ~~duty, possession of an honorable discharge or general~~
3 ~~discharge under honorable conditions.~~

4 ~~(2) For personnel on active duty or serving in~~
5 ~~one of the national guard or reserve components of~~
6 ~~the armed forces of the United States, possession of~~
7 ~~a certificate of completion of basic training with a~~
8 ~~service record of successful completion of small arms~~
9 ~~training and qualification.~~

10 e. Completion of a law enforcement agency firearms
11 training course that qualifies a peace officer to carry
12 a firearm in the normal course of the peace officer's
13 duties.

14 2. a. (1) Beginning with the first renewal of
15 a permit issued after the calendar year 2010, and
16 alternating renewals thereafter, training is not
17 required.

18 (2) If an applicant applies beyond the time
19 period specified for a renewal in section 724.11, the
20 applicant shall be required to complete training as
21 specified in subsection 1.

22 b. (1) Beginning with the second renewal of
23 a permit issued after the calendar year 2010, and
24 alternating renewals thereafter, an applicant is
25 required to complete a handgun safety training course
26 available to the general public offered by a law
27 enforcement agency, community college, college, private
28 or public institution or organization, or firearms
29 training school, utilizing instructors certified by the
30 national rifle association or the department of public
31 safety or another state's department of public safety,
32 state police department, or similar certifying body.
33 The handgun safety training course may be conducted
34 over the internet in a live or web-based format, if
35 completion of the course is verified by the instructor

1 or provider of the course.

2 (2) If an applicant applies beyond the time
3 period specified for a renewal in section 724.11, the
4 applicant shall be required to complete training as
5 specified in subsection 1.

6 ~~2- 3. Evidence~~ If training is required under
7 this section, evidence of ~~qualification under this~~
8 ~~section~~ such training may be documented by any of the
9 following:

10 a. A photocopy of a certificate of completion or
11 any similar document indicating completion of any
12 course or class identified in subsection 1 that was
13 completed within twenty-four months prior to the date
14 of the application.

15 b. An affidavit from the instructor, school,
16 organization, or group that conducted or taught a
17 course or class identified in subsection 1 that was
18 completed within twenty-four months prior to the date
19 of the application attesting to the completion of the
20 course or class by the applicant.

21 ~~e. A copy of any document indicating participation~~
22 ~~in any firearms shooting competition.~~

23 c. Possession of an honorable discharge or general
24 discharge under honorable conditions issued any time
25 prior to the date of the application for personnel
26 released or retired from active duty in the armed
27 forces of the United States.

28 d. Possession of a certificate of completion of
29 basic training with a service record of successful
30 completion of small arms training issued prior
31 to the date of the application, or other official
32 documentation satisfactory to the issuing officer
33 that was issued prior to the date of the application
34 for personnel on active duty or serving in one of
35 the national guard or reserve components of the armed

1 forces of the United States.

2 e. The training for a renewal under this subsection
3 must occur within a twenty-four-month period prior
4 to the expiration of the applicant's current permit,
5 except that the twenty-four-month period limitation for
6 training does not apply to an applicant who is able
7 to demonstrate completion of small arms training as
8 specified in section 724.9, subsection 1, paragraph
9 "d".

10 3. 4. An issuing officer shall not condition the
11 issuance of a permit on training requirements that are
12 not specified in or that exceed the requirements of
13 this section.

14 Sec. 4. Section 724.11, subsections 1 and 3, Code
15 2016, are amended to read as follows:

16 1. Applications for permits to carry weapons
17 shall be made to the sheriff of the county in which
18 the applicant resides. Applications for professional
19 permits to carry weapons for persons who are
20 nonresidents of the state, or whose need to go armed
21 arises out of employment by the state, shall be made
22 to the commissioner of public safety. In either case,
23 the sheriff or commissioner, before issuing the permit,
24 shall determine that the requirements of sections
25 724.6 to 724.10 have been satisfied. ~~However, for~~
26 ~~renewal of a permit the training program requirements~~
27 ~~in section 724.9, subsection 1, shall apply or the~~
28 ~~renewal applicant may choose to qualify on a firing~~
29 ~~range under the supervision of an instructor certified~~
30 ~~by the national rifle association or the department of~~
31 ~~public safety or another state's department of public~~
32 ~~safety, state police department, or similar certifying~~
33 ~~body. Such training or qualification must occur within~~
34 ~~the twelve month period prior to the expiration of the~~
35 ~~applicant's current permit.~~

1 3. The issuing officer shall collect a fee of fifty
2 dollars, except from a duly appointed peace officer or
3 correctional officer, for each permit issued. Renewal
4 permits or duplicate permits shall be issued for a
5 fee of twenty-five dollars, provided the application
6 for such renewal permit is received by the issuing
7 officer ~~at least no later than thirty days prior to~~
8 after the expiration of the applicant's current permit.
9 The issuing officer shall notify the commissioner of
10 public safety of the issuance of any permit ~~at least~~
11 monthly as provided in section 724.11B, and forward to
12 the commissioner an amount equal to ten dollars for
13 each permit issued and five dollars for each renewal
14 or duplicate permit issued. All such fees received
15 by the commissioner shall be paid to the treasurer
16 of state and deposited in the operating account of
17 the department of public safety to offset the cost of
18 administering this chapter. Notwithstanding section
19 8.33, any unspent balance as of June 30 of each year
20 shall not revert to the general fund of the state.

21 Sec. 5. NEW SECTION. 724.11B Professional and
22 nonprofessional permit to carry weapons - durable copy.

23 1. Within fourteen days after the sheriff has
24 issued an initial, renewal, or duplicate professional
25 or nonprofessional permit to carry weapons, the sheriff
26 shall transmit the permit holder's information to
27 the department of public safety. Within thirty days
28 of the permit holder's information being transmitted
29 to the department of public safety, the department
30 shall issue a more durable copy of the professional or
31 nonprofessional permit to carry weapons to the permit
32 holder.

33 2. The durable copy of the permit shall have a
34 uniform appearance, size, and content prescribed and
35 published by the commissioner of public safety. The

1 permit shall contain the name of the permit holder
2 and the effective date of the permit, but shall not
3 contain the permit holder's social security number or
4 photograph and shall not contain information about a
5 particular weapon or any ammunition as prescribed by
6 section 724.7, subsection 1.

7 3. a. A durable copy of the permit issued pursuant
8 to this section shall be considered a valid permit.

9 b. The initial, renewal, or duplicate permit issued
10 by the sheriff pursuant to section 724.7, subsection 1,
11 shall not be considered a valid permit more than sixty
12 days after issuance.

13 Sec. 6. NEW SECTION. 724.14 Professional and
14 nonprofessional permit – change of residence to another
15 county.

16 If a permit holder of a professional or
17 nonprofessional permit to carry weapons changes
18 residences from one county to another county after the
19 issuance of the permit, the department of public safety
20 shall by rule specify the procedure to transfer the
21 regulation of the holder's permit to another sheriff
22 for the purposes of issuing a renewal or duplicate
23 permit, or complying with section 724.13.

24 Sec. 7. Section 724.21A, Code 2016, is amended by
25 adding the following new subsection:

26 NEW SUBSECTION. 8. If an applicant appeals the
27 decision by the sheriff or commissioner to deny an
28 application, or suspend or revoke a permit to carry
29 weapons or a permit to acquire, and it is later
30 determined the applicant is eligible to be issued
31 or possess such a permit, the applicant shall be
32 awarded costs related to the administrative proceeding
33 and reasonable attorney fees if applicable. If the
34 decision of the sheriff or commissioner to deny the
35 application, or suspend or revoke the permit is upheld

1 on appeal, the political subdivision of the state
2 representing the sheriff or the commissioner shall be
3 awarded costs related to the administrative proceeding
4 and reasonable attorney fees if applicable.

5 Sec. 8. Section 805.8C, Code 2016, is amended by
6 adding the following new subsections:

7 NEW SUBSECTION. 11. Duty to possess permit to carry
8 weapons. For violations of section 724.4, subsection
9 4, paragraph "i", subparagraph (2), the scheduled fine
10 is ten dollars.

11 NEW SUBSECTION. 12. Failure to produce permit to
12 carry. For violations of section 724.5, the scheduled
13 fine is ten dollars.

14 DIVISION II
15 CONFIDENTIALITY

16 Sec. 9. Section 724.23, Code 2016, is amended to
17 read as follows:

18 724.23 Records kept by commissioner and issuing
19 officers.

20 1. The commissioner of public safety shall maintain
21 a permanent record of all valid permits to carry
22 weapons and of current permit revocations.

23 2. a. Notwithstanding any other law or rule to
24 the contrary, the commissioner of public safety and
25 any issuing officer shall keep confidential personally
26 identifiable information of applicants and holders
27 of professional and nonprofessional permits to carry
28 weapons and permits to acquire pistols or revolvers,
29 including but not limited to the name, social security
30 number, date of birth, residential or business address,
31 and driver's license or other identification number of
32 the applicant or permit holder.

33 b. This subsection shall not prohibit the release
34 of statistical information relating to the issuance,
35 denial, revocation, or administration of professional

1 and nonprofessional permits to carry weapons and
2 permits to acquire pistols or revolvers, provided that
3 the release of such information does not reveal the
4 identity of any applicant or individual permit holder.

5 c. This subsection shall not prohibit the release
6 of information to any law enforcement agency or any
7 employee or agent thereof when necessary for the
8 purpose of investigating a possible violation of law
9 and probable cause exists, or for conducting a lawfully
10 authorized background investigation.

11 d. This subsection shall not prohibit the
12 release of information relating to the validity of a
13 professional permit to carry weapons to an employer who
14 requires an employee or an agent of the employer to
15 possess a professional permit to carry weapons as part
16 of the duties of the employee or agent.

17 e. (1) (a) This subsection shall not prohibit
18 the release of the information described in
19 subparagraph (2) to a member of the public who requests
20 whether another person possesses a professional or
21 nonprofessional permit to carry weapons or a permit to
22 acquire pistols or revolvers. However, information
23 described in subparagraph (2) regarding a person in
24 whose favor either a no-contact order or a protective
25 order, as defined in section 664A.1, has been issued
26 and is still in effect, shall not be released pursuant
27 to this paragraph "e", if the person presents the
28 order to the department of public safety or the
29 issuing officer. Prior to the release of information
30 described in subparagraph (2), the member of the public
31 requesting the information shall appear in person and
32 provide in writing to the department of public safety
33 or the issuing officer the name of the member of the
34 public, on a form prescribed by the department of
35 public safety. Alternatively, a member of the public

1 may request the information in writing by completing
2 the form prescribed by the department of public
3 safety and transmitting the form to the department or
4 issuing officer. The request must include the name
5 of the other person and at least one of the following
6 identifiers pertaining to the other person:

7 (i) The date of birth of the person.
8 (ii) The address of the person.
9 (iii) The telephone number of the person, including
10 any landline or wireless numbers.

11 (b) (i) Except as provided in subparagraph
12 subdivision (ii), the department or issuing officer
13 shall keep a record of the person making the request.

14 (ii) If a person in whose favor either a no-contact
15 order or a protective order, as defined in section
16 664A.1, has been issued and is still in effect,
17 presents the order to the department of public safety
18 or the issuing officer and requests whether another
19 person who is the subject of the order possesses a
20 professional or nonprofessional permit to carry weapons
21 or a permit to acquire pistols or revolvers under this
22 subparagraph (1), the department or issuing officer
23 shall not keep a record of the person making the
24 request or disclose the name of the person making the
25 request.

26 (2) The information released by the department
27 of public safety or issuing officer shall be limited
28 to an acknowledgment as to whether or not the
29 person currently possesses a valid professional or
30 nonprofessional permit to carry weapons or a permit
31 to acquire pistols or revolvers, the date such permit
32 was issued, and whether the person has ever possessed
33 such a permit that has been revoked or has expired and
34 the date the permit was revoked or expired. No other
35 information shall be released under this paragraph "e".

1 f. Except as provided in paragraphs "b", "c", "d",
2 and "e", the release of any confidential information
3 under this section shall require a court order or the
4 consent of the person whose personally identifiable
5 information is the subject of the information request.

6 g. The department of public safety shall, by
7 rule, establish a reasonable fee to cover the costs
8 of complying with the release of information requests
9 pursuant to this subsection.

10 Sec. 10. EFFECTIVE UPON ENACTMENT. This division
11 of this Act, being deemed of immediate importance,
12 takes effect upon enactment.

13 Sec. 11. APPLICABILITY. This division of this Act
14 applies to holders of professional and nonprofessional
15 permits to carry weapons and permits to acquire pistols
16 or revolvers and to applicants for professional and
17 nonprofessional permits to carry weapons and permits to
18 acquire pistols or revolvers on or after the effective
19 date of this division of this Act.

20 DIVISION III

21 FRAUDULENT TRANSFER

22 Sec. 12. NEW SECTION. 724.29A Fraudulent transfer
23 of firearms or ammunition.

24 1. For purposes of this section:

25 a. "Ammunition" means any cartridge, shell, or
26 projectile designed for use in a firearm.

27 b. "Licensed firearms dealer" means a person who is
28 licensed pursuant to 18 U.S.C. §923 to engage in the
29 business of dealing in firearms.

30 c. "Materially false information" means information
31 that portrays an illegal transaction as legal or a
32 legal transaction as illegal.

33 d. "Private seller" means a person who sells or
34 offers for sale any firearm or ammunition.

35 2. A person who knowingly solicits, persuades,

1 encourages, or entices a licensed firearms dealer or
2 private seller of firearms or ammunition to transfer
3 a firearm or ammunition under circumstances that the
4 person knows would violate the laws of this state or of
5 the United States commits a class "D" felony.

6 3. A person who knowingly provides materially
7 false information to a licensed firearms dealer or
8 private seller of firearms or ammunition with the
9 intent to deceive the firearms dealer or seller about
10 the legality of a transfer of a firearm or ammunition
11 commits a class "D" felony.

12 4. Any person who willfully procures another to
13 engage in conduct prohibited by this section shall be
14 held accountable as a principal.

15 5. This section does not apply to a law enforcement
16 officer acting in the officer's official capacity
17 or to a person acting at the direction of such law
18 enforcement officer.

19 DIVISION IV

20 RULES

21 Sec. 13. NEW SECTION. 724.32 Rules.

22 The department of public safety shall adopt rules
23 pursuant to chapter 17A to administer this chapter.>

COMMITTEE ON JUDICIARY

STEVEN J. SODDERS, CHAIRPERSON

HOUSE FILE 2399

S-5084

1 Amend House File 2399, as amended, passed, and
2 reprinted by the House, as follows:

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

5 <Section 1. Section 708.11, subsection 1, paragraph
6 b, Code 2016, is amended to read as follows:

7 b. "Course of conduct" means repeatedly
8 maintaining a visual or physical proximity to a person
9 without legitimate purpose, repeatedly utilizing a
10 technological device to locate, listen to, or watch
11 a person without legitimate purpose, or repeatedly
12 conveying oral or written threats, threats implied
13 by conduct, or a combination thereof, directed at or
14 toward a person.

15 Sec. 2. Section 708.11, subsection 2, Code 2016, is
16 amended to read as follows:

17 2. A person commits stalking when all of the
18 following occur:

19 a. The person purposefully engages in a course of
20 conduct directed at a specific person that would cause
21 a reasonable person to feel terrorized, frightened,
22 intimidated, or threatened or to fear that the person
23 intends to cause bodily injury to, or the death of,
24 that specific person or a member of the specific
25 person's immediate family.

26 b. The person has knowledge or should have
27 knowledge that ~~the specific person will be placed in~~
28 ~~reasonable fear of a reasonable person would feel~~
29 ~~terrorized, frightened, intimidated, or threatened or~~
30 ~~fear that the person intends to cause bodily injury to,~~
31 ~~or the death of, that specific person or a member of~~
32 ~~the specific person's immediate family by the course~~
33 ~~of conduct.~~

34 ~~e. The person's course of conduct induces fear in~~
35 ~~the specific person of bodily injury to, or the death~~

S-5084

~~1 of, the specific person or a member of the specific
2 person's immediate family.~~

3 Sec. 3. NEW SECTION. 708.11A Unauthorized
4 placement of global positioning device.

5 1. A person commits unauthorized placement of
6 a global positioning device, when, with intent to
7 intimidate, annoy, or alarm another person, the person,
8 without the consent of the other person, places a
9 global positioning device on the other person or an
10 object in order to track the movements of the other
11 person without a legitimate purpose.

12 2. A person who commits a violation of this section
13 commits a serious misdemeanor.

14 Sec. 4. Section 901.2, subsection 2, paragraph
15 d, Code 2016, is amended by adding the following new
16 subparagraph:

17 NEW SUBPARAGRAPH. (4) A risk assessment when the
18 offense is a domestic abuse assault in violation of
19 section 708.2A, or harassment in violation of section
20 708.7.

21 Sec. 5. Section 901.3, Code 2016, is amended by
22 adding the following new subsection:

23 NEW SUBSECTION. 1A. The performance of a risk
24 assessment shall be required as part of a presentence
25 investigation under subsection 1 for domestic abuse
26 assault in violation of section 708.2A, harassment in
27 violation of section 708.7, or stalking in violation of
28 section 708.11.

29 Sec. 6. Section 903A.2, subsection 1, paragraph a,
30 Code 2016, is amended to read as follows:

31 a. (1) Category "A" sentences are those sentences
32 which are not subject to a maximum accumulation of
33 earned time of fifteen percent of the total sentence
34 of confinement under section 902.12. To the extent
35 provided in subsection 5, category "A" sentences also

1 include life sentences imposed under section 902.1.
2 An inmate of an institution under the control of the
3 department of corrections who is serving a category
4 "A" sentence is eligible for a reduction of sentence
5 equal to one and two-tenths days for each day the
6 inmate demonstrates good conduct and satisfactorily
7 participates in any program or placement status
8 identified by the director to earn the reduction. The
9 programs include but are not limited to the following:

- 10 ~~(1)~~ (a) Employment in the institution.
- 11 ~~(2)~~ (b) Iowa state industries.
- 12 ~~(3)~~ (c) An employment program established by the
13 director.
- 14 ~~(4)~~ (d) A treatment program established by the
15 director.
- 16 ~~(5)~~ (e) An inmate educational program approved by
17 the director.

18 (2) (a) ~~However, an~~ An inmate required to
19 participate in a sex offender treatment program shall
20 not be eligible for a reduction of sentence unless the
21 inmate participates in and completes a sex offender
22 treatment program established by the director.

23 (b) An inmate required to participate in a
24 batterers' treatment program shall not be eligible for
25 a reduction of sentence unless the inmate participates
26 in and completes a batterers' treatment program
27 established by the director.

28 (3) An inmate serving a category "A" sentence is
29 eligible for an additional reduction of sentence of
30 up to three hundred sixty-five days of the full term
31 of the sentence of the inmate for exemplary acts. In
32 accordance with section 903A.4, the director shall by
33 policy identify what constitutes an exemplary act that
34 may warrant an additional reduction of sentence.

35 Sec. 7. NEW SECTION. 905.16 Electronic tracking

1 and monitoring system – domestic abuse.

2 A person placed on probation, parole, work release,
3 special sentence, or any other type of conditional
4 release for domestic abuse assault in violation of
5 section 708.2A, harassment in violation of section
6 708.7, stalking in violation of section 708.11, or for
7 a violation of any other offense, may be supervised
8 by an electronic tracking and monitoring system for
9 a period of time to be determined by the court, in
10 addition to any other conditions of supervision.>

11 2. Title page, by striking lines 1 and 2 and
12 inserting <An Act relating to the criminal offenses
13 of stalking, harassment, unauthorized placement of a
14 global positioning device, and domestic abuse, and
15 providing penalties.>

COMMITTEE ON JUDICIARY
STEVEN J. SODDERS, CHAIRPERSON



SF 2300 – Renewable Chemical Production Income Tax Credit (LSB5172SZ)
Analyst: Jeff Robinson (Phone: 515-281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

Senate File 2300 creates a Renewable Chemical Production Tax Credit. The new credit is equal to \$0.05 per pound of qualified chemicals produced, applies to individual and corporate income tax, and is refundable. The credit is available for chemicals produced beginning January 1, 2017, and ending December 31, 2026 (10 years).

The new tax credit is limited to no more than \$10.0 million per fiscal year in total awards and the credit is placed under the Economic Development Authority's (EDA) \$170.0 million aggregate annual tax credit cap established in Iowa Code [section 15.119](#). While the tax credit is available for chemicals produced during a 10-year window, the new credit remains part of the \$170.0 million annual tax cap through FY 2030. This allows for 12 or 13 years¹ of \$10.0 million in annual tax credit awards, or a maximum of \$120.0 to \$130.0 million over the course of the program.

Should valid tax credit applications exceed the annual \$10.0 million available, the excess applications are awarded the first tax credits the following year. After the final year of eligible production (calendar year 2026), any eligible tax credit applications that do not receive tax credits due to the annual limit will receive tax credits the next year until the backlog is eliminated or until the end of FY 2030, whichever occurs first.

The new credit cannot be awarded until July 1, 2018, and cannot be redeemed until September 1, 2018. The maximum annual amount an existing business may receive in tax credits is \$500,000 and the maximum annual amount a new business may receive is \$1.0 million. In both instances, a company may only receive the credit for five years. Eligibility for the new credit is limited to businesses that organize, expand, or locate in Iowa on or after the effective date of the bill.

The bill also reduces the annual amount of tax credits that may be awarded by the EDA under the existing [High Quality Jobs Program](#) for five fiscal years. While that Program does not currently have an annual limit, it is effectively capped at \$130.0 million per year through the application of the \$170.0 million aggregate annual tax credit cap. For five fiscal years (FY 2017 through FY 2021), the bill caps the High Quality Jobs Program at \$105.0 million per year. The bill also provides that, should the Renewable Chemical Production Tax Credit awards exceed \$27.0 million during the first four years of availability, the High Quality Jobs Program is limited to \$105.0 million for an additional year.

¹ Twelve years of potential chemical tax credit allocations will occur if the EDA first allocates tax credits to the new program beginning with FY 2019. Thirteen years will occur if the EDA allocates tax credits to the new program beginning with FY 2018. While the amount of tax credits requested for the initial year of availability will be known during FY 2018, the first credits cannot be awarded until FY 2019. It is not clear whether the EDA can allocate tax credits under the \$170.0 million cap that cannot be awarded until the next fiscal year.

Assumptions

Renewable Chemical Production Tax Credit Projection – Projected tax credit redemptions are made by the Department of Revenue in consultation with Iowa State University using the following assumptions:

- Over the 10 years of credit availability, 25 existing companies will produce eligible renewable chemicals totaling 1.25 billion pounds or more, and receive a combined \$62.5 million in Renewable Chemical Production Tax Credits.
- Over the 10 years of credit availability, six new (or newly located in Iowa) companies will produce renewable chemicals totaling 0.60 billion pounds or more, and receive a combined \$30.0 million in Renewable Chemical Production Tax Credits.
- While credits are first available for production during the 2017 calendar year, credits cannot be awarded until July 1, 2018, and cannot be claimed until September 1, 2018. Therefore, there is no assumed impact resulting from credit redemptions until FY 2019.
- The credits are refundable, so all awarded credits are assumed to be redeemed. The redemption pattern is assumed to follow the redemption pattern of the existing refundable Research Activities Tax Credit.

Fiscal year of award = 0.0%
 Fiscal year of award year plus 1 year = 16.37%
 Fiscal year of award year plus 2 years = 74.54%
 Fiscal year of award year plus 3 years = 9.09%

- The following table is based on the previous assumptions. It presents the estimated pounds of chemicals produced and eligible for tax credits, the timing for tax credits earned and awarded, and in the right hand column, the direct impact on net General Fund revenue that is the result of redemption of the new tax credits.

Renewable Chemical Production Tax Credit					
Pounds of Eligible Chemicals Earning Tax Credits and Fiscal Impact of Credit Redemptions					
	Pounds of Eligible Chemicals (in Millions)	Tax Credits Earned	Tax Credits Awarded		Tax Credits Redeemed (Fiscal Impact)
CY 2017	70.0	\$ 3,500,000	\$ 3,500,000	FY 2018	\$ 0
CY 2018	120.0	6,000,000	6,000,000	FY 2019	-1,470,725
CY 2019	150.0	7,500,000	7,500,000	FY 2020	-4,197,900
CY 2020	200.0	10,000,000	10,000,000	FY 2021	-6,456,950
CY 2021	230.0	11,500,000	10,000,000	FY 2022	-8,272,863
CY 2022	300.0	15,000,000	10,000,000	FY 2023	-9,829,563
CY 2023	250.0	12,500,000	10,000,000	FY 2024	-10,000,000
CY 2024	220.0	11,000,000	10,000,000	FY 2025	-10,000,000
CY 2025	170.0	8,500,000	10,000,000	FY 2026	-10,000,000
CY 2026	140.0	7,000,000	10,000,000	FY 2027	-10,000,000
CY 2027	0.0	0	5,500,000	FY 2028	-9,815,838
CY 2028	0.0	0	0	FY 2029	-8,199,688
CY 2029	0.0	0	0	FY 2030	-3,881,513
CY 2030	0.0	0	0	FY 2031	-374,963
	1,850.0	\$ 92,500,000	\$ 92,500,000		\$-92,500,000

High Quality Jobs Tax Credit Reduction – Tax credit redemption projections are made by the Department of Revenue using historical redemption patterns for the various tax credits available under the High Quality Jobs Program:

- The state tax credits available under the High Quality Jobs Program include an investment tax credit, a Supplemental Research Activities Tax Credit, and a sales/use tax refund. Most of the tax incentives under the Program are not refundable. On average, approximately 45.0% to 55.0% of tax credits awarded under the High Quality Jobs Program are actually redeemed. For this projection, the redemption of High Quality Jobs Tax Credits is projected to equal 50.0% across fiscal years.
- A tax credit award under the High Quality Jobs Program is distributed over five years and each year has a potential seven-year carryforward period. Therefore, tax credits awarded under the Program take many years to be redeemed.
- The bill reduces the available tax credits under the High Quality Jobs Program by \$25.0 million per year for five fiscal years for a total reduction in those five years of \$125.0 million. In addition, the \$170.0 million aggregate tax credit cap will require the EDA to reduce the High Quality Jobs Program by \$10.0 million in each of six fiscal years (FY 2022 through FY 2027), for a total additional reduction of \$60.0 million. The combined reduction over 10 fiscal years is \$185.0 million. Using the assumed redemption rate of 50.0%, the \$185.0 million reduction in High Quality Jobs Tax Credit awards is projected to reduce tax credit redemptions \$92.5 million over 24 fiscal years.

FY 2017	\$ 30,000	FY 2026	\$ 7,890,000
FY 2018	580,000	FY 2027	6,820,000
FY 2019	2,860,000	FY 2028	5,480,000
FY 2020	4,370,000	FY 2029	5,250,000
FY 2021	5,910,000	FY 2030	4,590,000
FY 2022	8,400,000	FY 2031	3,630,000
FY 2023	10,520,000	FY 2032	2,850,000
FY 2024	9,530,000	<u>FY33 to FY40</u>	<u>5,010,000</u>
FY 2025	8,780,000	Total	\$ 92,500,000

Fiscal Impact — State General Fund

The creation of a new Renewable Chemical Production Tax Credit and the reduction in tax credits available under the High Quality Jobs Program impacts 24 fiscal years, with positive revenue impacts in FY 2018 through FY 2020. Over the 24 years, the projected impact of the changes nets to zero.

However, should demand for the new tax credit exceed projections, the direct impact on the State General Fund across all impacted fiscal years will be negative. Any negative impact will occur after FY 2028.

Projected Net Impact on General Fund Revenue			
In Millions			
	<u>Chemical Tax Credit Redemptions</u>	<u>HQJ Tax Credit Redemptions</u>	<u>Net Fiscal Impact</u>
FY 2017	\$ 0.0	\$ 0.0	\$ 0.0
FY 2018	0.0	0.6	0.6
FY 2019	-0.6	2.9	2.3
FY 2020	-3.6	4.4	0.8
FY 2021	-6.0	5.9	-0.1
FY 2022	-7.8	8.4	0.6
FY 2023	-9.8	10.5	0.7
FY 2024	-10.0	9.5	-0.5
FY 2025	-10.0	8.8	-1.2
FY 2026	-10.0	7.9	-2.1
FY 2027	-10.0	6.8	-3.2
FY 2028	-10.0	5.5	-4.5
FY 2029	-9.3	5.4	-3.9
FY 2030	-5.0	5.0	-0.0
FY 2031	-0.5	3.9	3.4
FY 2032	0.0	3.5	3.5
FY 2033	0.0	3.5	3.5
	<u>\$ -92.5</u>	<u>\$ 92.5</u>	<u>\$ 0.0</u>

Fiscal Impact – Other Issues

The new tax credit is a refundable tax credit and it is available for individual and corporate income taxpayers. Refundable tax credits do not impact the calculation of the local option income surtax for schools that applies to many individual income taxpayers. The investment tax credit portion of the High Quality Jobs Program is not refundable. Nonrefundable tax credits do impact the surtax calculation. The change to the new credit is expected to have a modest positive impact on local school revenue derived from the local option income surtax for schools.

Applicants for the new tax credit will be assessed EDA compliance cost administrative fees totaling \$500 per application plus 0.5% of the tax credits redeemed. The reduction in High Quality Jobs Tax Credit awards will reduce EDA fees collected under that Program. The two EDA revenue changes should offset.

The Department of Revenue states that the creation of a Renewable Chemical Production Tax Credit will require additional administrative, information technology, and tax credit tracking costs for the Department. The additional development cost is estimated to be a one-time cost of \$90,000.

Sources

Iowa Department of Revenue
Iowa State University

/s/ Holly M. Lyons

March 14, 2016

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.



SF 2303 – IRC Update and Manufacturing Consumables (LSB6046SV)
Analyst: Jeff Robinson (Phone: 515-281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

Senate File 2303 has three functions. The bill:

- Generally conforms Iowa's tax laws with changes to the federal Internal Revenue Code (IRC) made since January 1, 2015. The coupling is temporary and applies only to tax year 2015. The bill does not couple with the federal tax provision known as "bonus depreciation." The change is effective on enactment and applies retroactively to January 1, 2015.
- Rescinds administrative rules promulgated by the Iowa Department of Revenue in 2015 and scheduled to take effect July 1, 2016. The rules relate to the application of the state sales/use tax to manufacturing inputs (generally supplies and replacement parts) and to the application of the state sales/use tax to certain tangible personal property that becomes part of real property (land and buildings). This action is effective on enactment.
- Provides a sales/use tax exemption for the purchase of items used in certain manufacturing, research and development, data processing or storage, or recycling activities. The exemption generally relates to manufacturing supplies and replacement parts. This change applies to purchases made on or after July 1, 2016.

Background – IRC Update

Since January 1, 2015, the only significant federal tax changes were enacted as part of **H.R. 2029** (Consolidated Appropriations Act, 2016). This federal Act became law December 18, 2015. While many of the provisions were made a permanent part of the federal IRC, some tax provisions were extended through 2016 and others through tax year 2019. The extended provisions will require future federal action if they are to continue beyond the new expiration date.

Of the newly-permanent federal tax provisions, the most significant from a fiscal impact perspective is the extension and enhancement of favorable depreciation accounting known as "section 179 expensing." This provision allows business taxpayers (including corporate taxpayers and business entities taxed through the individual income tax) to write off additional depreciation in the year a qualified depreciable asset is placed in service. Since the provision accelerates the claiming of depreciation, the provision reduces taxes owed in the first year, but increases taxes owed in later years.

The one federal change that the bill does not conform with is known as "bonus depreciation." Bonus depreciation provides a similar benefit for more expensive depreciable assets. Iowa has not coupled with federal bonus depreciation provisions in the past.

The IRC conformity impact estimates were calculated by the Iowa Department of Revenue using national estimates available from the Joint Committee on Taxation and information available from the Department's database of Iowa income tax returns and from the Department's microsimulation tax model. The estimated impact of the coupling provisions of this bill are provided in **Table 1**.

Table 1
Impact on General Fund Revenue
IRC Coupling Provisions - In Millions

	Section 179 Expensing	Other Provisions	Total Net Revenue Increase (Decrease)
FY 2016	\$ -77.8	\$ -19.8	\$ -97.6
FY 2017	18.5	-8.4	10.1
FY 2018	15.9	0.3	16.2
FY 2019	11.7	0.0	11.7
FY 2020	9.5	0.0	9.5
FY 2021	8.2	0.0	8.2
FY 2022	6.7	0.0	6.7
FY 2023	1.2	0.0	1.2

Background – Manufacturing Consumables

Division II of the bill rescinds Department of Revenue administrative rules scheduled to take effect July 1, 2016. Those rules relate to definitions and qualifications for existing sales/use tax exemptions. The rules have a negative fiscal impact on State General Fund revenue. That impact was considered by the December Revenue Estimating Conference (REC) and incorporated into the General Fund estimate for FY 2017. The rules also have a negative fiscal impact on school district, city, and county revenue. The state and local revenue reductions associated with the Department of Revenue rule change and estimated by the REC are presented in **Table 2**. This bill negates the negative revenue impacts associated with the administrative rules and displayed in **Table 2**.

Table 2
Impact on State and Local Revenue
Department of Revenue Rules - In Millions of Dollars

	State General Fund	School Infrastructure	Local Option Taxes	Total Tax Reduction, State and Local Taxes Combined
FY 2016	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
FY 2017	-34.8	-7.0	-6.1	-47.9
FY 2018	-35.9	-7.2	-6.3	-49.4
FY 2019	-37.1	-7.4	-6.5	-51.0
FY 2020	-38.3	-7.7	-6.7	-52.7
FY 2021	-39.6	-7.9	-6.9	-54.4

In addition, Division II replaces the rescinded administrative rules with sales/use tax exemption language dealing with the same subject, but with a more limited effect. The bill expands a current tax exemption to include some items considered supplies and replacement parts (manufacturing consumables). The bill does not change any tax exemption related to tangible

personal property that becomes part of real property. The Department of Revenue estimates that the expansion of the current sales/use tax exemption for manufacturing consumables will reduce state and local revenue by the amounts listed in **Table 3**:

	State General Fund	School Infrastructure	Local Option Taxes	Total Tax Reduction, State and Local Taxes Combined
FY 2016	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
FY 2017	-21.3	-4.3	-3.6	-29.2
FY 2018	-22.4	-4.5	-3.8	-30.7
FY 2019	-23.5	-4.7	-4.0	-32.2
FY 2020	-24.5	-4.9	-4.1	-33.5
FY 2021	-25.4	-5.1	-4.3	-34.8

Fiscal Impacts

State General Fund – The impact of the bill on State General Fund net revenue is the combination of **Tables 1, 2, and 3** above, with the IRC changes and the enactment of the sales tax exemption acting to reduce projected General Fund revenue and the administrative rules rescission acting to increase revenue. The estimated General Fund revenue impact of each provision is summarized in **Table 4**.

	IRC Coupling	Administrative Rules Rescinded	Manufacturing Consumables Sales Tax Exemption	Total General Fund Impact
FY 2016	\$ -97.6	\$ 0.0	\$ 0.0	\$ -97.6
FY 2017	10.1	34.8	-21.3	23.6
FY 2018	16.2	35.9	-22.4	29.7
FY 2019	11.7	37.1	-23.5	25.3
FY 2020	9.5	38.3	-24.5	23.3
FY 2021	8.2	39.6	-25.4	22.4
FY 2022	6.7	40.9	-26.2	21.4
FY 2023	1.2	42.2	-27.1	16.3

Iowa tax law allows taxpayers to subtract federal income taxes paid from their Iowa income (federal deductibility). Therefore, when Congress enacts legislation that reduces federal taxes, the income subject to Iowa income tax increases. This General Fund revenue impact is automatic and does not require legislative action. The estimated positive impacts on Iowa General Fund revenue are provided below. The amounts are provided for reference purposes and do not represent an additional fiscal impact of this bill. The amounts have been added to the General Fund balance sheet and will be incorporated into the next REC estimate.

- FY 2016 = \$2.0 million
- FY 2017 = \$76.4 million
- FY 2018 = \$42.4 million
- FY 2019 = \$28.6 million
- FY 2020 and after = approximately \$30.8 million per year

Local Option Income Surtax Revenue – Reducing Iowa individual income taxes also reduces the yield from the local option income surtax for schools. Statewide, that surtax produces an amount equal to approximately 3.0% of the state individual income tax revenue. The IRC coupling provisions of this bill will reduce the statewide surtax yield by \$2.6 million in FY 2016 and increase the yield by \$350,000 per year from FY 2017 through FY 2023.

Local Government Sales Tax Revenue – Rescinding the administrative rules and enacting the sales tax exemption provisions also increases the amount of money raised by the state sales tax that is in turn transferred to school districts for school infrastructure purposes and it also increases local option sales tax revenue collected by local governments. The combination of the rules rescission and the enacted sales tax exemption will increase annual school infrastructure revenue \$2.7 million and increase annual local option sales tax collections \$2.5 million each fiscal year. Both impacts begin with FY 2017.

Sources

Iowa Department of Revenue
United States Congress Joint Committee on Taxation
Revenue Estimating Conference

/s/ Holly M. Lyons

March 14, 2016

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.
