

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

APRIL 13, 2016

**HOUSE FILE 2394**

**S-5119**

1 Amend House File 2394, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 2, after line 28 by inserting:

4 <Sec. \_\_\_\_\_. NEW SECTION. 514K.2 Health carrier  
5 disclosures – public internet sites.

6 1. A carrier that provides small group health  
7 coverage pursuant to chapter 513B or individual health  
8 coverage pursuant to chapter 513C and that offers  
9 for sale a policy, contract, or plan that covers the  
10 essential health benefits required pursuant to section  
11 1302 of the federal Patient Protection and Affordable  
12 Care Act, Pub. L. No. 111-148, and its implementing  
13 regulations, shall provide to each of its enrollees  
14 at the time of enrollment, and shall make available  
15 to prospective enrollees and enrollees, insurance  
16 producers licensed under chapter 522B, and the general  
17 public, on the carrier's internet site, all of the  
18 following information in a clear and understandable  
19 form for use in comparing policies, contracts, and  
20 plans, and coverage and premiums:

21 a. Any items or services, including prescription  
22 drugs, that have a coinsurance requirement where the  
23 cost-sharing required depends on the cost of the item  
24 or service.

25 b. The specific prescription drugs available on  
26 the carrier's formulary, the specific prescription  
27 drugs covered when furnished by a physician or clinic,  
28 and any clinical prerequisites or prior authorization  
29 requirements for coverage of the drugs.

30 c. How medications will specifically be included  
31 in or excluded from the deductible, including a  
32 description of all out-of-pocket costs that may not  
33 apply to the deductible for a prescription drug.

34 2. A carrier that provides a summary of benefits  
35 and coverage to its enrollees in accordance with 26

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1 C.F.R. §54.9815-2715, 29 C.F.R. §2590.715-2715, and 45  
2 C.F.R. §147.200 is deemed to be in compliance with this  
3 section unless the commissioner of insurance determines  
4 that these federal regulations, or the successors to  
5 any of these federal regulations, fail to require the  
6 information required pursuant to this section in a  
7 clear and understandable form.

8 3. The commissioner shall adopt rules pursuant to  
9 chapter 17A to administer this section.>

10 2. Page 10, after line 22 by inserting:

11 <Sec. \_\_\_\_\_. APPLICABILITY. The following provision  
12 of this Act is applicable to health insurance policies,  
13 contracts, or plans that are delivered, issued for  
14 delivery, continued, or renewed on or after January 1,  
15 2017:

16 1. The section of this Act enacting section  
17 514K.2.>

18 3. Title page, line 3, after <penalties> by  
19 inserting <and applicability provisions>

20 4. By renumbering as necessary.

**By** CHAZ ALLEN

HOUSE FILE 2414

S-5120

1 Amend House File 2414, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 1, before line 1 by inserting:

4 <DIVISION I  
5 TRANSPORTATION NETWORK COMPANIES>

6 2. Page 10, after line 3 by inserting:

7 <DIVISION II  
8 RAILROAD WORKER TRANSPORTATION COMPANIES

9 Sec. \_\_\_\_\_. Section 327F.39, Code 2016, is amended by  
10 adding the following new subsection:

11 NEW SUBSECTION. 5A. Insurance. A railroad worker  
12 transportation company shall maintain financial  
13 liability coverage, as defined in section 321.1,  
14 subsection 24B, for each motor vehicle owned by the  
15 company or operated by a driver on behalf of the  
16 company in the amount of at least one million dollars  
17 because of bodily injury to or death of one or more  
18 persons and injury to or destruction of property  
19 of others in any one accident. A railroad worker  
20 transportation company shall also maintain uninsured  
21 and underinsured motor vehicle coverage for each motor  
22 vehicle owned by the company or operated by a driver on  
23 behalf of the company in the amount of at least five  
24 hundred thousand dollars because of bodily injury to or  
25 death of one person in any one accident, one million  
26 dollars because of bodily injury to or death of two  
27 persons in any one accident, one million five hundred  
28 thousand dollars because of bodily injury to or death  
29 of three persons in any one accident, and two million  
30 dollars because of bodily injury to or death of four or  
31 more persons in any one accident.>

32 3. Title page, line 2, after <companies,> by  
33 inserting <requiring certain amounts of insurance  
34 coverage for motor vehicles of railroad worker  
35 transportation companies, making a penalty applicable,>

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1 4. By renumbering as necessary.

**By** RICH TAYLOR

S-5120 FILED APRIL 12, 2016

HOUSE FILE 2414

S-5121

1 Amend House File 2414, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 1, before line 1 by inserting:

4 <Section 1. Section 321.1, subsection 8, Code 2016,  
5 is amended by adding the following new paragraphs:

6 NEW PARAGRAPH. j. A transportation network  
7 company driver, as defined in section 321N.1, is not  
8 a chauffeur.

9 NEW PARAGRAPH. k. A person operating a taxicab  
10 having a seating capacity of less than seven passengers  
11 and not operating on a regular route or between  
12 specified points is not a chauffeur.

13 Sec. \_\_\_\_\_. Section 321.40, Code 2016, is amended by  
14 adding the following new subsection:

15 NEW SUBSECTION. 6A. a. The department or the  
16 county treasurer shall refuse to renew the registration  
17 of a vehicle registered to an applicant if the  
18 department or the county treasurer knows that the  
19 applicant has not paid a civil penalty imposed on the  
20 applicant pursuant to section 321N.2, subsection 2A.  
21 An applicant may contest this action by requesting a  
22 contested case proceeding from the department. The  
23 department shall notify the county treasurers through  
24 the distributed teleprocessing network of persons who  
25 have not paid such civil penalties.

26 b. The county treasurer of the county of an  
27 applicant's residence and in which the applicant's  
28 vehicle is registered, in cooperation with the  
29 department, may collect a civil penalty imposed on  
30 the applicant pursuant to section 321N.2, subsection  
31 2A, when the applicant applies for renewal of a  
32 vehicle registration. The applicant may remit full  
33 payment of the civil penalty, along with a processing  
34 fee of five dollars, to the county treasurer at the  
35 time of registration renewal. Upon full payment

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1 of the civil penalty, the processing fee, and the  
2 vehicle registration fee, the county treasurer shall  
3 issue the registration to the applicant. A county  
4 treasurer collecting a civil penalty on behalf of  
5 the department pursuant to this subsection shall  
6 update the vehicle registration records through the  
7 distributed teleprocessing network on a daily basis for  
8 all applicants who have paid civil penalties pursuant  
9 to this subsection. A county treasurer shall forward  
10 all funds collected on behalf of the department to the  
11 department.

12 Sec. \_\_\_\_\_. Section 321.236, subsection 7, Code 2016,  
13 is amended to read as follows:

14 7. Licensing and regulating the operation of  
15 vehicles offered to the public for hire and used  
16 principally in intracity operation, except to the  
17 extent such licensure and regulation conflicts with  
18 section 321.241, section 321N.10, section 325A.6, or  
19 any other provision of the Code.

20 Sec. \_\_\_\_\_. NEW SECTION. 321.241 Regulation of  
21 taxicabs by local authorities – limits.

22 1. A local authority shall not enact, enforce,  
23 or maintain any ordinance, regulation, or rule that  
24 imposes a requirement on a person operating a taxicab  
25 having a seating capacity of less than seven passengers  
26 and not operating on a regular route or between  
27 specified points that is more restrictive than any of  
28 the following:

29 a. Requiring the person to have a driver's license  
30 valid for the operation of the motor vehicle used as  
31 a taxicab that is not an instruction permit, special  
32 instruction permit, or temporary restricted license.

33 b. Prohibiting the person from operating the  
34 taxicab if any of the following apply:

35 (1) The person is restricted to operating motor

1 vehicles equipped with an ignition interlock device.

2 (2) The person's driving privileges have been  
3 suspended, revoked, barred, canceled, denied, or  
4 disqualified in the prior three-year period.

5 (3) The person has been convicted of more than  
6 three moving violations in the prior three-year period.

7 (4) The person has been convicted of violating  
8 section 321.218, 321.277, or 321J.21, or section  
9 321A.32, subsection 1, in the prior three-year period.

10 (5) The person has been convicted in the prior  
11 seven-year period of a felony, of violating section  
12 321J.2 or 321J.2A, or of any crime involving resisting  
13 law enforcement, dishonesty, injury to another person,  
14 damage to the property of another person, or operating

15 a vehicle in a manner that endangers another person.  
16 (6) The person is registered on the national sex  
17 offender registry.

18 2. A local authority shall not enact, enforce,  
19 or maintain any ordinance, regulation, or rule  
20 that requires a corporation, partnership, sole  
21 proprietorship, or other entity that sells or offers  
22 for sale transportation by taxicabs having a seating  
23 capacity of less than seven passengers and not  
24 operating on a regular route or between specified  
25 points to maintain a physical place of business in  
26 the local authority's jurisdiction as a condition  
27 of operating such taxicabs in the local authority's  
28 jurisdiction.

29 Sec. \_\_\_\_\_. Section 321.446, subsection 4, paragraph  
30 c, Code 2016, is amended to read as follows:

31 c. If a child under fourteen years of age, or a  
32 child fourteen years of age or older who is unable  
33 to fasten a seatbelt due to a temporary or permanent  
34 disability, is being transported in a taxicab or in a  
35 personal vehicle operated by a transportation network

1 company driver, as defined in section 321N.1, in a  
2 manner that is not in compliance with subsection 1 or  
3 2, the parent, legal guardian, or other responsible  
4 adult traveling with the child shall be served with a  
5 citation for a violation of this section in lieu of  
6 the taxicab operator or transportation network company  
7 driver. Otherwise, if a passenger being transported  
8 in the taxicab or in a personal vehicle operated by  
9 a transportation network company driver is fourteen  
10 years of age or older, the citation shall be served  
11 on the passenger in lieu of the taxicab operator or  
12 transportation network company driver.>

13 2. Page 1, after line 3 by inserting:

14 <01. "Department" means the state department of  
15 transportation.>

16 3. Page 1, line 5, by striking <software,>

17 4. Page 1, line 9, after <a> by inserting  
18 <noncommercial>

19 5. Page 2, after line 16 by inserting:

20 <Sec. \_\_\_\_ NEW SECTION. 321N.1A Permit required -  
21 examination of records - sanctions.

22 1. A transportation network company shall not  
23 operate or conduct business in this state without a  
24 permit issued pursuant to this section.

25 2. a. Upon the filing of an application by a  
26 transportation network company with the department and  
27 a determination by the department that the company is  
28 in compliance with the provisions of this chapter, the  
29 department shall issue a permit to the company. An  
30 application filed pursuant to this section shall be in  
31 writing and shall contain all of the following:

32 (1) The full legal name and tax identification  
33 number of the applicant.

34 (2) The address of the applicant's principal place  
35 of business.

1 (3) A statement agreeing to comply with all  
2 applicable requirements of this chapter signed by the  
3 applicant.

4 (4) Proof of compliance with the financial  
5 responsibility requirements of section 321N.3,  
6 submitted in a manner prescribed by the department.

7 (5) Proof that the applicant has established a  
8 zero tolerance policy for the use of drugs and alcohol  
9 as provided in section 321N.2, submitted in a manner  
10 prescribed by the department.

11 (6) Proof that the applicant requires personal  
12 vehicles to comply with applicable motor vehicle  
13 equipment requirements as provided in section 321N.2,  
14 submitted in a manner prescribed by the department.

15 (7) Proof that the applicant has adopted and is  
16 enforcing nondiscrimination and accessibility policies,  
17 submitted in a manner prescribed by the department.

18 (8) Proof that the applicant has established  
19 record retention guidelines, submitted in a manner  
20 prescribed by the department, that comply with all of  
21 the following:

22 (a) A record of a prearranged ride shall be  
23 retained for at least six years after the date the  
24 prearranged ride was provided, unless the company is  
25 notified that the record is material to a judicial  
26 proceeding, in which case the record shall be retained  
27 for at least two years after final disposition of the  
28 judicial proceeding.

29 (b) A record of a transportation network company  
30 driver shall be retained for at least six years after  
31 the date on which the driver's activation on the  
32 company's digital network ended, unless the company  
33 is notified that the record is material to a judicial  
34 proceeding, in which case the record shall be retained  
35 for at least two years after final disposition of the

1 judicial proceeding.

2 b. The permit application shall be accompanied by a  
3 fee of five thousand dollars. All fees received by the  
4 department for permits issued pursuant to this section  
5 shall be paid monthly to the treasurer of state and  
6 deposited in the road use tax fund.

7 3. A permit issued pursuant to this section shall  
8 be valid for one year after the date of issuance.

9 4. The department may deny issuance of a permit if  
10 the department determines, and evidence demonstrates,  
11 that the applicant is not in compliance or is unable to  
12 comply with the provisions of this chapter.

13 5. The department may examine the records of a  
14 transportation network company for the purpose of  
15 enforcing this chapter. The examination may include  
16 a random sample of the company's records related to  
17 transportation network company drivers and prearranged  
18 rides. The examination shall take place at the  
19 department's motor vehicle division building unless  
20 another location is agreed to by the department and  
21 the company. Such examinations shall not occur more  
22 than twice per year unless additional examinations are  
23 necessary to investigate a complaint. Records obtained  
24 by the department pursuant to this subsection are not  
25 public records or otherwise subject to disclosure  
26 under chapter 22, and shall be kept confidential by the  
27 department except to the extent such records may be  
28 required to be disclosed in a departmental or judicial  
29 proceeding.

30 6. The department may suspend the permit of a  
31 transportation network company for a violation of this  
32 chapter or a rule adopted under this chapter until the  
33 company demonstrates to the department that the company  
34 is in compliance with the applicable requirements. The  
35 department may revoke the permit of a transportation

1 network company for continued noncompliance with this  
2 chapter or a rule adopted under this chapter.

3 7. A transportation network company whose  
4 application for a permit has been denied, or whose  
5 permit has been suspended or revoked, shall have  
6 all rights afforded to the company under chapter 17A  
7 and rules adopted by the department to contest the  
8 department's decision.

9 8. The department may adopt rules pursuant to  
10 chapter 17A to administer this section.>

11 6. Page 2, line 32, after <rides,> by inserting  
12 <proof of financial liability coverage, as defined  
13 in section 321.1, subsection 24B, covering the  
14 individual's use of the personal vehicle,>

15 7. Page 2, line 33, by striking <driver> and  
16 inserting <individual>

17 8. Page 3, after line 5 by inserting:

18 <d. Obtain a disclosure form signed by the  
19 individual notifying the individual of all of the  
20 following:

21 (1) If a lien exists against a personal vehicle  
22 the individual intends to use while acting as a  
23 transportation network company driver, the individual  
24 is required to notify the lienholder within the  
25 seven-day period prior to using the vehicle for such  
26 purposes that the individual intends to use the vehicle  
27 for such purposes.

28 (2) If the individual is not the owner of the  
29 personal vehicle the individual intends to use while  
30 acting as a transportation network company driver,  
31 the individual is required to notify the owner of the  
32 vehicle within the seven-day period prior to using the  
33 vehicle for such purposes that the individual intends  
34 to use the vehicle for such purposes and that the  
35 owner's automobile insurance policy, depending on the

1 policy's terms, may not provide any coverage while  
2 the individual is logged on to the company's digital  
3 network and is available to receive requests for a  
4 prearranged ride, or while the individual is engaged in  
5 a prearranged ride.

6 (3) Failure to notify a lienholder or an owner  
7 pursuant to this paragraph "d" shall result in the  
8 imposition of a civil penalty as provided in subsection  
9 2A.

10 2A. If an individual fails to notify a lienholder  
11 or an owner pursuant to subsection 2, the department  
12 shall assess a civil penalty against the individual in  
13 the amount of two hundred fifty dollars. All moneys  
14 collected by the department pursuant to this subsection  
15 shall be paid monthly to the treasurer of state and  
16 deposited in the road use tax fund.>

17 9. Page 3, after line 8 by inserting:

18 <0a. The individual does not have a driver's  
19 license valid for the operation of the personal  
20 vehicle. A driver's license valid for the operation of  
21 the personal vehicle shall not include an instruction  
22 permit, special instruction permit, or temporary  
23 restricted license.

24 00a. The individual is restricted to operating  
25 motor vehicles equipped with an ignition interlock  
26 device.

27 000a. The individual's driving privileges have  
28 been suspended, revoked, barred, canceled, denied, or  
29 disqualified in the prior three-year period.>

30 10. Page 3, line 10, after <violations> by  
31 inserting <in the prior three-year period>

32 11. Page 3, after line 21 by inserting:

33 <0e. The individual is not at least nineteen years  
34 of age.>

35 12. Page 4, by striking lines 25 through 31 and

1 inserting <destruction of property of others in any one  
2 accident.>

3 13. Page 5, by striking lines 12 through 17 and  
4 inserting <destruction of property of others in any one  
5 accident.>

6 14. Page 8, lines 16 and 17, by striking <parties  
7 directly involved in the claim> and inserting <one  
8 another>

9 15. Page 8, after line 25 by inserting:

10 <Sec. \_\_\_\_\_. NEW SECTION. 321N.6 Identification of  
11 drivers and vehicles.

12 Before a transportation network company rider  
13 enters the personal vehicle of a transportation network  
14 company driver, the transportation network company  
15 shall disclose all of the following information to the  
16 rider on the company's digital network:

17 1. A picture that prominently displays the face of  
18 the driver.

19 2. The make, model, and registration plate number  
20 of the personal vehicle used by the driver.

21 Sec. \_\_\_\_\_. NEW SECTION. 321N.7 Electronic receipt.

22 Within a reasonable period of time following  
23 the completion of a prearranged ride provided  
24 to a transportation network company rider, the  
25 transportation network company shall transmit an  
26 electronic receipt to the rider containing all of the  
27 following information:

28 1. The origin and destination of the trip.

29 2. The total time and distance of the trip.

30 3. An itemized account of the total fare paid by  
31 the rider, if any.

32 Sec. \_\_\_\_\_. NEW SECTION. 321N.8 Street hails  
33 prohibited.

34 A transportation network company driver shall not  
35 solicit or accept riders hailing the driver from the

1 street.

2 Sec. \_\_\_\_\_. NEW SECTION. 321N.9 Disclosure of  
3 personal information.

4 1. A transportation network company shall not  
5 disclose a transportation network company rider's  
6 personal information to a third party unless the rider  
7 consents to the disclosure, the disclosure is required  
8 by law, the disclosure is required to protect or defend  
9 the terms of use of the company's services, or the  
10 disclosure is required to investigate a violation  
11 of the terms of use. For purposes of this section,  
12 "personal information" includes but is not limited to  
13 the rider's name, home address, telephone number, and  
14 payment information.

15 2. Notwithstanding subsection 1, a transportation  
16 network company may disclose a rider's name and  
17 telephone number to the driver providing a prearranged  
18 ride to the rider in order to facilitate the  
19 identification of the rider by the driver, or to  
20 facilitate communication between the rider and the  
21 driver.

22 Sec. \_\_\_\_\_. NEW SECTION. 321N.10 Regulation by  
23 political subdivisions prohibited - exception.

24 1. a. Except as otherwise provided in this  
25 section, transportation network companies,  
26 transportation network company drivers, and personal  
27 vehicles, in the course of their operation pursuant  
28 to this chapter, shall be exclusively controlled,  
29 supervised, and regulated by the department in  
30 accordance with this chapter.

31 b. Except as otherwise provided in this section,  
32 no provision of this chapter shall be construed to  
33 authorize a political subdivision of the state to  
34 enact an ordinance regulating transportation network  
35 companies, transportation network company drivers, or

1 personal vehicles operated pursuant to this chapter.

2 2. No provision of this chapter shall be construed  
3 to limit the rights and powers of a commercial service  
4 airport, as defined in 49 U.S.C. §47102, to do any of  
5 the following:

6 a. Regulate the operation of motor vehicles on  
7 the airport's premises in accordance with rules,  
8 regulations, and policies adopted for the orderly use  
9 of the airport.

10 b. Establish, alter, and collect rates, fees,  
11 rental payments, or other charges for the use of the  
12 airport's services and facilities.>

13 16. Page 9, after line 9 by inserting:

14 <Sec. \_\_\_\_\_. Section 325A.2, subsection 2, Code 2016,  
15 is amended to read as follows:

16 2. A local authority, as defined in section 321.1,  
17 shall not impose any regulations, including special  
18 registration or inspection requirements, upon the  
19 operation of motor carriers that are more restrictive  
20 than any of the provisions of this chapter, or section  
21 321.449 or 321.450. This subsection does not, however,  
22 prohibit a local authority from exercising the home  
23 rule power of the local authority to impose additional  
24 or more restrictive regulations or requirements upon  
25 the operation of taxicabs or limousines engaged in  
26 nonfixed route transportation for hire, except to the  
27 extent such regulations or requirements conflict with  
28 section 321.241, section 325A.6, or any other provision  
29 of the Code.

30 Sec. \_\_\_\_\_. Section 325A.6, Code 2016, is amended to  
31 read as follows:

32 325A.6 Insurance.

33 1. All Except as provided in subsection 2, all  
34 motor carriers subject to this chapter shall have  
35 minimum insurance coverage which meets the limits

1 established in the federal motor carrier safety  
2 regulations in 49 C.F.R. pt. 387.

3 2. All motor vehicles providing taxicab services,  
4 having a seating capacity of less than seven  
5 passengers, and not operating on a regular route  
6 or between specified points shall maintain primary  
7 automobile insurance in the amount of at least one  
8 million dollars because of bodily injury to or death  
9 of one or more persons and injury to or destruction of  
10 property of others in any one accident. A political  
11 subdivision of the state shall not enact an ordinance  
12 requiring insurance coverage for such vehicles in  
13 an amount different than the amount required by this  
14 subsection.>

15 17. Page 9, after line 33 by inserting:

16 <Sec. \_\_\_\_\_. LOCAL ORDINANCES VOID – VALIDITY OF  
17 PROCEEDINGS. On January 1, 2017, all local ordinances,  
18 regulations, and rules not consistent with this Act are  
19 void. However, this Act shall not affect the validity  
20 of any proceeding brought or punishment imposed prior  
21 to January 1, 2017, for a violation of such a local  
22 ordinance, regulation, or rule.

23 Sec. \_\_\_\_\_. EFFECTIVE DATE. This Act takes effect  
24 January 1, 2017.>

25 18. Title page, line 2, after <companies> by  
26 inserting <and taxicabs, providing penalties>

27 19. Title page, line 2, after <including> by  
28 inserting <effective date and>

29 20. By renumbering, redesignating, and correcting  
30 internal references as necessary.

**By** TOD R. BOWMAN

# Fiscal Note

*Fiscal Services Division*



**SF 2292** – Inheritance Tax Phase-Out (LSB5721XS)

Analyst: Jeff Robinson (Phone: 515-281-4614) ([jeff.robinson@legis.iowa.gov](mailto:jeff.robinson@legis.iowa.gov))

Fiscal Note Version – New

**Description**

**Senate File 2292** reduces the state inheritance tax owed by 10 percentage points each year, starting with any taxed inheritance resulting from a death occurring on or after July 1, 2017. Effective July 1, 2026, the state inheritance tax will be repealed. The changes also apply to the qualified use inheritance tax.

**Background**

The Iowa inheritance tax, including the qualified use inheritance tax, produced \$91.0 million in General Fund revenue during FY 2014 and \$87.0 million during FY 2015. For FY 2016 and FY 2017, the tax is projected to generate \$95.7 million and \$101.9 million, respectively.

**Assumptions**

Iowa's aging population and changes in the value of inherited assets contribute to the change in inheritance tax revenue from year to year. The Department of Revenue utilized average annual inheritance tax growth of 8.8% per year for their current law projection.

For the revenue projection under the provision of the bill, the Department assumed 44.2% of tax receipts are associated with deaths that occurred in that fiscal year and 55.8% of the receipts are associated with deaths that occurred in the previous fiscal year.

**Fiscal Impact**

The phase-out of the state inheritance tax is projected to reduce net General Fund revenue beginning in FY 2018. By FY 2028, the tax is eliminated. The impact extends beyond FY 2028 at a level similar to the level projected for FY 2028.

**General Fund Revenue Reduction**  
(in millions)

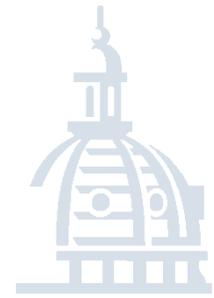
Fiscal Year	Amount	Fiscal Year	Amount
FY 2018	\$ 4.9	FY 2024	\$ 120.0
FY 2019	17.2	FY 2025	150.6
FY 2020	31.4	FY 2026	185.5
FY 2021	48.8	FY 2027	225.0
FY 2022	69.5	FY 2028	258.2
FY 2023	93.1		

**Source**

Iowa Department of Revenue

/s/ Holly M. Lyons

April 12, 2016



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**SF 2298** – RefugeeRISE AmeriCorps Funding (LSB5765SV)  
Analyst: Angel Banks-Adams (Phone: 515-281-6301) ([angel.banks-adams@legis.iowa.gov](mailto:angel.banks-adams@legis.iowa.gov))  
Fiscal Note Version – New

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**Description**

**Senate File 2298** establishes the RefugeeRISE AmeriCorps program for the economic well-being and health of economically disadvantaged refugees in local communities across Iowa. The bill requires the Iowa Commission on Volunteer Service, in collaboration with the Department of Human Services, to establish a Refugee Rebuild, Integrate, Serve, Empower (RefugeeRISE) AmeriCorps program to increase community integration and engagement for diverse refugee communities in rural and urban areas across the state. The bill also requires the Iowa Commission on Volunteer Service to submit an annual report to the General Assembly and the Iowa Department of Human Services relating to the efficacy of the RefugeeRISE AmeriCorps program.

**Fiscal Impact**

The fiscal impact to the General Fund cannot be determined at this time; however, \$350,000 is the estimated amount needed to provide member recruitment and training. Funding may be available from federal and private sources to administer the program. Any state funds appropriated from the General Fund to the Iowa Economic Development Authority may be used to supplement federal funds under federal regulations. The bill adds the RefugeeRISE AmeriCorps Program to programs eligible to receive funds from the Iowa Economic Development Authority's Community Programs account. Other programs supported through the Community Programs account include the Iowa Summer Youth Corps Program, the Iowa Green Corps Program, and the Iowa Reading Corps Program. The bill allows funds currently available in the Community Programs account to be used by the Iowa Commission on Volunteer Service to support the RefugeeRISE AmeriCorps program. **Senate File 2298** also allows the Iowa Commission on Volunteer Service to establish an escrow account and use funds for tuition and program payments made beyond the term of any fiscal year. Funds available in the Community Programs account will not revert and interest earned will be credited to the account.

**Sources**

Iowa Economic Development Authority  
Iowa Department of Human Services

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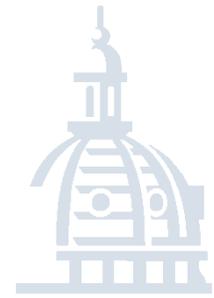
/s/ Holly M. Lyons

April 11, 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 2309** – Biofuel Tax Incentives (LSB5598SZ)  
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Fiscal Note Version – New

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**Description**

**Senate File 2309** relates to biofuel (ethanol and biodiesel) tax incentives. The bill:

- 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 \$0.055 per blended gallon. This change is effective January 1, 2018.
- Decreases the Biodiesel Blended Fuel Tax Credit for biodiesel blends classified as B-5 or higher but not as high as B-11 (currently \$0.045 per blended gallon) to \$0.035 per blended gallon. This change is effective January 1, 2018.

**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 2015 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 \$0.295 diesel tax rate and decrease the number of gallons sold at the \$0.325 diesel 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 an annual average of 55.7 million diesel gallons shifting from B-10 or lower gallons to gallons that are blends higher than B-10. Of those 55.7 million average annual gallons, 42.9 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 \$1.3 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 tax credit rate changes for 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. Due to rounding, rows and columns may not add to totals.						
	Biodiesel Production Payment	E-15	E-85	Biodiesel Blended Fuel Tax Credit	Total Impact	
FY 2016	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
FY 2017	0.0	0.0	0.0	0.0	0.0	
FY 2018	0.9	0.0	0.0	0.0	0.9	
FY 2019	4.0	0.1	0.6	3.2	7.9	
FY 2020	4.1	0.6	2.7	16.5	23.8	
FY 2021	4.1	0.7	3.1	17.1	25.0	
FY 2022	4.2	0.8	3.4	17.3	25.6	
FY 2023	4.2	0.8	3.7	17.6	26.4	
FY 2024	4.3	0.9	4.0	17.9	27.1	
FY 2025	3.2	1.0	4.3	18.1	26.5	
FY 2026	0.0	0.8	3.6	14.8	19.6	
FY 2027	0.0	0.1	0.3	0.5	0.9	
Total	<u>\$ 29.0</u>	<u>\$ 5.9</u>	<u>\$ 25.7</u>	<u>\$ 122.9</u>	<u>\$ 183.8</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 reduction in Road Use Tax Fund revenue of \$1.3 million per calendar year. By fiscal year, the projected reduction equals:

- FY 2018 – \$413,000
- FY 2019 through FY 2024 – \$1.3 million per year
- FY 2025 – \$885,000

**Sources**

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

/s/ Holly M. Lyons

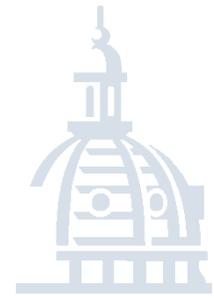
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April 12, 2016

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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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**HF 2451** – Water, Metered Excise Tax (LSB6040HV.2)

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Fiscal Note Version – As amended and passed by the House

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**Description**

**House File 2451**, as amended and passed by the House, exempts the sale of water by utilities from the sales tax and creates an excise tax on metered water that is deposited in the General Fund. These funds are then transferred incrementally to the Water Quality Financial Assistance Fund. One-sixth of the tax will be transferred from the General Fund beginning July 1, 2017 (FY 2018). This will increase by one-sixth each year until the full amount of the tax is transferred in FY 2023 and after. The tax is repealed after FY 2029 or when the state sales tax is increased, whichever is earlier.

**Water Quality Infrastructure Fund.** Appropriates a total of \$232.0 million (for the period FY 2017 through FY 2029) from the Rebuild Iowa Infrastructure (RIIF) Fund to the Water Quality Infrastructure Fund. The Division of Soil Conservation and Water Quality in the Department of Agriculture and Land Stewardship (DALSS) will administer the Fund and can use up to 4.0% of the Fund for administration. The Fund is repealed on January 1, 2030. The Division is required to submit an annual report to the Governor and the General Assembly beginning October 1, 2017, detailing the expenditures of the previous year.

The Fund will support two types of projects as detailed in the **Iowa Nutrient Reduction Strategy**:

- The Edge of Field Infrastructure Program supports projects that capture or filter nutrients that can enter surface water. These are long-term projects and examples include wetlands, bioreactor systems, saturated buffers, and land use changes.
- The In-Field Infrastructure Program supports projects to decrease erosion and surface water runoff. These are long-term projects and examples include terraces, waterways located on cropland, soil erosion control structures, and managed drainage systems.

**Water Quality Financial Assistance Fund.** Creates the Water Quality Financial Assistance Fund under the State Treasury and appropriates moneys from the Water Service Tax to the Fund. For FY 2018 through FY 2029, funds will be appropriated annually as follows:

- 40.0% to the Iowa Finance Authority (IFA) for the Wastewater and Drinking Water Financial Assistance Program. The IFA will administer the Program that consists of appropriations, interest, and other funds. The Program is expanded to include “drinking water” and source water protection projects. The IFA can use 1.0% of the funds for administration. The IFA is required to submit an annual report to the Governor and the General Assembly beginning October 1, 2018, detailing the expenditures of the previous year. The Program is amended to give priority to communities that employ technology to address the latest version of the Nutrient Reduction Strategy and eligibility is expanded to include utility management organizations and rural water systems.
- 45.0% to the IFA for the Water Quality Financing Program that funds projects to improve water quality related to surface water and groundwater. This is a loan program and the IFA will set the loan interest rates and charge fees to pay for the costs of processing loans.
- 15.0% to the Division of Soil Conservation and Water Quality in the DALSS for the Water Quality Urban Infrastructure Program to fund demonstration projects that decrease erosion, storm water discharge, and other related projects. The projects will be funded on a cost-

share basis. The Division can use 4.0% of the funds for administration. Beginning July 1, 2018, funds can be used to support the three-year data collection of in-field practices at Iowa State University. Funds may also be used to develop and maintain a webpage displaying measurable indicators of change in state watersheds.

**Background**

Currently, the sale of water by utilities to residential and nonresidential customers is subject to the sales tax, as well as any local option sales tax (LOST). Nonresidential sewage utilities are also subject to the sales tax, while residential sewage utilities are not. The state sales tax includes a portion that is directed to the Secure an Advanced Vision for Education (SAVE) Program, commonly referred to as the “sixth-cent.”

The Wastewater Treatment Financial Assistance Fund created in Iowa Code section [16.134](#) is for communities, with priority for disadvantaged communities, seeking to install or upgrade wastewater treatment facilities due to regulatory activity by the Department of Natural Resources. Grant awards are capped at \$500,000. The Fund received appropriations from the Rebuild Iowa Infrastructure Fund (RIIF) for the period of FY 2006 to FY 2008 for a total of \$11.0 million.

**Assumptions**

- The annual sales tax attributable to metered water sales in FY 2015 is estimated by the Department of Revenue at \$20.3 million. This number was then increased by Moody’s projections of the Consumer Price Index (CPI) inflation index and population estimates from the REMI<sup>1</sup> forecast.
- Items or services exempt from the state sales tax are also exempt from any LOST. The bill does not provide for a local option sales tax on water services.
- The bill does not subject the new water service tax to the SAVE transfer.
- The section of the bill related to the tax becomes effective July 1, 2017 (FY 2018), and the tax is repealed July 1, 2029.

**Fiscal Impact**

**Water Quality Infrastructure Fund.** The bill appropriates \$5.0 million from the RIIF to the Water Quality Infrastructure Fund in FY 2017 and specifies the appropriations for the period of FY 2018 through FY 2029.

**Water Quality Financial Assistance Fund.** The estimated flow of funds under current law and as proposed in [HF 2451](#) is shown in the following table. General Fund revenue and SAVE dollars will instead be diverted to the Water Quality Financial Assistance Fund. The LOST revenues will no longer be collected.

	CURRENT LAW				HF 2451			
	Est. Sales of Metered Water	5% Sales Tax to General Fund	Sales Tax to SAVE	LOST	Excise Tax @ 6% to General Fund less transfer to Asst Fund	Sales Tax to SAVE	LOST	Water Quality Financial Assistance Fund
FY 2018	\$ 371.4	\$ 18.6	\$ 3.7	\$ 3.1	\$ 18.6	\$ 0.0	\$ 0.0	\$ 3.7
FY 2019	384.6	19.2	3.8	3.2	15.4	0.0	0.0	7.6
FY 2020	396.7	19.8	4.0	3.3	11.9	0.0	0.0	11.9
FY 2021	408.4	20.4	4.1	3.4	8.2	0.0	0.0	16.4
FY 2022	420.2	21.0	4.2	3.5	4.2	0.0	0.0	21.0
FY 2023	432.2	21.6	4.3	3.6	0.0	0.0	0.0	25.9

<sup>1</sup> REMI refers to Regional Economic Models, Inc. See <http://www.remi.com/> for more information.

The estimated fiscal impact is shown below.

<b>Estimated Impact of HF 2451</b>				
In Millions				
	<b>General</b>			<b>Water Quality</b>
	<b>Fund</b>	<b>SAVE</b>	<b>LOST</b>	<b>Financial</b>
				<b>Assistance Fund</b>
FY 2018	\$ 0.0	\$ -3.7	\$ -3.1	\$ 3.7
FY 2019	-3.8	-3.8	-3.2	7.6
FY 2020	-7.9	-4.0	-3.3	11.9
FY 2021	-12.3	-4.1	-3.4	16.4
FY 2022	-16.8	-4.2	-3.5	21.0
FY 2023	-21.6	-4.3	-3.6	25.9

Once the full amount of the transfer is reached in FY 2023, revenues will grow approximately 2.9% per year until the program is repealed after FY 2029 or when the sales tax is increased.

From the Water Quality Financial Assistance Fund, funds will be appropriated as shown below.

<b>Appropriations from the Water Quality Financial Assistance Fund</b>			
	<b>Wastewater and</b>		<b>Water Quality</b>
	<b>Drinking Water</b>	<b>Water Quality</b>	<b>Urban</b>
	<b>Treatment Financial</b>	<b>Financing</b>	<b>Infrastructure</b>
	<b>Assistance Program</b>	<b>Program Fund</b>	<b>Program</b>
FY 2018	\$ 1,480,000	\$ 1,665,000	\$ 555,000
FY 2019	3,040,000	3,420,000	1,140,000
FY 2020	4,760,000	5,355,000	1,785,000
FY 2021	6,560,000	7,380,000	2,460,000
FY 2022	8,400,000	9,450,000	3,150,000
FY 2023	10,360,000	11,655,000	3,885,000

The costs of establishing a new excise tax at the Department of Revenue are estimated at \$1.0 million, due to the inadequacy of the existing fields in the Sales Tax Return System to capture the necessary data for the new tax. This includes the cost of establishing a new method for taxpayers to report the Water Service Tax that will include new fields, and will necessitate the need for changes in processing, tax calculations in audit systems, as well as return review and calculations in mainframe data systems.

If a water utility is located within a Flood Mitigation District, the sales tax remitted will be included in that area's initial increment calculation. By exempting the sale of water services from the sales and use tax, a mitigation district may be impacted by decreasing the taxable increment of sales and services.

**Sources**

Iowa Department of Revenue  
LSA analysis and calculations

/s/ Holly M. Lyons

April 12, 2016