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House File 2501

H-8043

1 Amend the amendment, H-8029, to House File 2501, as follows:  
2 1. Page 2, after line 17 by inserting:  
3 <DIVISION \_\_\_\_  
4 HOSPITAL BOARD OF TRUSTEES ELECTIONS  
5 Sec. \_\_\_\_ . HOSPITAL BOARD OF TRUSTEES ELECTIONS.  
6 Notwithstanding section 347.9, for elections held pursuant  
7 to section 347.9 in 2026, if there are seven trustees on the  
8 board and five trustees are to be elected, the four elected who  
9 receive the highest number of votes are elected for four-year  
10 terms. The remaining trustee is elected for a two-year term.  
11 In case of a tie, the county auditor shall determine by lot  
12 which of the trustees with the lowest number of winning votes  
13 shall serve the two-year term and thereafter their successor  
14 shall be elected for regular terms as provided in section  
15 347.9.>

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HARRIS of Appanoose

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House File 2562

H-8044

1 Amend House File 2562 as follows:

2 1. Page 4, line 9, before <A> by inserting <1.>

3 2. Page 4, line 13, by striking <1.> and inserting <a.>

4 3. Page 4, line 15, by striking <2.> and inserting <b.>

5 4. Page 4, by striking lines 16 through 18 and inserting  
6 <facility for the patient that can provide the appropriate  
7 level of care, as recommended by the physician under section  
8 144H.2, to the patient in the least restrictive environment and  
9 consented to by a>

10 5. Page 4, after line 20 by inserting:

11 <2. If a receiving care facility as described in subsection  
12 1 is identified, and the receiving care facility consents to  
13 the transfer, the patient shall be transferred to the receiving  
14 care facility.>

15 6. Page 5, by striking lines 17 and 18 and inserting <the  
16 attending physician will provide the most appropriate level of  
17 care to the patient in the least restrictive environment, and  
18 is within a>

19 7. Page 5, by striking lines 27 and 28 and inserting <the  
20 patient's attending physician will provide the most appropriate  
21 level of care to the patient in the least restrictive  
22 environment.>

23 8. Page 6, line 1, by striking <the most> and inserting <an>

24 9. Page 6, by striking lines 3 and 4 and inserting:

25 <(2) The receiving care facility can provide the most  
26 appropriate level of care to the patient in the least  
27 restrictive environment.>

28 10. Page 6, by striking lines 20 and 21 and inserting  
29 <by the patient's attending physician will provide the  
30 most appropriate level of care to the patient in the least  
31 restrictive environment.>

32 11. By renumbering as necessary.

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INGELS of Fayette

Iowa General Assembly  
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House File 2268

H-8045

1 Amend House File 2268 as follows:

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

3 <Sec. \_\_\_\_ . APPLICABILITY. This division of this Act applies  
4 on and after March 1, 2027, or the date the department of  
5 transportation submits to the Iowa administrative code editor  
6 for publication in the Iowa administrative bulletin a statement  
7 by the director of transportation that the applicable phase  
8 of the department of transportation's new records system is  
9 implemented, whichever is earlier. The department shall also  
10 forward a copy of the statement to the Iowa Code editor.>

11 2. Page 20, line 29, by striking <this chapter> and  
12 inserting <section 252J.8, this chapter,>

13 3. Page 20, line 33, by striking <this chapter> and  
14 inserting <section 252J.8, this chapter,>

15 4. By renumbering as necessary.

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SIEGRIST of Pottawattamie

HF 2268.2837 (1) 91

(amending this HF 2268 to CONFORM to SF 2088)

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House File 2511

H-8046

1 Amend the amendment, H-8034, to House File 2511, as follows:

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

3 <\_\_\_. Page 1, line 33, by striking <2027> and inserting  
4 <2028>>

5 2. Page 1, after line 4 by inserting:

6 <\_\_\_. Page 5, line 9, by striking <public safety> and  
7 inserting <homeland security and emergency management>>

8 3. By renumbering as necessary.

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WILLS of Dickinson

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House File 2227

H-8047

1 Amend House File 2227 as follows:

2 1. Page 1, line 33, by striking <2022> and inserting <2024>

3 2. Page 6, line 7, by striking <2022> and inserting <2024>

4 3. Title page, line 2, after <lines> by inserting <,  
5 and including effective date and retroactive applicability  
6 provisions>

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LATHAM of Franklin

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House File 2531

H-8048

- 1 Amend the amendment, H-8033, to House File 2531, as follows:  
2 1. Page 2, line 19, before <owner> by inserting <surface>  
3 2. Page 4, line 10, by striking <in coal> and inserting <in  
4 coal>  
5 3. Page 5, line 16, by striking <sold> and inserting <solid>  
6 4. Page 6, line 3, by striking <in coal> and inserting <in  
7 coal>

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HARRIS of Appanoose

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House File 2102

H-8049

1 Amend House File 2102 as follows:

2 1. Page 1, after line 14 by inserting:

3 <Sec. \_\_\_\_ . REQUIRED SALE OF CERTAIN AIRCRAFT USED FOR  
4 EXECUTIVE TRANSPORT. On or before December 31, 2026, the  
5 commissioner of public safety shall sell every aircraft that  
6 has been used for executive transport if the aircraft was  
7 purchased by the department of public safety using moneys  
8 from the federal American Rescue Plan Act of 2021, Pub. L.  
9 No. 117-2. Proceeds from the sale shall be deposited in the  
10 general fund of the state.>

11 2. Title page, line 1, after <Act> by inserting <relating to  
12 transportation, including by>

13 3. Title page, line 2, by striking <examinations.> and  
14 inserting <examinations and requiring the sale of certain  
15 aircraft used for executive transport.>

16 4. By renumbering as necessary.

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ZABNER of Johnson

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House File 2584

H-8050

- 1 Amend the amendment, H-8035, to House File 2584, as follows:
- 2 1. Page 1, line 17, after <for> by inserting <children or>

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LEVIN of Johnson

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House File 2493

H-8051

1 Amend House File 2493 as follows:

2 1. Page 3, after line 14 by inserting:

3 <Sec. \_\_\_\_\_. Section 256C.5, subsection 1, paragraph c, Code  
4 2026, is amended to read as follows:

5 c. "*Preschool budget enrollment*" means the figure that is  
6 equal to ~~fifty percent~~ of the actual enrollment of eligible  
7 students in the preschool programming provided by a school  
8 district approved to participate in the preschool program on  
9 October 1 of the base year, or the first Monday in October if  
10 October 1 falls on a Saturday or Sunday.

11 Sec. \_\_\_\_\_. Section 256C.5, subsection 2, paragraph a, Code  
12 2026, is amended to read as follows:

13 a. For the initial school year for which a school district  
14 approved to participate in the preschool program receives that  
15 approval and implements the preschool program, the funding for  
16 the preschool foundation aid payable to that school district  
17 shall be paid from the appropriation made for that school year  
18 in [section 256C.6](#), Code 2011, or in another appropriation  
19 made for purposes of [this chapter](#). For that school year, the  
20 preschool foundation aid payable to the school district is  
21 the product of the regular program state cost per pupil for  
22 the school year multiplied by ~~sixty percent~~ of the school  
23 district's eligible student enrollment on the date in the  
24 school year determined by rule.>

25 2. By renumbering as necessary.

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EHLERT of Linn

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House File 2527

H-8052

1 Amend House File 2527 as follows:

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

3 <Sec. \_\_\_\_ . NEW SECTION. 673B.5 Exclusions.

4 This chapter shall not apply to any of the following:

5 1. A civil action alleging a private or public nuisance,  
6 if the damages or injury complained of are based on a direct,  
7 localized interference with the use and enjoyment of a property  
8 or a public right.

9 2. A civil action for which the alleged damages or injury  
10 are caused by a specific weather event, including but not  
11 limited to wind, rain, hail, or flooding, notwithstanding that  
12 such event may be alleged to be partly attributable to climate  
13 change or greenhouse gas emissions.>

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SCHOLTEN of Woodbury

Iowa General Assembly  
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House File 2726 - Introduced

HOUSE FILE 2726  
BY GJERDE

A BILL FOR

1 An Act relating to testing for communicable diseases for  
2 certain persons who have committed an assault against a  
3 member of a protected occupation, and including penalties.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 708.3A, Code 2026, is amended by striking  
2 the section and inserting in lieu thereof the following:

3 **708.3A Assaults on members of protected occupations.**

4 1. For purposes of this section, unless the context  
5 otherwise requires:

6 a. *"Assault"* means the same as defined in section 708.1.

7 b. *"Correctional staff"* means a person, who is not a peace  
8 officer, who is employed by the department of corrections or  
9 a judicial district department of correctional services to  
10 work at or in a correctional institution, community-based  
11 correctional facility, or an institution under the management  
12 of the Iowa department of corrections that is used for the  
13 purposes of confinement of persons who have committed public  
14 offenses.

15 c. *"Employee of the department of health and human services"*  
16 means a person who is an employee of an institution controlled  
17 by the director of health and human services that is listed in  
18 section 218.1, or who is an employee of the civil commitment  
19 unit for sex offenders operated by the department of health and  
20 human services. A person who commits an assault under this  
21 section against an employee of the department of health and  
22 human services at a department of health and human services  
23 institution or unit is presumed to know that the person against  
24 whom the assault is committed is an employee of the department  
25 of health and human services.

26 d. *"Employee of the department of revenue"* means a person  
27 who is employed as an auditor, agent, tax collector, or any  
28 contractor or representative acting in the same capacity. The  
29 employee, contractor, or representative shall maintain current  
30 identification indicating that the person is an employee,  
31 contractor, or representative of the department.

32 e. *"Health care provider"* means an emergency medical care  
33 provider as defined in section 147A.1, or a person licensed  
34 or registered under chapter 148, 148C, 148D, or 152, who is  
35 providing or who is attempting to provide emergency medical

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1 services as defined in section 147A.1, or anyone who is  
2 working, volunteering, or participating in an educational  
3 course of instruction at a hospital or rural emergency hospital  
4 as defined in section 135B.1, or at a nursing facility as  
5 defined in section 135C.1. A person who commits an assault  
6 under this section against a health care provider in a  
7 hospital, or at the scene or during out-of-hospital patient  
8 transportation in an ambulance, is presumed to know that the  
9 person against whom the assault is committed is a health care  
10 provider.

11 *f. "Jailer"* means a person, who is not a peace officer,  
12 who is employed by a county or other political subdivision  
13 of the state to work at a county jail or other facility used  
14 for purposes of the confinement of persons who have committed  
15 public offenses.

16 *g. "Member of a protection occupation"* means a person who  
17 is a peace officer; a jailer; correctional staff; juvenile  
18 detention staff; a member or employee of the board of parole;  
19 a health care provider; an employee of the department of  
20 health and human services; an employee of the department of  
21 inspections, appeals, and licensing who conducts investigations  
22 or inspections; an employee of the department of revenue; a  
23 national guard member engaged in national guard duty or state  
24 active duty; a civilian employee of a law enforcement agency;  
25 a civilian employee of a fire department; or a fire fighter,  
26 whether paid or volunteer.

27 *h. "National guard"* means the same as defined in section  
28 29A.1.

29 *i. "National guard duty"* means the same as defined in  
30 section 29A.1.

31 *j. "State active duty"* means the same as defined in section  
32 29A.1.

33 2. An assault against a member of a protected occupation  
34 with the knowledge that the person against whom the assault is  
35 committed is a member of a protected occupation is a class "C"

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1 felony.

2 3. An assault against a member of a protected occupation  
3 using or displaying a dangerous weapon is a class "C" felony.

4 4. An assault against a member of a protected occupation  
5 that causes bodily injury or mental illness is a class "D"  
6 felony.

7 5. Any other assault, including an assault causing another  
8 to come into contact with saliva by throwing, tossing,  
9 spitting, or expelling the fluid, committed against a member of  
10 a protected occupation is an aggravated misdemeanor. A person  
11 convicted of violating this subsection shall serve a minimum  
12 term of seven days of the sentence imposed by law, and shall  
13 not be eligible for deferral or suspension of the minimum term  
14 of seven days.

15 6. a. A person who is a victim of an assault under  
16 subsection 2, 3, 4, or 5 that resulted in the victim coming in  
17 contact with the blood, seminal fluid, urine, saliva, or feces  
18 of the person committing the assault, when there is reason to  
19 believe that the person committing the assault has or may have  
20 a communicable disease, may request that law enforcement make  
21 application to the court for the issuance of a search warrant,  
22 in accordance with chapter 808, for the purpose of requiring  
23 the person committing the assault to submit to testing by a  
24 medical professional for communicable diseases.

25 b. The medical professional conducting testing of the person  
26 committing the assault for communicable diseases shall, as soon  
27 as practicable upon receipt of the test results, contact the  
28 victim of the assault with the test results.

29

EXPLANATION

30 The inclusion of this explanation does not constitute agreement with  
31 the explanation's substance by the members of the general assembly.

32 Under current law, a person who commits an assault against  
33 a person who is a member of certain occupations is subject  
34 to specific criminal penalties based on the circumstances  
35 surrounding the assault.

LSB 6075YH (4) 91  
ak/ko

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3/4

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1 This bill defines "assault" and "member of a protected  
2 occupation".

3 The bill provides that an assault against a member of a  
4 protected occupation when the person committing the assault  
5 knows the person is a member of a protected occupation is  
6 a class "C" felony. A class "C" felony is punishable by  
7 confinement for no more than 10 years and a fine of at least  
8 \$1,370 but not more than \$13,660. An assault against a member  
9 of a protected occupation when the person committing the  
10 assault uses or displays a weapon, or the person causes bodily  
11 injury or mental illness, is a class "D" felony. A class "D"  
12 felony is punishable by confinement for no more than five years  
13 and a fine of at least \$1,025 but not more than \$10,245. Any  
14 other assault, including an assault causing another to come in  
15 contact with saliva, committed against a member of a protected  
16 occupation is an aggravated misdemeanor. An aggravated  
17 misdemeanor is punishable by confinement for no more than two  
18 years and a fine of at least \$855 but not more than \$8,540.  
19 Under the bill, a person must serve a minimum of seven days of  
20 confinement and is not eligible for deferral or suspension of  
21 the seven days minimum confinement.

22 The bill allows a person that is a member of a protected  
23 occupation who is a victim of an assault (victim) that results  
24 in contact with blood, seminal fluid, urine, saliva, or feces  
25 of the assailant when the assailant has or is reasonably  
26 believed may have a communicable disease to request that  
27 a search warrant be issued requiring testing by a medical  
28 professional of the assailant for communicable diseases. Upon  
29 receipt of the test results, the medical professional that  
30 conducted the testing for communicable disease of the assailant  
31 shall contact the victim as soon as practicable to inform the  
32 victim of the test results.

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House Resolution 109 - Introduced

HOUSE RESOLUTION NO. 109

BY MADISON, AMOS JR., GAINES, WILBURN, BAGNIEWSKI,  
BROWN-POWERS, WESSEL-KROESCHELL, ANDREWS, GEARHART,  
R. JOHNSON, GUSTOFF, LEVIN, and WILSON

1 A Resolution honoring the Jordan House Museum for more  
2 than 180 years of historical service to the people  
3 of Iowa.

4 WHEREAS, the Jordan House, a Victorian home  
5 of Italianate Gothic design, was built in 1850 by  
6 abolitionist and influential early Iowa settler James  
7 C. Jordan, and has been listed on the National Register  
8 of Historic Places since 1973; and

9 WHEREAS, the Jordan House is one of the oldest  
10 structures in Polk County and the oldest structure in  
11 West Des Moines; and

12 WHEREAS, the area surrounding the Jordan House  
13 was historically inhabited by members of the Sac and  
14 Fox Indian tribes, and the West Des Moines Historical  
15 Society acknowledges Indigenous history at the Jordan  
16 House and Legacy Woods through educational programs  
17 highlighting the centuries-long presence of Native  
18 peoples; and

19 WHEREAS, James C. Jordan was a staunch abolitionist  
20 and "Chief Conductor" of the Underground Railroad in  
21 Polk County which sheltered freedom seekers; and

22 WHEREAS, prior to the Civil War, the Jordan House  
23 served as one of several stations on the Underground  
24 Railroad in Iowa; and

25 WHEREAS, James C. Jordan founded West Des Moines  
26 and is the namesake of several local sites, including

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1 Jordan Creek Mall; and

2 WHEREAS, the Jordan House remained in the Jordan  
3 family for nearly a century before it was preserved  
4 and opened to the public, and the West Des Moines  
5 Historical Society purchased the property in 1978 to  
6 renovate it as a period home and museum; and

7 WHEREAS, the Jordan House continues to educate  
8 the public on the histories of African Americans,  
9 Indigenous peoples, and early Iowa settlers, and honors  
10 Iowa's contributions to the nation's history, including  
11 in celebration of the upcoming 250th anniversary of the  
12 United States; NOW THEREFORE,

13 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES,  
14 That the House of Representatives honors the Jordan  
15 House Museum for its more than 180 years of historical  
16 importance, and recognizes the Jordan House's important  
17 contributions to the heritage of West Des Moines, the  
18 state of Iowa, and the United States; and

19 BE IT FURTHER RESOLVED, That the Jordan House  
20 should be included in the 250th anniversary of the  
21 United States commemoration because it is a nationally  
22 recognized Underground Railroad site where Iowans  
23 actively advanced the founding ideals of liberty,  
24 equality, and self-government in the generation after  
25 1776; and

26 BE IT FURTHER RESOLVED, That a copy of this  
27 resolution and cover letter celebrating the significant  
28 historical contributions of the Jordan House to the  
29 people of the state of Iowa and to the United States be  
30 sent to members of Iowa's congressional delegation; and

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1 BE IT FURTHER RESOLVED, That a copy of this  
2 resolution and cover letter celebrating the significant  
3 historical contributions of the Jordan House to the  
4 people of the state of Iowa and to the United States  
5 be sent to the Jordan House and Legacy Trail Museum  
6 staff, the West Des Moines Historical Society, the City  
7 Council of the City of West Des Moines, Polk County  
8 government officials, and Catch Des Moines, a local  
9 tourism board; and

10 BE IT FURTHER RESOLVED, That a copy of this  
11 resolution and cover letter celebrating the significant  
12 historical contributions of the Jordan House to the  
13 people of the state of Iowa and to the United States be  
14 sent to Iowa's committee marking the 250th anniversary  
15 of the United States, the Smithsonian National Museum  
16 of American History, the Smithsonian National Museum of  
17 African American History and Culture, the Smithsonian  
18 National Museum of the American Indian, and the  
19 National Park Service Underground Railroad Network to  
20 Freedom Program; and

21 BE IT FURTHER RESOLVED, That a copy of this  
22 resolution and cover letter celebrating the significant  
23 historical contributions of the Jordan House to the  
24 people of the state of Iowa and to the United States be  
25 sent to the African American Museum of Iowa, and Betty  
26 Andrews, President of the Iowa-Nebraska NAACP State  
27 Area Conference of Branches.

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House Study Bill 755 - Introduced

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED ECONOMIC  
DEVELOPMENT AUTHORITY BILL)

**A BILL FOR**

1 An Act relating to matters under the purview of the economic  
2 development authority, the utilities commission, and  
3 the department of education, including creation of the  
4 headquarters expansion and development for growth and  
5 employment program, and the business incentives for growth  
6 program training fund; repeal of the new jobs tax credit  
7 program; the major economic growth attraction program; load  
8 forecasting and analysis of electric transmission system  
9 expansion plans; creation of the electric transmission  
10 system expansion planning and analysis and load forecasting  
11 fund; the industrial new jobs training program; and  
12 including effective date provisions.  
13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

1 DIVISION I  
2 HEADQUARTERS EXPANSION AND DEVELOPMENT FOR GROWTH EMPLOYMENT  
3 PROGRAM  
4 Section 1. NEW SECTION. 15.600 Short title.  
5 This part shall be known and may be cited as the  
6 "*Headquarters Expansion and Development for Growth and Employment*  
7 *Program*", or "*EDGE Program*".  
8 Sec. 2. NEW SECTION. 15.601 Definitions.  
9 As used in this part, unless the context otherwise requires:  
10 1. "*Agreement*" means an agreement entered into by an  
11 eligible business and the authority pursuant to section 15.604.  
12 2. "*Base employment level*" means the same as defined in  
13 section 15.491.  
14 3. "*Benefits*" means nonwage compensation provided to an  
15 employee. "*Benefits*" include medical and dental insurance, a  
16 pension, a retirement plan, a profit-sharing plan, child care,  
17 life insurance, vision insurance, and disability insurance.  
18 4. "*Community*" means a city or county in the state.  
19 5. "*Corporate headquarters*" means a location in the  
20 state that serves as the principal executive office or  
21 houses the core administrative operations for a business,  
22 and that includes executive leadership offices, strategic  
23 decision-making functions, and administrative and support staff  
24 employees.  
25 6. "*Corporate job*" means a position based at a corporate  
26 headquarters that involves strategic planning, executive  
27 decision-making, or core administrative functions.  
28 7. "*Created jobs*" or "*create jobs*" means new, permanent,  
29 full-time equivalent positions added to an eligible business's  
30 payroll, at the location of the eligible business's project, in  
31 excess of the eligible business's base employment level.  
32 8. "*Data center business*" means the same as defined in  
33 section 423.3, subsection 95.  
34 9. "*Eligible business*" means a business that meets the  
35 requirements of section 15.602.

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1 10. *"Full-time equivalent position"* means a non-part-time  
2 position for the number of hours or days per week considered  
3 to be full-time work for the kind of service or work performed  
4 for an employer. Typically, a full-time equivalent position  
5 requires two thousand eighty hours of work in a calendar year,  
6 including all paid holidays, vacations, sick time, and other  
7 paid leave.

8 11. *"Gross annual wages"* means all regular wages and  
9 salaries received by an employee for performing services as  
10 an employee of an employer. *"Gross annual wages"* does not  
11 include nonregular forms of compensation, such as bonuses,  
12 unusual overtime pay, commissions, stock options, pensions,  
13 retirement or death benefits, unemployment benefits, life or  
14 other insurance, or other fringe benefits.

15 12. *"New corporate job"* means a corporate job that is a  
16 created job.

17 13. *"Program"* means the headquarters expansion and  
18 development for growth and employment program.

19 14. *"Project"* means an activity or set of activities  
20 directly related to the retention or location of a corporate  
21 headquarters for an eligible business, proposed in an eligible  
22 business's application to the program, that will accomplish the  
23 goals of the program.

24 15. *"Qualifying wage threshold"* means the mean wage level  
25 represented by the wages within two standard deviations of  
26 the mean wage within the laborshed area in which the eligible  
27 business is located, as calculated by the authority by rule,  
28 using the most current covered wage and employment data  
29 available from the department of workforce development for the  
30 laborshed area in which the eligible business is located.

31 16. *"Retained corporate job"* means a corporate job that is  
32 also a retained job.

33 17. *"Retained jobs"* means a full-time equivalent position  
34 that is in existence at the time an eligible business applies  
35 for the program that remains continuously filled, and that is

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S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

1 at risk of elimination if the proposed project for which the  
2 eligible business is applying to the program does not proceed.

3 18. *"Tax incentives"* means tax credits authorized under the  
4 program by the authority for an eligible business.

5 Sec. 3. NEW SECTION. **15.602 Eligible business.**

6 1. To be eligible to receive tax incentives under  
7 the program, a business must meet all of the following  
8 requirements:

9 a. The community in which the proposed project is located  
10 must approve the project either by ordinance or resolution.

11 b. The business must have a global presence, significant  
12 market share, or national recognition in the industry in which  
13 the business operates.

14 c. The business must be able to provide documentation that a  
15 minimum of fifty-one percent of the business's gross revenue is  
16 generated from business conducted outside the state.

17 d. The business must be able to provide documentation that  
18 a state other than Iowa is meaningfully competing for the  
19 location, expansion, or retention of the business's corporate  
20 headquarters.

21 e. (1) The business must be primarily engaged in advanced  
22 manufacturing, bioscience, insurance and finance, technology  
23 and innovation, or research and development. The business  
24 shall not be a data center business, a retail business, or  
25 a business where a cover charge or membership requirement  
26 restricts certain individuals from entering the business.

27 (2) Factors the authority shall consider to determine if  
28 a business is primarily engaged in advanced manufacturing,  
29 bioscience, insurance and finance, technology and innovation,  
30 or research and development shall include but are not limited  
31 to all of the following:

32 (a) The business's North American industry classification  
33 system code.

34 (b) The business's main sources of revenue.

35 (c) The business's customer base.

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1     *f.* (1) The business must not be solely relocating  
2 operations from one area of the state to another area of  
3 the state. A proposed project that does not create jobs or  
4 involve a substantial amount of new capital investment shall  
5 be presumed to be a relocation of operations. For purposes of  
6 this subparagraph, the authority shall consider a letter from  
7 the affected local community's government officials supporting  
8 the business's move away from the affected local community  
9 in making a determination whether the business is solely  
10 relocating operations.

11     (2) This paragraph shall not be construed to prohibit  
12 a business from expanding the business's operations in a  
13 community if the business has similar operations in this state  
14 that are not closing or undergoing a substantial reduction in  
15 operations.

16     *g.* The business must offer comprehensive benefits to  
17 each full-time equivalent employee employed at its corporate  
18 headquarters. The authority may adopt rules under chapter 17A  
19 to determine the requirements for comprehensive benefits.

20     *h.* (1) The business must not have a record of violations  
21 of law or of rules, including but not limited to antitrust,  
22 environmental, trade, or worker safety, that over a period of  
23 time show a consistent pattern or that establish the business's  
24 intentional, criminal, or reckless conduct in violation of such  
25 laws or rules.

26     (2) In making determinations and findings under  
27 subparagraph (1), and making a determination whether a business  
28 is disqualified from the program, the authority shall be exempt  
29 from chapter 17A.

30     2. In determining if a business is eligible to participate  
31 in the program, the authority shall consider a variety of  
32 factors including but not limited to all of the following:

33     *a.* The cost to the state of providing tax incentives  
34 compared to the potential increase in state and local tax  
35 collections from the project, the potential for population

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1 growth resulting from the project, and the potential for wage  
2 growth resulting from the project.

3     *b.* The impact of the business's proposed project on  
4 businesses that are in competition with the business.  
5 The authority shall make a good-faith effort to identify  
6 existing Iowa businesses in competition with the business  
7 being considered for the program. The authority shall make  
8 a good-faith effort to determine the probability that any  
9 proposed tax incentives will displace employees of a competing  
10 business. In determining the impact on a competing business,  
11 employee displacement from the competing business shall not be  
12 considered created jobs for the applying business's project.

13     *c.* The business's proposed project's economic impact on  
14 the state. The authority shall place greater emphasis on  
15 businesses and proposed projects that meet the following  
16 requirements:

17         (1) The business has a high proportion of in-state  
18 suppliers.

19         (2) The proposed project will diversify the state economy.

20         (3) The business has few in-state competitors.

21         (4) The proposed project has the potential to create jobs on  
22 an ongoing basis, or will result in increased skills and wages  
23 for employees of the eligible business.

24         (5) The proposed project has the potential to increase the  
25 state's overall gross domestic product.

26         (6) The proposed project will result in a newly constructed  
27 facility, or a facility with a significantly increased taxable  
28 valuation.

29         (7) Any other factors the authority deems relevant in  
30 determining the economic impact of a proposed project.

31     Sec. 4. NEW SECTION. 15.603 Applications — authorization  
32 of tax incentives.

33     1. Applications for the program shall be submitted to the  
34 authority in the form and manner prescribed by the authority by  
35 rule. Each application must be accompanied by an application

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1 fee in an amount determined by the authority by rule.

2 2. In determining the eligibility of a business to  
3 participate in the program the authority may engage outside  
4 experts to complete a technical, financial, or other review  
5 of an application submitted by a business if such review is  
6 outside the expertise of the authority.

7 3. The authority and the board may negotiate with an  
8 eligible business regarding the terms of, and the aggregate  
9 value of, the tax incentives the eligible business may receive  
10 under the program.

11 Sec. 5. NEW SECTION. 15.604 **Agreement.**

12 1. An eligible business that is approved by the authority to  
13 participate in the program shall enter into an agreement with  
14 the authority that specifies the criteria for the successful  
15 completion of all requirements of the program. The agreement  
16 must contain, at a minimum, provisions related to all of the  
17 following:

18 a. The eligible business must certify to the authority  
19 annually that the business is in compliance with the agreement.

20 b. If the eligible business fails to comply with any  
21 requirements of the program or the agreement, the eligible  
22 business may be required to repay any tax incentives the  
23 authority issued to the eligible business. After a final  
24 determination by the authority, the authority will notify  
25 the department of revenue of any required repayment of a  
26 tax incentive, which shall be considered a tax payment due  
27 and payable to the department of revenue by any taxpayer  
28 that claimed the tax incentive, and the failure to make the  
29 repayment may be treated by the department of revenue in the  
30 same manner as a failure to pay the tax shown due, or required  
31 to be shown due, with the filing of a return or deposit form.

32 c. If the eligible business undergoes a layoff or  
33 permanently closes any of its facilities within the state, the  
34 eligible business may be subject to all of the following:

35 (1) A reduction or elimination of some or all of the tax

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1 incentives the authority issued to the eligible business.

2 (2) Repayment of any tax incentives that the business  
3 has claimed, and payment of any penalties assessed by the  
4 department of revenue.

5 *d.* The end date of the agreement.

6 *e.* The number of new corporate jobs and retained corporate  
7 jobs to be created or retained as part of the project, the  
8 qualifying wage threshold applicable to the project, and the  
9 date on which the authority will initially verify the eligible  
10 business employs the required number of new corporate jobs and  
11 retained corporate jobs.

12 *f.* The maximum aggregate value of the tax incentives  
13 authorized by the board.

14 *g.* The eligible business shall only employ individuals  
15 legally authorized to work in this state. If the eligible  
16 business is found to knowingly employ individuals who are  
17 not legally authorized to work in this state, in addition to  
18 any penalties provided by law, the eligible business may be  
19 required to repay all or a portion of any tax incentives the  
20 authority issued to the eligible business.

21 *h.* A requirement that the eligible business must continue to  
22 own and operate a corporate headquarters in the state until the  
23 end date of the agreement as specified in paragraph "d".

24 *i.* Any terms deemed necessary by the authority to effect the  
25 eligible business's ongoing compliance with section 15.602.

26 2. The board shall not amend the terms of the agreement  
27 to allow an increase in the maximum aggregate value of tax  
28 incentives authorized by the board under section 15.603.

29 3. The eligible business shall comply with all applicable  
30 terms of the agreement until the agreement end date. An  
31 eligible business shall maintain the business's base employment  
32 level until the agreement end date.

33 4. The eligible business shall not assign the agreement  
34 to another entity without the advance written approval of the  
35 board.

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1 5. The authority may enforce the terms of the agreement as  
2 necessary and appropriate.

3 Sec. 6. NEW SECTION. 15.605 **Qualifying wage tax credit.**

4 1. If the authority has entered into an agreement with an  
5 eligible business pursuant to section 15.604, the authority  
6 may authorize a qualifying wage tax credit with the eligible  
7 business for a period not to exceed three years according  
8 to the start and end date specified in the agreement. The  
9 authority may issue a qualifying wage tax credit to the  
10 eligible business for each year of the authorized period upon  
11 verification under section 15.604, subsection 1, paragraph  
12 "e", that the eligible business employed the required number  
13 of employees in new corporate jobs and retained corporate jobs  
14 that pay at least two hundred percent of the qualifying wage  
15 threshold. The tax credit for each year of the authorized  
16 period shall equal no more than the sum of all of the  
17 following:

18 a. Up to fifteen percent of the gross annual wages of new  
19 corporate jobs that pay at least two hundred percent of the  
20 qualifying wage threshold.

21 b. Up to one percent of the gross annual wages of retained  
22 corporate jobs that pay at least two hundred percent of the  
23 qualifying wage threshold, not to exceed one million dollars.

24 2. A tax credit shall be allowed against the taxes imposed  
25 in chapter 422, subchapters II, III, and V, and against the  
26 moneys and credits tax imposed in section 533.329.

27 3. In order for a taxpayer to claim a tax credit under  
28 subsection 1, a tax credit certificate issued by the authority  
29 shall be included with the taxpayer's tax return. The tax  
30 credit certificate shall contain the taxpayer's name, address,  
31 tax identification number, the amount of the credit, and other  
32 information required by the authority.

33 4. An individual may claim a tax credit under subsection  
34 1 on behalf of a partnership, limited liability company,  
35 S corporation, estate, or trust electing to have income

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1 taxed directly to the individual. The amount claimed by the  
2 individual shall be based upon the pro rata share of the  
3 individual's earnings from the partnership, limited liability  
4 company, S corporation, estate, or trust.

5 5. Any tax credit in excess of the taxpayer's liability  
6 for the tax year is refundable. In lieu of claiming a refund,  
7 an eligible business may elect to have the overpayment shown  
8 on the eligible business's final, completed return credited  
9 to the eligible business's tax liability for the immediately  
10 succeeding tax year. A tax credit shall not be carried back  
11 to a tax year prior to the tax year in which the tax credit is  
12 first claimed by the eligible business.

13 6. Tax credit certificates issued pursuant to this section  
14 are not transferable.

15 Sec. 7. NEW SECTION. 15.606 **Other incentives.**

16 The authority, in its discretion, may prohibit an eligible  
17 business that has been issued tax incentives under the program  
18 from receiving any additional tax incentive, tax credit,  
19 grant, loan, or other financial assistance under any program  
20 administered by the authority.

21 Sec. 8. NEW SECTION. 422.12R **Qualifying wage tax credit.**

22 The taxes imposed under this subchapter, less the credits  
23 allowed under section 422.12, shall be reduced by a qualifying  
24 wage tax credit allowed under section 15.605.

25 Sec. 9. Section 422.33, Code 2026, is amended by adding the  
26 following new subsection:

27 NEW SUBSECTION. 4. The taxes imposed under this subchapter  
28 shall be reduced by a qualifying wage tax credit allowed under  
29 section 15.605.

30 Sec. 10. Section 422.60, Code 2026, is amended by adding the  
31 following new subsection:

32 NEW SUBSECTION. 2. The taxes imposed under this subchapter  
33 shall be reduced by a qualifying wage tax credit allowed under  
34 section 15.605.

35 Sec. 11. Section 533.329, subsection 2, Code 2026, is

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1 amended by adding the following new paragraph:

2 NEW PARAGRAPH. *m.* The moneys and credits tax imposed under  
3 this section shall be reduced by a qualifying wage tax credit  
4 allowed under section 15.605.

5 Sec. 12. CODE EDITOR DIRECTIVE. The Code editor is directed  
6 to designate sections 15.600 through 15.606, as enacted in this  
7 division of this Act, as part 37 of subchapter II.

8 DIVISION II

9 MAJOR ECONOMIC GROWTH ATTRACTION PROGRAM

10 Sec. 13. Section 15.491, subsection 12, Code 2026, is  
11 amended to read as follows:

12 12. *"Foreign adversary"* means a the following:

13 a. A foreign government or foreign non-government person as  
14 determined in 15 C.F.R. §7.4, and that is listed in 15 C.F.R.  
15 §7.4(a) at any time from March 4, 2024, through ~~the termination~~  
16 ~~of the program~~ July 17, 2024.

17 b. A foreign government or foreign non-government person as  
18 determined in 15 C.F.R. §791.4, and that is listed in 15 C.F.R.  
19 §791.4 at any time from July 18, 2024, through the termination  
20 of the program.

21 Sec. 14. Section 15.501, Code 2026, is amended to read as  
22 follows:

23 15.501 Restrictions on board.

24 The board shall not authorize tax incentives available under  
25 the program, or an exemption to restrictions on agricultural  
26 land holdings pursuant to this part, for more than two eligible  
27 businesses, or on or after January 1, ~~2027~~ 2030, whichever  
28 occurs first.

29 DIVISION III

30 BUSINESS INCENTIVES FOR GROWTH PROGRAM TRAINING FUND

31 Sec. 15. NEW SECTION. 15.512 Training fund.

32 1. A business incentives for growth program training fund  
33 is created in the state treasury under the control of the  
34 authority. An amount up to one and one-half percent of the  
35 gross wages an eligible business pays according to an agreement

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1 entered into pursuant to section 15.506 shall be credited to  
2 the fund from the withholding payments made by an eligible  
3 business pursuant to section 422.16. Such jobs shall be  
4 identified by the authority as having a sufficient economic  
5 impact to warrant assistance with training.

6 2. On a quarterly basis, an eligible business shall disclose  
7 the amount of gross wages that qualify under subsection 1 to  
8 the authority and to the department of revenue. Based upon  
9 the gross wage amount provided to the authority, the authority  
10 shall calculate the amount of gross wages to be deposited into  
11 the fund for the quarter, and the department of revenue shall  
12 deposit that amount into the fund.

13 3. Moneys in the fund shall be used to reimburse training  
14 expenses incurred by an eligible business that are associated  
15 with the eligible business's project.

16 4. An eligible business's training expenses that may be  
17 eligible for reimbursement must meet all of the following  
18 criteria:

19 a. The expenses are paid to a third party.

20 b. The expenses are for training that is specific to the  
21 project of the eligible business and necessary for the success  
22 of the project.

23 c. The expenses were incurred over the period of time  
24 identified in the agreement under section 15.506, but not to  
25 exceed four years.

26 d. The expenses are documented to the satisfaction of the  
27 authority.

28 5. An eligible business that has been approved by the  
29 authority to receive a reimbursement from the fund shall not be  
30 eligible to receive any other state incentive to be used for  
31 the same purpose.

32 DIVISION IV

33 REPEAL OF THE NEW JOBS TAX CREDIT

34 Sec. 16. Section 2.48, subsection 3, paragraph e,  
35 subparagraph (7), Code 2026, is amended by striking the

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1 subparagraph.

2 Sec. 17. REPEAL. Section 422.11A, Code 2026, is repealed.

3 Sec. 18. PRESERVATION OF EXISTING RIGHTS. This division of  
4 this Act shall not limit, modify, or otherwise adversely affect  
5 any amount of tax incentive issued, awarded, or allowed before  
6 the effective date of this division of this Act, nor shall  
7 it limit, modify, or otherwise adversely affect a taxpayer's  
8 right to claim or redeem a tax incentive issued, awarded, or  
9 allowed before the effective date of this division of this Act,  
10 including but not limited to any tax incentive carryforward  
11 amount.

12 Sec. 19. EFFECTIVE DATE. This division of this Act, being  
13 deemed of immediate importance, takes effect upon enactment.

14 DIVISION V

15 LOAD FORECASTING

16 Sec. 20. NEW SECTION. 15.120A Load forecasting report and  
17 analysis of electric transmission system expansion plans.

18 To support economic development in the state, the authority  
19 shall commission Iowa state university of science and  
20 technology to produce a report forecasting the probable future  
21 growth of the use of electricity within Iowa and within the  
22 midwest region. The report shall include a load forecast and  
23 an analysis of electric transmission system expansion plans.  
24 The authority must commission such report from the university  
25 at least every two years. In developing the report, the  
26 university shall solicit the input of residential, commercial,  
27 and industrial consumers and the electric industry. The load  
28 forecast and state electric transmission system expansion  
29 planning analysis must be published by December 31, 2028, and  
30 biennially published on or before December 31 thereafter. The  
31 authority may commission other reports as necessary to evaluate  
32 energy needs including but not limited to natural gas. A  
33 report commissioned pursuant to this section must be publicly  
34 available on the authority's internet site.

35 Sec. 21. Section 476.1A, subsection 2, Code 2026, is amended

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1 to read as follows:

2 2. However, ~~sections~~ section 476.2, subsection 7, section  
3 476.20, subsections 1 through 4, sections 476.21, 476.51,  
4 476.56, 476.58, 476.62, and 476.66, and chapters 476A and 478,  
5 to the extent applicable, apply to such electric utilities.

6 Sec. 22. Section 476.1B, subsection 2, Code 2026, is amended  
7 to read as follows:

8 2. ~~Section 476.20, subsections 1 through 4,~~ Section 476.2,  
9 subsection 7, section 476.20, subsections 1 through 4, sections  
10 476.51, 476.56, 476.58, 476.62, and 476.66, and chapters 476A  
11 and 478, to the extent applicable, apply to such electric and  
12 gas utilities.

13 Sec. 23. Section 476.2, Code 2026, is amended by adding the  
14 following new subsection:

15 NEW SUBSECTION. 7. The commission shall have the authority  
16 to compel all public utilities to share with Iowa state  
17 university of science and technology information necessary to  
18 develop state load forecasts and state electric transmission  
19 system expansion planning analysis pursuant to section 15.120A.  
20 The load forecast and state electric transmission system  
21 expansion planning analysis published pursuant to section  
22 15.120A may be used as evidentiary support in any proceedings  
23 before the commission.

24 Sec. 24. NEW SECTION. 476.10C Load forecasts and analyses  
25 of state electric transmission system expansion plans — fund.

26 1. An electric transmission system expansion plans analysis  
27 and load forecasting fund is created in the state treasury  
28 under the control of the economic development authority. The  
29 commission shall direct all electric utilities to remit to the  
30 treasurer of state for deposit in the electric transmission  
31 system expansion plans analysis and load forecasting fund a  
32 percentage of the total gross operating revenues during the  
33 last calendar year derived from the utilities' intrastate  
34 public utility operations. Moneys in the fund are appropriated  
35 to the economic development authority to be used for the

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1 purposes of commissioning a report pursuant to section 15.120A.  
2 Notwithstanding section 8.33, moneys in the fund that remain  
3 unencumbered or unobligated at the close of a fiscal year shall  
4 not revert but shall remain available for expenditure for the  
5 purposes designated. Notwithstanding section 12C.7, subsection  
6 2, interest or earnings on moneys in the fund shall be credited  
7 to the fund.

8 2. The commission shall, by rule, establish a maximum  
9 amount of remittances in aggregate and provide a schedule  
10 for remittances. The remittances collected pursuant to this  
11 section shall be in addition to the assessments permitted  
12 pursuant to section 476.10. The commission shall allow  
13 inclusion of these remittances in the budgets approved by the  
14 commission pursuant to section 476.6, subsection 15, paragraph  
15 "c".

16 DIVISION VI

17 IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM

18 Sec. 25. Section 260E.3, subsection 1, paragraph b, Code  
19 2026, is amended to read as follows:

20 b. New For an agreement entered into on or before June  
21 30, 2026, new jobs credit from withholding to be received or  
22 derived from new employment resulting from the project.

23 Sec. 26. Section 260E.3, subsection 4, Code 2026, is amended  
24 to read as follows:

25 4. An agreement shall include a provision which fixes the  
26 minimum amount of incremental property taxes, ~~new jobs credit~~  
27 ~~from withholding,~~ or tuition and fee payments which shall be  
28 paid for program costs. An agreement entered into on or before  
29 June 30, 2026, may include a provision which fixes the minimum  
30 amount of new jobs credit from withholding which shall be paid  
31 for program costs.

32 Sec. 27. Section 260E.5, unnumbered paragraph 1, Code 2026,  
33 is amended to read as follows:

34 ~~If an~~ For an agreement entered into on or before June  
35 30, 2026, if the agreement provides that all or part of

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1 program costs are to be met by receipt of new jobs credit from  
2 withholding, it shall be done as follows:

3 EXPLANATION

4 The inclusion of this explanation does not constitute agreement with  
5 the explanation's substance by the members of the general assembly.

6 This bill relates to economic development authority programs  
7 and tax credits; load forecasting and the state electric  
8 transmission system expansion plans; and the industrial new  
9 jobs training program.

10 DIVISION I — HEADQUARTERS EXPANSION AND DEVELOPMENT FOR  
11 GROWTH AND EMPLOYMENT PROGRAM. The bill creates a headquarters  
12 expansion and development for growth and employment program  
13 (EDGE program) to provide tax incentives to eligible  
14 businesses. The qualifications for an eligible business, and  
15 the factors the economic development authority (authority)  
16 shall consider in determining if a business is eligible to  
17 participate in the EDGE program are provided in the bill.  
18 Applications for the EDGE program shall be submitted to the  
19 authority.

20 The terms of, and aggregate value of, a tax incentive may  
21 be negotiated between an eligible business, the authority, and  
22 the board comprised of members of the authority appointed by  
23 the governor (board). An eligible business that is approved to  
24 participate in the EDGE program shall enter into an agreement  
25 with the authority specifying the criteria for successful  
26 completion of the program requirements. The requirements  
27 for the program agreement are detailed in the bill, and the  
28 authority may enforce such requirements.

29 If the authority enters into an agreement with an eligible  
30 business, the authority may authorize a qualifying wage tax  
31 credit for the eligible business for a period not to exceed  
32 three years as specified in the agreement. The authority may  
33 issue a qualifying wage tax credit to the eligible business for  
34 each year of the authorized period upon verification that the  
35 eligible business employed the required number of employees

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1 in new corporate jobs and retained corporate jobs that pay  
2 at least 200 percent of the qualifying wage threshold. The  
3 tax credit for each year of the authorized period shall equal  
4 no more than the amount specified in the bill. A taxpayer  
5 shall include a tax credit certificate issued by the authority  
6 with the taxpayer's tax return to claim the tax credit. An  
7 individual may claim a tax credit on behalf of a partnership,  
8 limited liability company, S corporation, estate, or trust  
9 electing to have income taxed directly to the individual in  
10 an amount based upon the pro rata share of the individual's  
11 earnings. Any tax credit in excess of the taxpayer's liability  
12 for the tax year is refundable or may be credited to the  
13 immediately succeeding tax year. Tax credit certificates are  
14 not transferable.

15 The authority may prohibit an eligible business that  
16 receives a tax incentive from the program from receiving any  
17 other tax incentives or financial assistance under any program  
18 administered by the authority.

19 Under the bill, individual and corporate income taxes,  
20 financial institution franchise taxes, and money and credits  
21 taxes on credit unions shall be reduced by a qualifying wage  
22 tax credit.

23 DIVISION II — MAJOR ECONOMIC GROWTH ATTRACTION PROGRAM.  
24 The bill amends the definition of a "foreign adversary" under  
25 the major economic growth attraction program (MEGA program).  
26 Under current law, a foreign adversary is a foreign government  
27 or foreign nongovernment person as determined in 15 C.F.R.  
28 §7.4, and as listed in 15 C.F.R. §7.4(a) at any time from March  
29 4, 2024, through the termination of the program. Under the  
30 bill, a foreign adversary is a foreign government or foreign  
31 nongovernment person as determined in 15 C.F.R. §7.4, and as  
32 listed in 15 C.F.R. §7.4(a) at any time from March 4, 2024,  
33 through July 17, 2024, or, as determined in 15 C.F.R. §791.4,  
34 and as listed in 15 C.F.R. §791.4 at any time from July 18,  
35 2024, through the termination of the program.

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1 Under current law, the board shall not authorize tax  
2 incentives available under the MEGA program, or an exemption to  
3 restrictions on agricultural land holdings, for more than two  
4 eligible businesses, or on or after January 1, 2027, whichever  
5 occurs first. The bill extends this provision to January 1,  
6 2030.

7 DIVISION III — BUSINESS INCENTIVES FOR GROWTH PROGRAM  
8 TRAINING FUND. The bill creates a business incentives for  
9 growth program training fund (fund) in the state treasury under  
10 the control of the authority.

11 Under the bill, an amount up to 1.5 percent of the gross  
12 wages an eligible business pays pursuant to an agreement  
13 with the authority shall be credited to the fund from the  
14 withholding payments made by the eligible business. Such jobs  
15 shall be identified by the authority as having a sufficient  
16 economic impact to warrant assistance with training. On a  
17 quarterly basis, an eligible business shall disclose the  
18 amount of gross wages that qualify to the authority and to the  
19 department of revenue (DOR). The authority shall calculate the  
20 amount of gross wages to be deposited into the fund, and the  
21 DOR shall deposit that amount into the fund.

22 Moneys in the fund shall be used to reimburse training  
23 expenses incurred by an eligible business that are associated  
24 with the eligible business's project, and that meet the  
25 requirements detailed in the bill. An eligible business that  
26 has been approved to receive a reimbursement from the fund  
27 shall not receive any other state incentives for the same  
28 purpose.

29 DIVISION IV — REPEAL OF THE NEW JOBS TAX CREDIT. The  
30 bill repeals the new jobs tax credit under Code section  
31 422.11A. The bill makes a conforming change to Code section  
32 2.48(3)(e)(7).

33 This division of the bill, being deemed of immediate  
34 importance, takes effect upon enactment.

35 DIVISION V — LOAD FORECASTING. The bill relates to load

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1 forecasting and analysis of electric transmission system  
2 expansion plans. The bill directs the authority to commission  
3 Iowa state university of science and technology (ISU) to  
4 produce a report forecasting the probable future growth of  
5 electricity use within the state and within the midwest region.  
6 The report must include a load forecast and an analysis of  
7 electric transmission system expansion plans, and must be  
8 commissioned from ISU at least once every two years. In  
9 developing the report, ISU must solicit input from residential,  
10 commercial, and industrial consumers and the electric industry.  
11 The load forecast and electric transmission system expansion  
12 planning analysis must be published by December 31, 2028, and  
13 biennially published on or before December 31 thereafter. The  
14 authority may commission other reports as necessary to evaluate  
15 energy needs. A report shall be made publicly available on the  
16 authority's internet site.

17 The bill grants the Iowa utilities commission (commission)  
18 authority to compel public utilities to share with ISU  
19 information necessary to develop the load forecasts and  
20 electric transmission system expansion planning analysis  
21 required under the bill. The bill also provides that the load  
22 forecast and electric transmission system expansion planning  
23 analysis may be used as evidentiary support in any proceedings  
24 before the commission. This authority to compel includes  
25 all electric utilities, including electric public utilities  
26 with few customers, electric cooperative corporations and  
27 associations, and municipally owned utilities.

28 The bill requires the commission to direct all electric  
29 utilities to remit to the treasurer of state for deposit in the  
30 electric transmission system expansion planning analysis and  
31 load forecasting fund, as created in the bill, a percentage of  
32 the utilities' total gross intrastate operating revenues from  
33 the prior year. Moneys in the fund are appropriated to the  
34 authority for the purpose of commissioning the load forecasting  
35 report and analysis. The bill directs the commission to

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1 establish by rule an aggregate maximum amount of remittances  
2 and a schedule for remittances. The remittances are in  
3 addition to assessments otherwise permitted and may be included  
4 in budgets approved for energy efficiency implementation.

5 DIVISION VI — IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM.

6 Under current law, a community college may enter into an  
7 agreement to establish a project which shall provide for  
8 program costs, including deferred costs, which may be paid  
9 from one or more sources, including the new jobs credit from  
10 withholding to be received or derived from new employment  
11 resulting from the project. The agreement shall include  
12 a provision which fixes the minimum amount of incremental  
13 property taxes, new jobs credit from withholding, or tuition  
14 and fee payments which shall be paid for program costs.  
15 Under the bill, the new jobs credit from withholding is only  
16 available for agreements entered into on or before June 30,  
17 2026, and such an agreement may include a provision which fixes  
18 the minimum amount of new jobs credit from withholding which  
19 shall be paid for program costs.

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House Study Bill 756 - Introduced

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
INSURANCE AND FINANCIAL  
SERVICES BILL)

**A BILL FOR**

1 An Act relating to captive insurance companies and life captive  
2 reinsurance companies, and including civil penalties.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 432.1, Code 2026, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 7. *a.* A tax return filed under this  
4 section shall not be subject to inspection under chapter 22.  
5 It shall be unlawful for any present or former officer or  
6 employee of the state to willfully or recklessly publish any  
7 tax return filed under this section. A person who violates  
8 this paragraph shall be guilty of a serious misdemeanor and, in  
9 addition to any other penalty, shall be dismissed from state  
10 office or discharged from state employment.

11 *b.* This section shall not be construed to prohibit the  
12 department of revenue from turning over information and tax  
13 returns in the department of revenue's possession pursuant  
14 to this subsection to duly authorized officers of the United  
15 States, or tax officials of other states, pursuant to an  
16 agreement between the commissioner of insurance and any of the  
17 following:

18 (1) The secretary of the treasury of the United States, or  
19 the secretary's delegate.

20 (2) The commissioner of insurance of another state.

21 Sec. 2. Section 432.1A, Code 2026, is amended by adding the  
22 following new subsection:

23 NEW SUBSECTION. 9. *a.* A tax return filed under this  
24 section shall not be subject to inspection under chapter 22.  
25 It shall be unlawful for any present or former officer or  
26 employee of the state to willfully or recklessly publish any  
27 tax return filed under this section. A person who violates  
28 this paragraph shall be guilty of a serious misdemeanor and, in  
29 addition to any other penalty, shall be dismissed from state  
30 office or discharged from state employment.

31 *b.* This section shall not be construed to prohibit the  
32 department of revenue from turning over information and  
33 tax returns in the department's possession pursuant to this  
34 subsection to duly authorized officers of the United States, or  
35 tax officials of other states, pursuant to an agreement between

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1 the commissioner of insurance and any of the following:

2 (1) The secretary of the treasury of the United States, or  
3 the secretary's delegate.

4 (2) The commissioner of insurance of another state.

5 Sec. 3. Section 490.905, subsection 1, Code 2026, is amended  
6 to read as follows:

7 1. The secretary of state, upon a corporation complying with  
8 this section and upon the filing of articles of incorporation  
9 and upon receipt of the fees as provided in [this chapter](#),  
10 shall issue an acknowledgment of receipt of document as  
11 of the date of the filing of the articles of incorporation  
12 with the secretary of state. The acknowledgment of receipt  
13 of document shall state on its face that it is issued in  
14 accordance with [this section](#). The secretary of state shall  
15 then notify the appropriate officer of the state or country of  
16 the corporation's last domicile that the corporation is now a  
17 domestic corporation domiciled in this state. [This section](#)  
18 applies to life insurance companies, ~~and~~ to insurance companies  
19 doing business under [chapter 515](#), and to captive companies  
20 doing business under chapter 521J.

21 Sec. 4. Section 521J.1, unnumbered paragraph 1, Code 2026,  
22 is amended to read as follows:

23 As used in this ~~chapter~~ subchapter, unless the context  
24 otherwise requires:

25 Sec. 5. Section 521J.1, subsections 2, 6, 7, 8, and 9, Code  
26 2026, are amended to read as follows:

27 2. "*Alien captive company*" means a captive company formed  
28 under the laws of ~~an alien jurisdiction~~ any country except the  
29 United States that imposes statutory or regulatory standards in  
30 a form acceptable to the commissioner on companies transacting  
31 the business of insurance in such jurisdiction.

32 6. "*Business entity*" means a ~~corporation, a limited~~  
33 ~~liability company, or other legal entity formed by an~~  
34 ~~organizational document~~ legal entity permitted under Iowa law.  
35 "*Business entity*" does not include a sole proprietorship.

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1 7. "*Captive company*" means any pure captive company,  
2 protected cell captive company, special purpose captive  
3 company, or industrial insured captive company formed or  
4 authorized under this ~~chapter~~ subchapter. "*Captive company*"  
5 does not include a life captive reinsurance company as defined  
6 under section 521J.101.

7 8. "*Captive reinsurance company*" means a captive insurance  
8 company in this state, as authorized ~~by the commissioner by~~  
9 rule under this subchapter, that reinsures the risk ceded by  
10 any other insurer. "*Captive reinsurance company*" does not  
11 include a life captive reinsurance company as defined under  
12 section 521J.101.

13 9. "*Captive risk retention group*" means a captive insurance  
14 risk retention group formed under this ~~chapter~~ subchapter and  
15 that is subject to [chapter 515E](#).

16 Sec. 6. Section 521J.1, Code 2026, is amended by adding the  
17 following new subsection:

18 NEW SUBSECTION. 13A. "*Foreign captive company*" means a  
19 captive company formed and licensed under the laws of any  
20 jurisdiction within the United States except this state.

21 Sec. 7. Section 521J.1, subsection 22, Code 2026, is amended  
22 to read as follows:

23 22. "*Protected cell*" means a separate account established  
24 by a protected cell captive company formed or authorized under  
25 this ~~chapter~~ subchapter in which an identified pool of assets  
26 and liabilities are segregated and insulated, as provided in  
27 section 521J.17, from the remainder of the protected cell  
28 captive company's assets and liabilities in accordance with  
29 the terms of one or more participant contracts to fund the  
30 liability of the protected cell captive company with respect to  
31 the participants.

32 Sec. 8. Section 521J.1, subsection 24, paragraph b, Code  
33 2026, is amended to read as follows:

34 *b.* The company is formed or authorized under this ~~chapter~~  
35 subchapter.

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1 Sec. 9. Section 521J.1, subsection 31, Code 2026, is amended  
2 to read as follows:

3 31. "*Special purpose captive company*" means a captive  
4 company that is formed or authorized under this ~~chapter~~  
5 subchapter that does not meet the definition of any other type  
6 of captive company as defined in this ~~section~~ subchapter,  
7 or that is formed by, on behalf of, or for the benefit of a  
8 political subdivision ~~of this state~~. "*Special purpose captive*  
9 *company*" may include a reciprocal insurer. "*Special purpose*  
10 *captive company*" does not include a life captive reinsurance  
11 company as defined under section 521J.101.

12 Sec. 10. Section 521J.2, subsection 1, unnumbered paragraph  
13 1, Code 2026, is amended to read as follows:

14 If permitted by its organizational document, a captive  
15 company may apply to the commissioner for a certificate of  
16 authority to provide property insurance, casualty insurance,  
17 life insurance, disability income insurance, surety insurance,  
18 marine insurance, health insurance, ~~or~~ a group health plan, or  
19 the ability to accept or transfer risk by means of a parametric  
20 contract, with the following exceptions:

21 Sec. 11. Section 521J.2, subsection 2, Code 2026, is amended  
22 by adding the following new paragraph:

23 NEW PARAGRAPH. e. The captive company's organizational  
24 documents, and any subsequent amendments, have been filed and  
25 approved by the commissioner prior to being filed with the  
26 secretary of state.

27 Sec. 12. Section 521J.2, subsections 3, 4, and 5, Code 2026,  
28 are amended to read as follows:

29 3. a. Prior to receiving a certificate of authority, a  
30 captive company applicant shall do all of the following:

31 (1) File with the commissioner all of the following:

32 (a) A ~~certified~~ copy of the business entity's  
33 organizational document.

34 (b) A statement under oath of an officer of the business  
35 entity showing the business entity's financial condition.

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1 (c) Any other statement or document required by the  
2 commissioner ~~as established by rule.~~

3 (2) Submit a description of coverages, deductibles,  
4 coverage limits, rates, and any additional information  
5 requested by the commissioner to the commissioner for approval.

6 (3) Provide a statement to the commissioner that describes  
7 all of the following:

8 (a) The character, reputation, and financial standing of  
9 the organizers of the business entity.

10 (b) The character, reputation, financial responsibility,  
11 insurance experience, and business qualifications of all  
12 officers, directors, and managing members of the business  
13 entity.

14 (4) Provide any other information required by the  
15 commissioner ~~as established by rule.~~

16 *b.* If there is a subsequent material change in the  
17 information provided to the commissioner under paragraph  
18 "a", the captive company shall submit appropriate supporting  
19 documentation to the commissioner for approval. The captive  
20 company shall not offer any additional lines of insurance until  
21 on or after the date on which the commissioner approves the  
22 supporting documentation. The captive company shall inform the  
23 commissioner of any change in rates within thirty calendar days  
24 of the captive company's adoption of a change in rate.

25 *c.* In addition to the information required under paragraphs  
26 "a" and "b", each applicant captive company shall file with the  
27 commissioner evidence of all of the following:

28 (1) The amount and liquidity of the captive company's assets  
29 relative to the risks to be assumed by the captive company.

30 (2) The adequacy of the expertise, experience, and  
31 character of the persons who will manage the captive company.

32 (3) The overall soundness of the captive company's plan of  
33 operation.

34 (4) The adequacy of the loss prevention program of the  
35 captive company's parent, members, or industrial insureds, as

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1 applicable.

2 (5) Any other factors deemed relevant by the commissioner to  
3 ascertain if the proposed captive company will be able to meet  
4 the company's policy obligations.

5 d. In addition to the information required under paragraph  
6 "a", each applicant that is a protected cell captive company  
7 shall file with the commissioner all of the following:

8 (1) A business plan that demonstrates, at a level of detail  
9 deemed sufficient by the commissioner, how the applicant will  
10 account for the loss and expense experience of each protected  
11 cell, and how the applicant will report the loss and expense  
12 experience of each protected cell to the commissioner.

13 (2) A statement that acknowledges that all financial  
14 records of the protected cell captive company, including  
15 records pertaining to any protected cells, shall be made  
16 available upon request for inspection or examination by the  
17 commissioner or the commissioner's designated agent.

18 (3) A copy of each participant contract.

19 (4) Evidence that expenses will be allocated to each  
20 protected cell in a fair and equitable manner.

21 e. In addition to the requirements of paragraph "a", a  
22 captive company formed as a reciprocal insurer shall file with  
23 the commissioner a certified copy of the power of attorney of  
24 the reciprocal insurer's attorney-in-fact, a certified copy of  
25 the reciprocal insurer's subscribers' agreement, a statement  
26 under oath of the reciprocal insurer's attorney-in-fact that  
27 shows the reciprocal insurer's financial condition, and any  
28 other statements or documents required by the commissioner as  
29 ~~established by rule.~~

30 ~~f.~~ 4. All documents, reports, and information submitted  
31 pursuant to this ~~subsection~~ subchapter shall be confidential  
32 and shall not be made public without the advance written  
33 consent of the submitting company, with the following  
34 exceptions:

35 (1) a. The documents and information shall be discoverable

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1 by a party in a civil action or in a contested case to which  
2 the captive company that submitted the information is a party  
3 upon a showing by the party seeking to discover the information  
4 that the information sought is relevant to, and necessary for,  
5 the furtherance of the action or case; the information sought  
6 is unavailable from other nonconfidential sources; and that a  
7 subpoena issued by a judicial or an administrative officer has  
8 been submitted to the commissioner.

9 ~~(2)~~ b. The commissioner may, in the commissioner's  
10 discretion, disclose the documents and information to a public  
11 official having jurisdiction over the regulation of insurance  
12 in another state, or to a public official of the federal  
13 government, provided that the public official agrees in writing  
14 to maintain the confidentiality of the information, and that  
15 the laws of the state in which the public official serves  
16 require that the information remain confidential.

17 ~~4.~~ 5. a. Each captive company, each individual series  
18 of members of a limited liability company, and each protected  
19 cell shall pay a nonrefundable fee to the commissioner of  
20 two hundred dollars for the examination, investigation, and  
21 processing of its application for a certificate of authority.  
22 The commissioner shall be authorized to retain legal,  
23 financial, and examination services from outside experts as  
24 necessary for review of the application, the reasonable cost of  
25 which may be charged to the applicant.

26 b. Each captive insurance company, each individual series of  
27 members of a limited liability company, and each protected cell  
28 shall pay ~~an initial registration fee, and~~ an annual renewal  
29 registration fee, of three hundred dollars.

30 ~~5.~~ 6. If the commissioner is satisfied with the documents  
31 and statements that an applicant captive company has filed in  
32 compliance with this ~~chapter~~ subchapter, and the applicable  
33 provisions of Title XIII, subtitle 1, the commissioner may  
34 grant a certificate of authority to the captive company that  
35 permits the company to do the business of insurance in this

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1 state. The certificate of authority must be renewed annually  
2 and may be renewed if the applicant is in compliance with this  
3 ~~chapter~~ subchapter.

4 Sec. 13. Section 521J.4, subsection 1, paragraphs d and e,  
5 Code 2026, are amended to read as follows:

6 *d.* Is not less than ~~five~~ one hundred thousand dollars for  
7 a protected cell captive company. ~~If, however, the protected~~  
8 ~~cell captive company does not assume any risks, the risks~~  
9 ~~insured by the protected cells are homogenous, and there are~~  
10 ~~not more than ten cells, the commissioner may reduce the amount~~  
11 ~~to an amount not less than two hundred fifty thousand dollars.~~

12 *e.* Is not less than the applicable amount of capital and  
13 surplus required in paragraphs "a" through "d", as determined  
14 based upon the organizational form of the alien captive  
15 company, for a branch captive company. The minimum capital  
16 and surplus shall be jointly held by the commissioner and the  
17 branch captive company in a bank of the federal reserve system  
18 as approved by the commissioner ~~by rule~~.

19 Sec. 14. Section 521J.4, subsection 3, Code 2026, is amended  
20 to read as follows:

21 3. *a.* The capital and surplus required under subsection  
22 1 and subsection 2, if applicable, shall be in the form of  
23 cash, cash equivalent, marketable securities as approved by  
24 the commissioner, or an irrevocable letter of credit on a form  
25 as prescribed by the commissioner ~~by rule~~ and as issued by  
26 a bank chartered by the state of Iowa, a member bank of the  
27 federal reserve system, or a bank chartered by another state if  
28 approved by the commissioner.

29 *b.* If a captive company elects to satisfy any portion of the  
30 captive company's minimum capital and surplus requirements with  
31 marketable securities, the commissioner may require the captive  
32 company to file financial statements or other reports on a more  
33 frequent basis than otherwise required under this subchapter.  
34 The increased reporting frequency may be imposed to ensure the  
35 commissioner can adequately monitor the liquidity, valuation,

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1 and market risk associated with the marketable securities.

2 Sec. 15. Section 521J.5, subsection 1, Code 2026, is amended  
3 to read as follows:

4 1. A Subject to the commissioner's approval, a captive  
5 company ~~must~~ may be formed or organized as a business entity  
6 as provided under this ~~chapter~~ subchapter, or as a reciprocal  
7 insurer as provided under chapter 520.

8 Sec. 16. Section 521J.5, subsection 2, paragraph c, Code  
9 2026, is amended to read as follows:

10 c. Organized as a reciprocal insurer as permitted by the  
11 commissioner ~~by rule~~.

12 Sec. 17. Section 521J.5, subsection 5, paragraph c, Code  
13 2026, is amended to read as follows:

14 c. A reciprocal insurer shall have at least one member  
15 of the subscribers' advisory committee who is a resident  
16 of this state. ~~A captive risk retention group formed as a~~  
17 ~~reciprocal insurer shall have a minimum of five members of~~  
18 ~~the subscribers' advisory committee who are residents of this~~  
19 ~~state.~~

20 Sec. 18. Section 521J.5, subsections 6 and 7, Code 2026, are  
21 amended to read as follows:

22 6. a. A captive company formed as a corporation or another  
23 business entity shall have the privileges of, and shall be  
24 subject to, state laws governing corporations or other business  
25 entities, and the applicable provisions of this ~~chapter~~  
26 subchapter.

27 b. In the event of a conflict between a state law governing  
28 corporations or other business entities and this ~~chapter~~  
29 subchapter, this ~~chapter~~ subchapter shall take precedence.

30 7. a. A subscribers' agreement, or other organizational  
31 document of a captive company formed as a reciprocal insurer,  
32 shall authorize a quorum of a subscribers' advisory committee  
33 to consist of at least one-third of the number of members on  
34 the advisory committee. In addition to this subchapter, a  
35 captive company formed as a reciprocal insurer shall be subject

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1 to chapter 520, unless exempt by approval of the commissioner  
2 in the captive company's plan of operations. In the event  
3 of a conflict between chapter 520 and this subchapter, this  
4 subchapter shall take precedence.

5 *b.* In addition to this ~~chapter~~ subchapter, a captive risk  
6 retention group shall be subject to **chapter 515E**. In the event  
7 of a conflict between **chapter 515E** and this ~~chapter~~ subchapter,  
8 this ~~chapter~~ subchapter shall take precedence.

9 Sec. 19. Section 521J.5, subsection 8, Code 2026, is amended  
10 by striking the subsection.

11 Sec. 20. Section 521J.5, subsection 9, paragraph b, Code  
12 2026, is amended to read as follows:

13 *b.* A branch captive company established under this  
14 ~~chapter~~ subchapter to write, in this state, only insurance or  
15 reinsurance of the employee benefit business of the branch  
16 captive company's parent and affiliated companies shall be  
17 subject to the federal Employee Retirement Income Security Act  
18 of 1974, 29 U.S.C. §1001, et seq.

19 Sec. 21. Section 521J.6, subsection 2, Code 2026, is amended  
20 to read as follows:

21 2. The commissioner's approval of an ongoing plan for  
22 the payment of dividends or other distributions shall be  
23 conditioned upon retention, at the time of each payment, of  
24 capital and surplus in excess of the amounts specified by,  
25 or determined in accordance with, a formula approved by the  
26 commissioner ~~by rule~~.

27 Sec. 22. Section 521J.7, Code 2026, is amended to read as  
28 follows:

29 **521J.7 Reports.**

30 ~~1.~~ Unless otherwise directed by the commissioner in  
31 the first year of a captive company's licensure under this  
32 subchapter, the captive company shall be required to file an  
33 annual report with the commissioner that meets the following  
34 requirements:

35 ~~a.~~ 1. Except as provided in ~~paragraph "b"~~ subsection

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1 2, on or before April 1 of each year, each captive company  
2 and each captive risk retention group shall submit to the  
3 commissioner a report on the company's financial condition as  
4 of December 31 of the preceding year, as verified by oath of  
5 two of the company's or group's executive officers. The report  
6 shall be submitted in a form and manner as prescribed by the  
7 commissioner by rule.

8 ~~b.~~ 2. A captive company, other than a captive risk  
9 retention group, may apply to the commissioner to file the  
10 report required under ~~paragraph "a"~~ subsection 1 on a fiscal  
11 year-end basis. If the commissioner approves reporting on a  
12 fiscal year-end basis, the captive company shall comply with  
13 all of the following requirements:

14 ~~(1)~~ a. Subject to ~~subparagraph (2)~~ paragraph "b", the  
15 captive company's report shall be filed no later than ninety  
16 calendar days after the close of the company's fiscal year.

17 ~~(2)~~ b. Prior to April 1, the captive company shall file a  
18 report covering the immediately preceding calendar year with  
19 the commissioner to provide sufficient information to support  
20 the captive company's premium tax return under [section 432.1A](#).

21 ~~c.~~ 3. Each captive company shall use generally accepted  
22 accounting principles as used in the United States, unless  
23 the commissioner requires, approves, or accepts the use  
24 of United States statutory accounting principles or any  
25 other comprehensive accounting principles for the company's  
26 report. The commissioner may require, approve, or accept  
27 any appropriate or necessary modifications of United States  
28 statutory accounting principles or other comprehensive  
29 accounting principles based on the type of insurance and kinds  
30 of insurers that are included in a captive company's report.  
31 The report may include letters of credit that are established,  
32 issued, or confirmed by any of the following:

33 ~~(1)~~ a. A bank chartered in this state.

34 ~~(2)~~ b. A member of the federal reserve system.

35 ~~(3)~~ c. A bank chartered by another state, if approved by

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1 the commissioner.

2 ~~d.~~ 4. An actuarial opinion from a qualified actuary  
3 regarding the adequacy of the company's required reserves to  
4 make full provision for the company's liabilities, insured or  
5 reinsured, shall be included in the report. The qualified  
6 actuary shall submit a memorandum to the commissioner that  
7 details the qualified actuary's support for the actuarial  
8 opinion. The commissioner may require that additional  
9 information be submitted to supplement the actuarial opinion.

10 ~~e.~~ 5. All captive companies shall be audited annually by an  
11 independent certified public accountant and shall annually file  
12 the audited financial report with the commissioner on or before  
13 June 1, as a supplement to the annual report required under  
14 ~~section 521J.7, subsection 1~~ this section.

15 ~~f.~~ 6. A captive company may request an extension to file  
16 a report required by this section. A written request for an  
17 extension must be received by the commissioner not less than  
18 ten days before the filing due date, and the request must  
19 contain sufficient details to enable the commissioner to make  
20 an informed decision regarding the request. The commissioner  
21 may grant a thirty-day extension upon a determination by the  
22 commissioner that a captive company has good cause for the  
23 extension.

24 ~~g.~~ 7. A captive company may be required to file a report  
25 on the captive company's financial condition on a semiannual,  
26 quarterly, monthly, or other basis as determined by the  
27 commissioner.

28 ~~h.~~ 8. Captive companies shall file all reports required  
29 under this section in the form and manner prescribed by the  
30 commissioner by rule.

31 ~~2. All reports filed pursuant to this section shall be~~  
32 ~~considered confidential and shall not be a public record.~~

33 Sec. 23. Section 521J.8, subsection 1, paragraph a, Code  
34 2026, is amended to read as follows:

35 a. Except for captive risk retention groups as provided

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1 under paragraph "c", the commissioner may examine each captive  
2 company's compliance with this ~~chapter~~ subchapter, and may  
3 examine the affairs, transactions, accounts, records, and  
4 assets of each captive company as the commissioner deems  
5 necessary.

6 Sec. 24. Section 521J.8, subsection 5, Code 2026, is amended  
7 to read as follows:

8 5. The applicable provisions of chapter 507 shall apply to  
9 examinations conducted under this ~~chapter~~ subchapter.

10 Sec. 25. Section 521J.9, subsection 1, paragraphs h and i,  
11 Code 2026, are amended to read as follows:

12 *h.* Failure to submit or pay any fee under this ~~chapter~~  
13 subchapter.

14 *i.* Failure to submit to or pay the cost of any examination  
15 under this ~~chapter~~ subchapter.

16 Sec. 26. Section 521J.11, subsection 1, Code 2026, is  
17 amended to read as follows:

18 1. A merger between captive stock insurers, or a merger  
19 between captive mutual insurers, shall meet the requirements  
20 of chapter 521 and section 521J.5, as applicable. The  
21 commissioner may, at the commissioner's discretion, provide  
22 notice to the public of a proposed merger prior to the  
23 commissioner's approval or disapproval of a merger. Except  
24 as provided in this section, applicable provisions of chapter  
25 508B shall apply to a merger, consolidation, conversion,  
26 mutualization, or voluntary dissolution by a captive company.

27 Sec. 27. Section 521J.13, subsection 1, Code 2026, is  
28 amended to read as follows:

29 1. *a.* Industrial insured captive companies and captive  
30 risk retention groups shall comply with investment requirements  
31 as ~~established~~ approved by the commissioner ~~by rule~~. The  
32 commissioner may approve the use of alternative reliable  
33 methods of valuation and rating.

34 *b.* If a captive company's ~~admitted~~ annual report filed  
35 pursuant to section 521J.7 states total assets total of less

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1 than five million dollars, the commissioner may approve an  
2 investment of up to twenty percent of the captive company's  
3 admitted assets in rated credit instruments in any ~~one~~  
4 investment that meets the requirements established by the  
5 commissioner ~~by rule~~. For purposes of this subsection, total  
6 assets shall be based on the accounting basis approved by the  
7 commissioner, provided that all assets included in such total  
8 assets must be reasonably liquid, realizable, and available to  
9 support the obligations of the captive.

10 Sec. 28. Section 521J.14, subsection 3, Code 2026, is  
11 amended to read as follows:

12 3. Insurance by a captive company of any workers'  
13 compensation qualified self-insured plan of the captive  
14 company's parent and affiliates shall be deemed to be  
15 reinsurance under this ~~chapter~~ subchapter.

16 Sec. 29. Section 521J.17, subsection 2, unnumbered  
17 paragraph 1, Code 2026, is amended to read as follows:

18 A protected cell captive company formed or authorized  
19 under this ~~chapter~~ subchapter shall be subject to all of the  
20 following requirements:

21 Sec. 30. Section 521J.17, subsection 2, paragraph a,  
22 subparagraph (4), Code 2026, is amended to read as follows:

23 (4) Each protected cell shall be ~~incorporated~~. ~~An~~  
24 ~~incorporated protected cell may be organized and operated~~  
25 ~~in any form of business organization as authorized by the~~  
26 ~~commissioner by rule~~ formed as a business entity, provided the  
27 business entity is separate from the protected cell captive  
28 company of which the business entity is a part. Each protected  
29 cell of a protected cell captive company shall be treated as  
30 a captive insurance company under this ~~chapter~~ subchapter,  
31 except that the limit on maximum yearly aggregate taxes paid  
32 under [section 432.1A, subsection 4](#), shall not apply. Unless  
33 otherwise permitted by the organizational document of a  
34 protected cell captive company, each protected cell of the  
35 protected cell captive company must have the same directors,

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1 secretary, and registered office as the protected cell captive  
2 company.

3 Sec. 31. Section 521J.17, subsection 2, paragraph c, Code  
4 2026, is amended to read as follows:

5 c. The establishment of a protected cell shall create, with  
6 respect to the protected cell, a ~~legal person~~ business entity  
7 separate from the protected cell captive company. Amounts  
8 attributed to a protected cell under this ~~chapter~~ subchapter,  
9 including assets transferred to a protected cell account, shall  
10 be owned by the protected cell and the protected cell captive  
11 company shall not be a trustee, or hold itself out to be a  
12 trustee, with respect to the protected cell assets of that  
13 protected cell account.

14 Sec. 32. Section 521J.18, Code 2026, is amended to read as  
15 follows:

16 **521J.18 Sponsors — qualifications.**

17 A sponsor of a protected cell captive company may be  
18 any person approved by the commissioner, based on the  
19 commissioner's determination that the approval of such person  
20 as a sponsor is consistent with the purposes of this ~~chapter~~  
21 subchapter. In evaluating the qualifications of a proposed  
22 sponsor, the commissioner shall consider the type and structure  
23 of the proposed sponsor entity, the sponsor's experience in  
24 financial operations, the sponsor's financial stability, the  
25 sponsor's business reputation, and any other factors deemed  
26 relevant by the commissioner. A risk retention group shall not  
27 be a sponsor of a protected cell captive company.

28 Sec. 33. Section 521J.22, subsection 3, paragraph a,  
29 subparagraph (3), Code 2026, is amended to read as follows:

30 (3) The dormant captive company shall pay an annual one  
31 thousand dollar dormancy tax, due on or before March 1, if  
32 for any portion of the immediately preceding calendar year  
33 the captive company held a certificate of dormancy. Each  
34 series of members and each protected cell shall be considered  
35 separate for purposes of paying the annual dormancy tax under

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1 a certificate of dormancy. A dormant captive company is not  
2 otherwise liable for any annual renewal as provided in section  
3 521J.2, ~~subsection 4~~ subsection 5, paragraph "b".

4 Sec. 34. Section 521J.23, Code 2026, is amended to read as  
5 follows:

6 **521J.23 Workers' compensation — compliance with state and  
7 federal laws.**

8 1. This ~~chapter~~ subchapter shall not be construed to exempt  
9 a captive company, a captive company's parent, or a captive  
10 company's affiliated companies from compliance with applicable  
11 state and federal laws governing workers' compensation  
12 insurance.

13 2. This ~~chapter~~ subchapter shall not be construed to divest  
14 the division of workers' compensation of any jurisdiction, as  
15 authorized by law, over workers' compensation self-insurance  
16 plans.

17 Sec. 35. Section 521J.24, subsection 1, paragraph b, Code  
18 2026, is amended to read as follows:

19 *b.* All books, records, documents, accounts, vouchers, and  
20 agreements shall be kept in a manner that the commissioner can  
21 readily ascertain the captive company's financial condition,  
22 affairs, and operations; can readily verify the captive  
23 company's financial statements; and can confirm the captive  
24 company's compliance with this ~~chapter~~ subchapter.

25 Sec. 36. Section 521J.26, unnumbered paragraph 1, Code  
26 2026, is amended to read as follows:

27 The commissioner ~~shall~~ may adopt rules pursuant to chapter  
28 17A to implement and administer this ~~chapter~~ subchapter.

29 Sec. 37. NEW SECTION. **521J.27 Redomestication — premium  
30 tax credits.**

31 1. For taxes due pursuant to section 432.1A, a foreign or  
32 alien captive company organized under this subchapter that  
33 redomesticates into the state shall only be liable for taxes on  
34 premiums paid to the captive company after redomestication.

35 2. A foreign or alien captive company that redomesticates

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1 under this subchapter shall report to the commissioner all  
2 premium taxes due under section 432.1A, but in either the  
3 captive company's first or second year of operation after  
4 redomesticating into the state may elect to forgo payment of  
5 the premium taxes. A foreign or alien captive company that  
6 makes such election that subsequently surrenders the foreign or  
7 alien captive company's license or redomesticates to another  
8 jurisdiction within five years from the date of redomestication  
9 into the state shall immediately pay to the commissioner a tax  
10 in an amount equal to the foregone premium tax plus ten percent  
11 per annum from the date the foregone premium tax would have  
12 originally been due.

13 3. This section shall not apply to tax years beginning on or  
14 after January 1, 2030.

15 Sec. 38. NEW SECTION. 521J.101 **Definitions.**

16 As used in this subchapter, unless the context otherwise  
17 requires:

18 1. "*Affiliated company*" means the same as defined in section  
19 521J.1.

20 2. "*Business entity*" means the same as defined in section  
21 521J.1.

22 3. "*Ceding insurer*" means an affiliated company of a life  
23 captive reinsurance company that cedes risk to the life captive  
24 reinsurance company pursuant to a reinsurance contract.

25 4. "*Commissioner*" means the commissioner of insurance.

26 5. "*Dormant life captive reinsurance company*" means a life  
27 captive reinsurance company that has ceased transacting the  
28 business of insurance, including but not limited to ceasing  
29 issuance of insurance policies, and does not have any remaining  
30 liabilities associated with the life captive reinsurance  
31 company's insurance business transactions or insurance policies  
32 prior to the filing of an application for a certificate of  
33 dormancy.

34 6. a. "*Insurance securitization*" or "*securitization*" means  
35 a transaction or a group of related transactions, including

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1 but not limited to capital market offerings, that are effected  
2 through related risk transfer instruments and facilitation  
3 of administrative agreements, in which any of the following  
4 proceeds from the transaction or group of related transactions  
5 are used to fund a life captive reinsurance company's  
6 obligations under a reinsurance contract with a ceding insurer:

7 (1) Proceeds obtained by a life captive reinsurance  
8 company, directly or indirectly, through the issuance of  
9 securities by the life captive reinsurance company or any other  
10 person.

11 (2) Proceeds provided through one or more letter of credit  
12 or other assets for the benefit of the life captive reinsurance  
13 company, and which the commissioner authorizes the life captive  
14 reinsurance company to treat as admitted assets for purposes of  
15 the life captive reinsurance company's annual statement.

16 *b. "Insurance securitization" or "securitization" does not*  
17 *include the issuance of a letter of credit to satisfy all or*  
18 *part of the life captive reinsurance company's capital and*  
19 *surplus requirements under this subchapter.*

20 7. *"Letter of credit"* means a clean, irrevocable,  
21 unconditional letter of credit, issued or confirmed by a  
22 qualified United States financial institution, as defined in  
23 section 521B.104, subsection 1.

24 8. *"Life captive reinsurance company"* means a captive  
25 insurance company in this state that is authorized under and  
26 meets the requirements of this subchapter, and that reinsures  
27 the risk ceded by a life insurance company.

28 9. *"NAIC"* means the national association of insurance  
29 commissioners.

30 10. *"Organizational document"* means the same as defined in  
31 section 521J.1.

32 11. *"Organizing company"* means a life insurance company or  
33 an affiliated company that organizes a life captive reinsurance  
34 company.

35 12. *"Parent"* means a person that owns an organizing

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1 company, either directly or indirectly through one or more  
2 intermediaries.

3 13. *Person* means an individual, corporation, limited  
4 liability company, business trust, estate, trust, partnership  
5 or association, joint stock company, unincorporated  
6 organization, or any other legal entity, or combination of the  
7 foregoing acting in concert. *Person* does not include a joint  
8 venture partnership exclusively engaged in owning, managing,  
9 leasing, or developing real or tangible personal property.

10 14. *Qualified actuary* means the same as defined in section  
11 521J.1.

12 15. *Risk* means a risk associated with life insurance  
13 policies and contracts written by a ceding life insurance  
14 company or assumed by a ceding life insurance company from  
15 an affiliated company, which were written by the affiliated  
16 company and for which the ceding life insurance company holds  
17 direct statutory reserves as required by section 508.36.

18 16. *Risk-based capital instructions* means instructions  
19 included in a risk-based capital report as adopted and amended  
20 by the NAIC.

21 17. *Security* means the same as defined in section 502.102.  
22 *Security* also includes any form of debt obligation, surplus  
23 note, derivative, or other financial instrument that the  
24 commissioner designates as a *security* for purposes of this  
25 subchapter.

26 18. *Surplus note* means an unsecured subordinate debt  
27 obligation possessing characteristics consistent with the NAIC  
28 statutory accounting principles pursuant to the most recently  
29 published NAIC accounting practices and procedures manual.

30 Sec. 39. NEW SECTION. **521J.102 Certificate of authority.**

31 1. A life captive reinsurance company issued a certificate  
32 of authority shall only reinsure the risks of a ceding insurer  
33 and shall not otherwise engage in the business of insurance. A  
34 life captive reinsurance company may purchase retrocession to  
35 cede the risks assumed under a reinsurance contract, subject to

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1 prior approval of the commissioner.

2 2. A life captive reinsurance company shall not write any  
3 insurance business unless the life captive reinsurance company  
4 complies with all of the following:

5 a. The life captive reinsurance company obtains a  
6 certificate of authority from the commissioner.

7 b. The life captive reinsurance company maintains its  
8 principal place of business in the state.

9 c. The life captive reinsurance company's board of directors  
10 holds at least one annual meeting in the state.

11 d. At least one member of the board of directors of the life  
12 captive reinsurance company is a resident of the state.

13 e. The life captive reinsurance company designates a  
14 registered agent to accept service of process, files the name  
15 and contact information and any subsequent changes regarding  
16 the registered agent with the commissioner, and agrees that if  
17 the registered agent cannot be found with reasonable diligence,  
18 the commissioner may act as an agent of the life captive  
19 reinsurance company with respect to any action or proceeding,  
20 and the commissioner may be served pursuant to section 505.30.

21 f. The life captive reinsurance company has filed a copy  
22 of the life captive reinsurance company's articles and bylaws,  
23 including any subsequent amendment to the articles or bylaws,  
24 with the commissioner and with the secretary of state, and the  
25 articles and bylaws have been approved by the commissioner and  
26 the secretary of state.

27 3. a. Prior to receiving a certificate of authority, a life  
28 captive reinsurance company shall do all of the following:

29 (1) File with the commissioner all of the following:

30 (a) A copy of the life captive reinsurance company's plan  
31 of operation.

32 (b) An affidavit from the life captive reinsurance  
33 company's president, vice president, treasurer, or chief  
34 financial officer that includes all of the following:

35 (i) A statement that the proposed organization and

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1 operation of the life captive reinsurance company complies with  
2 this section.

3 (ii) The life captive reinsurance company's investment  
4 policy reflects and accounts for the liquidity of assets and  
5 the reasonable preservation, administration, and management  
6 of assets with respect to the risks associated with the  
7 reinsurance contract between the life captive reinsurance  
8 company and the parent or ceding insurer.

9 (c) A statement under oath by an officer of the life  
10 captive reinsurance company that attests to the life captive  
11 reinsurance company's financial condition.

12 (d) Documentation that provides evidence of the amount  
13 and liquidity of the life captive reinsurance company's  
14 assets relative to the risks to be assumed by the life captive  
15 reinsurance company.

16 (e) Documentation that provides evidence related to the  
17 overall soundness of the life captive reinsurance company's  
18 plan of operation.

19 (f) A certification from an actuarial officer of a ceding  
20 insurer that complies with section 521J.104.

21 (g) A description of coverages, deductibles, coverage  
22 limits, rates, and any additional information requested by the  
23 commissioner.

24 (h) A copy of each reinsurance contract and each arrangement  
25 that secures the life captive reinsurance company's obligations  
26 under the reinsurance contract between the life captive  
27 reinsurance company and the parent or ceding insurer, including  
28 but not limited to any agreements or other documentation to  
29 implement such reinsurance contract or arrangement.

30 (i) A legal opinion, in a form and manner approved by  
31 the commissioner, that the offer and sale of life captive  
32 reinsurance company securities comply with all applicable  
33 registration requirements or applicable exemptions or  
34 exceptions to such requirements under state and federal  
35 securities laws. The legal opinion shall not be required

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1 as part of the life captive reinsurance company's initial  
2 application for a certificate of authority if the life captive  
3 reinsurance company includes a statement in the company's  
4 plan of operation that the legal opinion will be submitted  
5 to the commissioner prior to the offer or sale of a captive  
6 reinsurance security.

7 (j) An opinion of a qualified actuary, approved by the  
8 commissioner, confirming that the methodology and assumptions  
9 to set and discount reserves sufficiently provide for the risk  
10 assumed by the life captive reinsurance company, including  
11 significant stress tests on key assumptions.

12 (k) A biographical affidavit for each officer and each  
13 director of the life captive reinsurance company prepared on  
14 the most recent template for biographical affidavits prescribed  
15 by the NAIC.

16 (2) Provide the commissioner with any other statement or  
17 document requested by the commissioner to evaluate the life  
18 captive reinsurance company's application for a certificate of  
19 authority.

20 (3) Pay a nonrefundable fee of two thousand five hundred  
21 dollars to the commissioner for the examination, investigation,  
22 and processing of the life captive reinsurance company's  
23 application for a certificate of authority.

24 b. The commissioner shall be authorized to retain legal,  
25 financial, and examination services from outside experts as  
26 necessary for review of the application, the reasonable cost of  
27 which may be charged to the applicant.

28 c. If there is a subsequent material change in the  
29 information provided to the commissioner under paragraph  
30 "a", the life captive reinsurance company shall inform the  
31 commissioner within thirty calendar days of the date of the  
32 material change and shall submit appropriate documentation as  
33 requested by the commissioner for approval. The life captive  
34 reinsurance company shall not write any insurance business  
35 until on or after the date on which the commissioner approves

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1 the supporting documentation.

2 4. All documents and information submitted pursuant to this  
3 subchapter shall be confidential and shall not be made public  
4 without the advance written consent of the submitting life  
5 captive reinsurance company, with the following exceptions:

6 a. The documents and information shall be discoverable by  
7 a party in a civil action or in a contested case to which the  
8 life captive reinsurance company that submitted the information  
9 is a party upon a showing by the party seeking to discover  
10 the information that the information sought is relevant to,  
11 and necessary for, the furtherance of the action or case; the  
12 information sought is unavailable from other nonconfidential  
13 sources; and that a subpoena issued by a judicial or an  
14 administrative officer has been submitted to the commissioner.

15 b. The commissioner may, in the commissioner's discretion,  
16 disclose the documents and information to a public official  
17 having jurisdiction over the regulation of insurance in another  
18 state, or to a public official of the federal government,  
19 provided that the public official agrees in writing to maintain  
20 the confidentiality of the information, and that the laws of  
21 the state in which the public official serves require that the  
22 information remain confidential.

23 5. a. If an application filed by a life captive reinsurance  
24 company is complete, the commissioner may issue to the life  
25 captive reinsurance company a certificate of authority upon a  
26 finding of all of the following:

27 (1) The life captive reinsurance company's proposed plan of  
28 operation provides for a viable operation and is not hazardous  
29 to any ceding insurer.

30 (2) The terms of any reinsurance contract and related  
31 transactions of the life captive reinsurance company comply  
32 with this subchapter and the insurance laws and rules of this  
33 state.

34 b. In conjunction with the issuance of the certificate  
35 of authority to a life captive reinsurance company, the

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1 commissioner may issue an order regarding any terms and  
2 conditions relating to the organization, licensing, and  
3 operation of the life captive reinsurance company that the  
4 commissioner deems appropriate and that are not inconsistent  
5 with this subchapter.

6 6. A certificate of authority shall be valid for a period  
7 of one year beginning on the date of initial issuance and  
8 the certificate must be renewed annually. A certificate of  
9 authority may be renewed if the applicant is in compliance with  
10 the requirements of this subchapter and has paid an annual  
11 renewal registration fee at the time of renewal in the amount  
12 of two thousand five hundred dollars.

13 Sec. 40. NEW SECTION. 521J.103 **Life captive reinsurance**  
14 **companies — names.**

15 A life captive reinsurance company shall not adopt a name  
16 that is the same, deceptively similar, or likely to be confused  
17 with or mistaken for any other existing business name already  
18 registered in this state.

19 Sec. 41. NEW SECTION. 521J.104 **Actuarial officer —**  
20 **certification.**

21 On the date a life captive reinsurance company files an  
22 application for a certificate of authority under section  
23 521J.102, and by March 15 of each succeeding year that a life  
24 captive reinsurance company is in operation and is ceded new  
25 business from a ceding insurer, a qualified actuary of each  
26 ceding insurer shall file with the commissioner a certification  
27 that the ceding insurer's transactions with the life captive  
28 reinsurance company are not used to gain an unfair advantage  
29 if pricing of policies and contracts reinsured by the life  
30 captive reinsurance company reflect, at the time the policies  
31 and contracts were issued, a reasonable long-term estimate of  
32 the cost to the ceding insurer of an alternative third-party  
33 transaction and utilize current pricing assumptions. The  
34 ceding insurer shall have an ongoing responsibility to maintain  
35 documentation detailing the process by which the qualified

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1 actuary arrived at the conclusions in the certification in  
2 preparation for an examination conducted pursuant to section  
3 521J.110.

4     Sec. 42. NEW SECTION. 521J.105 **Minimum capital and surplus**  
5 **requirements.**

6     1. The commissioner shall not issue a certificate of  
7 authority to a life captive reinsurance company unless the life  
8 captive reinsurance company possesses and maintains unimpaired  
9 paid-in capital and surplus that is not less than five million  
10 dollars. The commissioner may require additional capital  
11 and surplus based upon the type, volume, and nature of the  
12 reinsurance business transacted by the life captive reinsurance  
13 company. Minimum capital and surplus shall be in the form of  
14 cash or other securities that are investment-grade at the time  
15 of acquisition and are acceptable to the commissioner.

16     2. Except as otherwise provided in this section, chapter  
17 521E shall apply to a life captive reinsurance company.

18     Sec. 43. NEW SECTION. 521J.106 **Plan of operation.**

19     A life captive reinsurance company must have a plan of  
20 operation approved by the life captive reinsurance company's  
21 board of directors, and, prior to assuming risks under a  
22 reinsurance contract, shall submit the plan of operation to the  
23 commissioner for approval. The commissioner may approve the  
24 plan of operation upon finding that the plan of operation meets  
25 the requirements of this section, and may require amendments to  
26 the plan of operation as necessary to satisfy the requirements  
27 of this section. Any change in the life captive reinsurance  
28 company's plan of operation shall require prior approval of  
29 the commissioner. The plan of operation must include, at a  
30 minimum, all of the following:

31     1. A complete description of all reinsurance transactions,  
32 reinsurance security arrangements, securitizations, and any  
33 other material transactions or arrangements in which the life  
34 captive reinsurance company engages.

35     2. The source and form of the life captive reinsurance

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1 company's capital and surplus minimums as required under  
2 521J.105.

3 3. The life captive reinsurance company's policy on  
4 investments.

5 4. Pro forma balance sheets and income statements  
6 illustrating one or more adverse case scenarios, as determined  
7 under criteria established by the commissioner, for the  
8 performance of the life captive reinsurance company under all  
9 reinsurance contracts.

10 5. Risk-based capital requirements, that, at a minimum,  
11 require the life captive reinsurance company to maintain  
12 risk-based capital equal to the product of two and one-half and  
13 the number determined under the life risk-based capital formula  
14 in accordance with the risk-based capital instructions.

15 6. The life captive reinsurance company's procedures for  
16 notice and reporting of material transactions.

17 7. The life captive reinsurance company's policies for  
18 payments of dividends and other distributions to the organizing  
19 company.

20 8. Copies of all contracts between the life captive  
21 reinsurance company and affiliated companies.

22 Sec. 44. NEW SECTION. 521J.107 Life captive reinsurance  
23 companies — formation.

24 1. A life insurance company or an affiliated company may  
25 organize a life captive reinsurance company pursuant to this  
26 subchapter. A life captive reinsurance company must be formed  
27 as a corporation and may only reinsure risks of the organizing  
28 company, and may access alternative forms of financing.

29 2. An organizing company shall maintain a minimum of ten  
30 percent voting interest and ten percent equity ownership in the  
31 life captive reinsurance company unless otherwise approved by  
32 the commissioner.

33 3. A life captive reinsurance company's organizational  
34 documents must limit the life captive reinsurance company's  
35 authority to transact the business of reinsurance to only

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1 reinsure the risks of a ceding insurer.

2 4. An organizing company may invest funds from its surplus  
3 in a life captive reinsurance company organized pursuant to  
4 this subchapter.

5 5. An organizing company's officers and directors may serve  
6 as officers and directors of a life captive reinsurance company  
7 organized pursuant to subsection 1.

8 6. A life captive reinsurance company organized under this  
9 subchapter shall be deemed to be licensed to transact the  
10 business of reinsurance for the purposes of section 521B.102,  
11 subsection 1, but shall only reinsure risks of the organizing  
12 company and affiliated companies.

13 7. A life captive reinsurance company may, upon approval of  
14 the commissioner, purchase reinsurance to cede the reinsurance  
15 risks assumed by the life captive reinsurance company.

16 8. Admitted assets of a life captive reinsurance company  
17 shall include assets approved by the commissioner which shall  
18 be deemed to be, and reported as, admitted assets of the life  
19 captive reinsurance company.

20 Sec. 45. NEW SECTION. 521J.108 **Dividends and distributions.**

21 1. A life captive reinsurance company shall not pay a  
22 dividend out of, or other distribution with respect to, the  
23 minimum capital or surplus required under section 521J.105  
24 without the prior written approval of the commissioner.

25 2. The commissioner's approval of an ongoing plan for  
26 the payment of dividends or other distributions shall be  
27 conditioned upon retention, at the time of each payment, of  
28 capital and surplus in excess of the amounts specified by,  
29 or determined in accordance with, a formula approved by the  
30 commissioner.

31 Sec. 46. NEW SECTION. 521J.109 **Reports and notifications.**

32 1. A life captive reinsurance company shall provide the  
33 commissioner with a copy of documentation of an insurance  
34 securitization no later than forty-five calendar days before  
35 the closing on the transaction for the securitization.

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1     2. In the event of a material change in the financial  
2 condition or management of a life captive reinsurance company,  
3 the company shall notify the commissioner in writing within two  
4 business days of the material change.

5     3. A life captive reinsurance company shall notify the  
6 commissioner within five business days of becoming aware of a  
7 material event affecting the life captive reinsurance company's  
8 parent, organizing company, or controlling entity that has not  
9 previously been disclosed to the commissioner.

10    4. If a life captive reinsurance company's parent,  
11 organizing company, or controlling entity is subject to group  
12 supervision in another jurisdiction, the commissioner may  
13 request participation in supervisory colleges or coordination  
14 calls with the lead regulator of that jurisdiction. The life  
15 captive reinsurance company shall facilitate the commissioner's  
16 participation to the extent permitted by law.

17    5. A life captive reinsurance company shall immediately  
18 notify the commissioner of an action by a ceding insurer or any  
19 other person to foreclose on, or otherwise take possession of,  
20 collateral provided by the life captive reinsurance company to  
21 secure an obligation of the life captive reinsurance company.

22    6. A life captive reinsurance company shall not be required  
23 to file any report, notice, or other document with the NAIC  
24 unless required by the commissioner.

25    7. At the commissioner's request, a life captive  
26 reinsurance company shall provide to the commissioner a copy  
27 of any financial or risk-related filings submitted by the  
28 company's parent, affiliate, organizing company, or controlling  
29 entity to the life captive reinsurance company's domiciliary  
30 insurance regulator. Upon request by the commissioner, such  
31 filings shall be provided to the commissioner within ten  
32 business days of the submission to the organizing company's  
33 domestic regulator.

34    8. A life captive reinsurance company shall file with the  
35 commissioner all of the following:

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1 a. On or before March 1 of each year, for the immediately  
2 preceding calendar year, all of the following:

3 (1) A report of the company's risk-based capital level as  
4 of the end of the immediately preceding calendar year that  
5 contains the information required by the risk-based capital  
6 instructions.

7 (2) A supplemental compensation exhibit that discloses the  
8 total annual compensation of the company's officers, directors,  
9 and key employees. The supplemental exhibit must follow the  
10 format and instructions adopted by the NAIC for life insurance  
11 company filings.

12 b. (1) On or before March 1 of each year, for the  
13 immediately preceding calendar year, an actuarial opinion from  
14 the company's actuary on reserves for all risks assumed by the  
15 life captive reinsurance company pursuant to the company's  
16 reinsurance contracts and may discount the life captive  
17 reinsurance company's reserves in accordance with the actuarial  
18 opinion subject to approval by the commissioner. The company's  
19 actuary shall submit a memorandum to the commissioner that  
20 details the actuary's support for the actuarial opinion. The  
21 commissioner may require additional information to be submitted  
22 to supplement the actuarial opinion.

23 (2) Biennially on April 1, for the immediately preceding  
24 calendar year, an opinion by an independent qualified actuary  
25 concerning the methods and assumptions used to set reserves.  
26 The independent qualified actuary must be deemed acceptable by  
27 the commissioner prior to filing the opinion.

28 c. Completed quarterly and annual financial statement blanks  
29 as are required by the NAIC for traditional life insurance  
30 companies, including any supplements or interrogatories  
31 required by the NAIC, in accordance with the NAIC statutory  
32 accounting principles. The commissioner may require, approve,  
33 or accept any appropriate or necessary modifications of the  
34 NAIC statutory accounting principles based on the type of  
35 insurance and kind of insurers included in the life captive

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1 reinsurance company's report. The quarterly filings shall be  
2 filed with the commissioner on or before May 15 for the first  
3 quarter, August 15 for the second quarter, and November 15 for  
4 the third quarter for the current calendar year. The annual  
5 statement shall be filed with the commissioner on or before  
6 March 1 of each year for the immediately preceding calendar  
7 year.

8 *d.* On or before April 1 of each year, all of the following:

9 (1) For the immediately preceding calendar year, a written  
10 management's discussion and analysis of the company's financial  
11 condition and results of operations.

12 (2) For the immediately preceding tax year, a report  
13 providing sufficient information to support the company's  
14 premium tax return submitted pursuant to section 432.1A.

15 *e.* On or before June 1 of each year, for the immediately  
16 preceding calendar year, a report of the company's financial  
17 condition audited by an independent certified public  
18 accountant. The report shall be presented in accordance with  
19 the NAIC statutory accounting principles.

20 *f.* On or before August 1 of each year, a management  
21 report on internal control over financial reporting with the  
22 commissioner that describes the life captive reinsurance  
23 company's internal control structure over financial reporting  
24 and identifies any material weaknesses as of the end of the  
25 preceding calendar year.

26 9. Not less than ten business days prior to a filing due  
27 date, a life captive reinsurance company may submit a written  
28 request for an extension to file a report required under  
29 subsection 8. The request must contain sufficient details to  
30 enable the commissioner to make an informed decision about  
31 the request. The commissioner may grant an extension upon a  
32 determination that the life captive reinsurance company has  
33 good cause for the extension.

34 Sec. 47. NEW SECTION. 521J.110 Examinations.

35 1. *a.* The commissioner may examine each life captive

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1 reinsurance company's compliance with this subchapter, and  
2 may examine the affairs, transactions, accounts, records,  
3 and assets of each life captive reinsurance company as the  
4 commissioner deems necessary, but not less frequently than  
5 every five calendar years.

6     *b.* The commissioner shall, upon the completion of an  
7 examination under paragraph "a", or at such regular intervals  
8 prior to completion of an examination as the commissioner  
9 determines, prepare an account of the costs incurred in  
10 performing and preparing the report of the examination which  
11 shall be charged to and paid by the life captive reinsurance  
12 company examined. If the life captive reinsurance company  
13 fails or refuses to pay the charges, the charges may be  
14 recovered in an action brought in the name of the state.

15     2. This section shall apply to all business written by a  
16 life captive reinsurance company.

17     3. The applicable provisions of chapter 507 shall apply to  
18 examinations conducted under this subchapter.

19     Sec. 48. NEW SECTION. 521J.111 **Suspension or revocation.**

20     1. A life captive reinsurance company's certificate of  
21 authority to conduct the business of insurance in this state  
22 may be suspended or revoked by the commissioner for any of the  
23 following reasons:

24     *a.* Insolvency or impairment of capital or surplus.

25     *b.* Failure to meet and maintain the minimum capital and  
26 surplus requirements under section 521J.105.

27     *c.* Refusal or failure to submit an annual report pursuant to  
28 section 521J.109, or to submit a report or statement required  
29 by law or by lawful order of the commissioner.

30     *d.* Failure to comply with the life captive reinsurance  
31 company's own charter, bylaws, or other organizational  
32 document.

33     *e.* Failure to submit to an examination under section  
34 521J.110.

35     *f.* Use of methods that render the life captive reinsurance

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1 company's operation detrimental, or the company's condition  
2 unsound, with respect to the company's policyholders or to the  
3 public.

4 *g.* Failure to pay tax on premiums as required under section  
5 432.1A.

6 *h.* Failure to submit any fee required under this subchapter.

7 *i.* Failure to pay the cost of an examination under section  
8 521J.110.

9 *j.* Failure to comply with the laws of this state.

10 2. *a.* If the commissioner finds upon examination, hearing,  
11 or other review that a life captive reinsurance company has  
12 committed an act specified in subsection 1, the commissioner  
13 may suspend or revoke the life captive reinsurance company's  
14 certificate of authority.

15 *b.* If the commissioner does not revoke a life captive  
16 reinsurance company's certificate of authority during a  
17 suspension imposed under paragraph "a", the life captive  
18 reinsurance company's certificate of authority may be  
19 reinstated if the commissioner finds that the cause of the  
20 suspension has been rectified.

21 **Sec. 49. NEW SECTION. 521J.112 Mergers.**

22 1. A merger between life captive reinsurance companies must  
23 meet the requirements of chapter 521 and section 521J.107,  
24 as applicable. The commissioner may, at the commissioner's  
25 discretion, provide notice to the public of a proposed merger  
26 prior to the commissioner's approval or disapproval of the  
27 merger.

28 2. A plan for a merger must be fair and equitable to  
29 the shareholders of the life captive reinsurance companies  
30 and shall provide for the purchase of the shares of any  
31 nonconsenting shareholder of a life captive reinsurance  
32 company.

33 **Sec. 50. NEW SECTION. 521J.113 Investments.**

34 1. A life captive reinsurance company's investment program  
35 shall take into account the safety of the company's assets,

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1 investment yield and return, stability in the value of the  
2 investment, and liquidity necessary to meet the company's  
3 expected business needs and investment diversification.  
4 The assets of a life captive reinsurance company shall be  
5 preserved and administered by or on behalf of the life captive  
6 reinsurance company to satisfy the liabilities and obligations  
7 of the life captive reinsurance company incident to the  
8 reinsurance contract between the life captive reinsurance  
9 company and the parent or ceding insurer, any insurance  
10 securitizations, and other related agreements. For the  
11 purposes of this section, assets do not include letters of  
12 credit and guaranties of a parent.

13 2. At the discretion of the commissioner, a life captive  
14 reinsurance company shall either comply with section 511.8  
15 or invest the life captive reinsurance company's assets in  
16 cash and securities that are investment-grade at the time of  
17 acquisition, provided that a life captive reinsurance company  
18 may invest up to ten percent of the life captive reinsurance  
19 company's assets in securities or other investments that are  
20 not investment-grade at the time of acquisition, not to include  
21 any of the following:

22 a. Securities rated 5 or higher by the NAIC securities  
23 valuation office at the time of acquisition.

24 b. Asset-based or mortgage-backed securities rated 3 or  
25 higher by the NAIC securities valuation office at the time of  
26 acquisition.

27 c. Convertible bonds.

28 d. Preferred or common stock.

29 e. Private equity or hedge funds.

30 3. a. A life captive reinsurance company securitization  
31 shall include a disclosure that all or part of the proceeds  
32 of such insurance securitization will be used to fund the  
33 life captive reinsurance company's obligations to the ceding  
34 insurer.

35 b. For purposes of this subsection, "life captive

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1 *reinsurance company securitization* means the security-offering  
2 memorandum or other document issued to prospective investors  
3 regarding the offer and sale of a surplus note or other  
4 security.

5 4. A life captive reinsurance company's admitted assets  
6 must include proceeds from a securitization, premium and  
7 other amounts payable by a ceding insurer to the life captive  
8 reinsurance company, letters of credit, guaranties of a parent,  
9 and any other assets approved by the commissioner, which  
10 shall be deemed to be, and reported as, admitted assets of  
11 the life captive reinsurance company. The commissioner may  
12 reduce the amount of admitted assets previously approved by  
13 the commissioner, other than assets already covered by the  
14 most recent NAIC accounting practices and procedures manual  
15 of the NAIC, if the commissioner determines that the value of  
16 those assets has decreased. A minimum of thirty calendar days  
17 prior to reducing the amount of admitted assets previously  
18 approved, the commissioner shall notify the life captive  
19 reinsurance company of the reduction and provide the life  
20 captive reinsurance company an opportunity to remedy the issues  
21 identified by the commissioner.

22 5. A life captive reinsurance company shall not make a loan  
23 to or an investment in any person, other than as permitted  
24 in the life captive reinsurance company's plan of operation,  
25 without prior written approval of the commissioner, and any  
26 such loan or investment must be evidenced by documentation  
27 approved by the commissioner. A life captive reinsurance  
28 company shall not loan minimum capital and surplus funds.

29 6. An organizing company shall report to the commissioner  
30 the company's ownership in the life captive reinsurance company  
31 and value the ownership equal to the audited statutory surplus  
32 of the life captive reinsurance company.

33 **Sec. 51. NEW SECTION. 521J.114 Permitted reinsurance.**

34 1. A life captive reinsurance company may reinsure,  
35 pursuant to a reinsurance contract, only the risks of a ceding

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1 insurer.

2 2. Unless otherwise approved in advance by the  
3 commissioner, a life captive reinsurance company shall not  
4 assume or retain exposure to reinsurance losses for the life  
5 captive reinsurance company's own account that are not funded  
6 by any of the following:

7 a. Proceeds from a securitization.

8 b. Premium and other amounts payable by a ceding insurer to  
9 the life captive reinsurance company pursuant to a reinsurance  
10 contract.

11 c. Letters of credit.

12 d. Guaranties of a parent.

13 e. A return on investment of proceeds from either a  
14 securitization or a premium, and other amounts payable by the  
15 ceding insurer to the life captive reinsurance company pursuant  
16 to the reinsurance contract.

17 3. A life captive reinsurance company may cede risks assumed  
18 through a reinsurance contract to one or more reinsurers  
19 through the purchase of retrocession, subject to prior approval  
20 of the commissioner.

21 4. A life captive reinsurance company may enter into  
22 contracts and conduct other commercial activities related  
23 or incidental to and necessary to fulfill the purposes of  
24 a reinsurance contract, an insurance securitization, and  
25 this subchapter. Such contracts and commercial activities  
26 must be included in the life captive reinsurance company's  
27 plan of operation or otherwise be approved in advance by the  
28 commissioner, and may include but are not limited to any of the  
29 following:

30 a. Entering into reinsurance contracts or issuing life  
31 captive reinsurance company securities, and complying with the  
32 terms of the contracts and securities.

33 b. Entering into guaranty trust, guaranteed investment  
34 contract, swap, or other derivative, tax, administration,  
35 services reimbursement, or fiscal agent transactions.

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1 c. Complying with trust indenture, reinsurance, or  
2 retrocession.

3 5. A reinsurance contract shall not contain a provision for  
4 payment by the life captive reinsurance company in discharge of  
5 the life captive reinsurance company's obligations to a person  
6 other than the ceding insurer or a receiver of the ceding  
7 insurer, except upon prior approval of the commissioner.

8 Sec. 52. NEW SECTION. 521J.115 **Rating organizations.**

9 A life captive reinsurance company shall not be required to  
10 join a rating organization.

11 Sec. 53. NEW SECTION. 521J.116 **Compulsory organizations.**

12 A life captive reinsurance company shall not join or  
13 contribute financially to a plan, pool, association, or  
14 guaranty or insolvency fund in this state.

15 Sec. 54. NEW SECTION. 521J.117 **Dormant life captive**  
16 **reinsurance companies.**

17 1. A life captive reinsurance company that is domiciled  
18 in this state and complies with this section may apply to the  
19 commissioner for a certificate of dormancy. A certificate  
20 of dormancy shall be valid for five years from the date of  
21 issuance and may not be renewed.

22 2. a. A life captive reinsurance company that has been  
23 issued a certificate of dormancy shall comply with all of the  
24 following:

25 (1) The dormant life captive reinsurance company shall  
26 possess and maintain unimpaired, paid-in capital and surplus of  
27 not less than twenty-five thousand dollars.

28 (2) A dormant life captive reinsurance company shall  
29 annually submit to the commissioner, within ninety calendar  
30 days of the end of the dormant life captive reinsurance  
31 company's fiscal year, a report on the dormant life captive  
32 reinsurance company's financial condition, verified under  
33 oath by two of the dormant life captive reinsurance company's  
34 executive officers, in the form and manner established by the  
35 commissioner by rule.

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1 (3) If, for any portion of the immediately preceding  
2 calendar year, the life captive reinsurance company held a  
3 certificate of dormancy, the dormant life captive reinsurance  
4 company shall pay an annual one thousand dollar dormancy tax,  
5 due on or before March 1.

6 b. From the date a certificate of dormancy is issued through  
7 the date the certificate expires, a dormant life captive  
8 reinsurance company that has been issued the certificate shall  
9 not be subject to section 432.1A.

10 3. At the discretion of the commissioner, a dormant life  
11 captive reinsurance company may be subject to an annual  
12 examination.

13 4. Prior to a dormant life captive reinsurance company  
14 issuing an insurance policy, the company must apply to  
15 the commissioner for approval to surrender the company's  
16 certificate of dormancy and to resume conducting the business  
17 of insurance.

18 5. The commissioner shall revoke a dormant life captive  
19 reinsurance company's certificate of dormancy if the company  
20 violates this section.

21 Sec. 55. NEW SECTION. 521J.118 **Books and records.**

22 1. a. Unless otherwise approved by the commissioner, a  
23 life captive reinsurance company shall maintain the company's  
24 original books, records, documents, accounts, vouchers,  
25 and agreements in this state and make them available for  
26 examination and inspection by the commissioner as requested by  
27 the commissioner. The life captive reinsurance company may  
28 store and reproduce the books, records, documents, accounts,  
29 vouchers, and agreements electronically.

30 b. All books, records, documents, accounts, vouchers, and  
31 agreements shall be kept in a manner that the commissioner  
32 can readily ascertain the life captive reinsurance company's  
33 financial condition, affairs, and operations; can readily  
34 verify the life captive reinsurance company's financial  
35 statements; and can confirm the life captive reinsurance

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1 company's compliance with this subchapter.

2 2. Unless otherwise approved by the commissioner, all  
3 books, records, documents, accounts, vouchers, and agreements  
4 maintained by a life captive reinsurance company under  
5 subsection 1 shall remain available in the state until the  
6 commissioner approves destruction or other disposition of the  
7 books, records, documents, accounts, vouchers, and agreements.

8 Sec. 56. NEW SECTION. 521J.119 **Material transactions.**

9 1. A life captive reinsurance company shall not take any  
10 of the following actions unless the company provides the  
11 commissioner at least thirty calendar days' prior written  
12 notice and the commissioner expressly approves the action:

- 13 a. Dissolve the life captive reinsurance company.  
14 b. Sell, exchange, lease, mortgage, assign, pledge, or  
15 otherwise transfer or grant a security interest in over thirty  
16 percent of the assets of the life captive reinsurance company.  
17 c. Incur material indebtedness.  
18 d. Make a material loan or other material extension of  
19 credit.  
20 e. Make a material payment out of capital and surplus other  
21 than dividends or distributions paid in accordance with this  
22 subchapter.  
23 f. Conduct a merger or consolidation to which the life  
24 captive reinsurance company is a constituent party.  
25 g. Transfer to or redomesticate in a different jurisdiction.  
26 h. Terminate all or a part of the life captive reinsurance  
27 company's business.

28 2. A life captive reinsurance company shall submit to the  
29 commissioner periodic written requests for authorization prior  
30 to making payments of interest on, and repayments of principal  
31 of, surplus notes and other debt obligations issued by a life  
32 captive reinsurance company. The commissioner shall not  
33 approve a payment or repayment if the commissioner determines  
34 that the payment or repayment would jeopardize the ability of  
35 the life captive reinsurance company or any other person to

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1 fulfill the company's or person's obligations.

2 Sec. 57. NEW SECTION. 521J.120 **Securities.**

3 A life captive reinsurance company security shall not  
4 be subject to regulation as an insurance or reinsurance  
5 contract. An investor in, or holder of, the security shall  
6 not be considered to transact in the business of insurance  
7 in the state solely based on such interest in the security.  
8 An underwriter's placement agents, selling agents, partners,  
9 commissioners, officers, members, managers, employees,  
10 agents, representatives, and advisors involved in an insurance  
11 securitization by a life captive reinsurance company shall  
12 not be considered insurance producers or brokers, or to be  
13 conducting business as an insurance company, as a reinsurance  
14 company, or as an insurance agency, brokerage, intermediary,  
15 advisory, or consulting business, solely based on underwriting  
16 activities in connection with securitization.

17 Sec. 58. NEW SECTION. 521J.121 **Rules.**

18 The commissioner may adopt rules pursuant to chapter 17A to  
19 implement and administer this subchapter.

20 Sec. 59. CODE EDITOR DIRECTIVE. The Code editor is  
21 directed to designate sections 521J.1 through 521J.27, as  
22 enacted and amended by this Act, as subchapter I of chapter  
23 521J entitled "Captive Insurance Companies", and to designate  
24 sections 521J.101 through 521J.121, as enacted by this Act,  
25 as subchapter II of chapter 521J entitled "Life Captive  
26 Reinsurance Companies".

27 EXPLANATION

28 The inclusion of this explanation does not constitute agreement with  
29 the explanation's substance by the members of the general assembly.

30 This bill relates to captive insurance companies (captive  
31 companies) and life captive reinsurance companies (LCRCs).

32 Under the bill, a tax return on gross premiums filed by an  
33 insurance company or a captive company shall not be subject  
34 to inspection under Code chapter 22, and it shall be unlawful  
35 for any present or former officer or employee of the state to

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1 willfully or recklessly publish such tax return. A person who  
2 violates the bill shall be guilty of a serious misdemeanor and,  
3 in addition to any other penalty, shall be dismissed from state  
4 office or discharged from state employment. The bill does not  
5 prohibit the department of revenue (DOR) from turning over  
6 information and tax returns in the DOR's possession to duly  
7 authorized officers of the United States, or tax officials of  
8 other states, pursuant to an agreement between the commissioner  
9 of insurance (commissioner) and either the secretary of the  
10 treasury of the United States or the secretary's delegate, or  
11 the commissioner of another state.

12 Under current law, Code section 409.905 (foreign insurance  
13 companies becoming domestic) applies to life insurance  
14 companies, and to insurance companies doing business under Code  
15 chapter 515. Under the bill, Code section 409.905 also applies  
16 to captive companies.

17 The bill amends the definitions of "alien captive company",  
18 "business entity", "captive company", "captive reinsurance  
19 company", "captive risk retention group", and "special purpose  
20 captive company" under Code chapter 521J (captive companies).  
21 The term "foreign captive company" is defined in the bill.

22 Under current law, if permitted by its organizational  
23 document, a captive company may apply to the commissioner for  
24 a certificate of authority to provide property insurance,  
25 casualty insurance, life insurance, disability income  
26 insurance, surety insurance, marine insurance, health  
27 insurance, or a group health plan. Under the bill, a captive  
28 company may also apply for a certificate of authority to  
29 have the ability to accept or transfer risks by means of a  
30 parametric contract.

31 A captive company shall not write any insurance business  
32 unless the captive company's organizational documents, and any  
33 subsequent amendments, have been filed and approved by the  
34 commissioner prior to being filed with the secretary of state.

35 Prior to receiving a certificate of authority, current

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1 law requires a captive company to file with the commissioner  
2 a certified copy of the business entity's organizational  
3 document. The bill eliminates the requirement that the copy  
4 be certified.

5 The bill eliminates the requirements under current law  
6 of Code sections 521J.2(3)(a)(1)(c), 521J.2(3)(a)(4),  
7 521J.2(3)(e), 521J.4(1)(e), 521J.4(3), 521J.5(2)(c), 521J.6(2),  
8 521J.13(1), and 521J.13(1)(b) that requirements of the  
9 commissioner be established by rule.

10 Under current law, all documents and information submitted  
11 by a captive company prior to receiving a certificate of  
12 authority shall be confidential and shall not be made public  
13 without the advance written consent of the submitting company.  
14 The bill includes reports as confidential information.

15 Current law requires that each captive company, individual  
16 series of members of a limited liability company, and protected  
17 cell pay an initial registration fee, and an annual renewal  
18 registration fee, of \$300. The bill requires each captive  
19 company, individual series of members of a limited liability  
20 company, and protected cell pay an annual renewal registration  
21 fee of \$300.

22 Under current law, the commissioner shall not issue a  
23 certificate of authority to a captive company unless the  
24 captive company possesses and maintains unimpaired paid-in  
25 capital and surplus of no less than \$500,000 for a protected  
26 cell captive company. If, however, the protected cell captive  
27 company does not assume any risks, the risks insured by the  
28 protected cells are homogenous, and there are not more than 10  
29 cells, the commissioner may reduce the amount to an amount not  
30 less than \$250. Under the bill, the commissioner shall not  
31 issue a certificate of authority to a captive company unless  
32 the captive company possesses and maintains unimpaired paid-in  
33 capital and surplus of no less than \$100,000 for a protected  
34 cell captive company.

35 Under current law, the minimum capital and surplus

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1 requirements for a captive company shall be in the form of  
2 cash, cash equivalent, or an irrevocable letter of credit.  
3 Under the bill, the minimum capital and surplus requirements  
4 may also be in the form of marketable securities approved by  
5 the commissioner. If the captive company elects to satisfy  
6 the minimum requirements with marketable securities, the  
7 commissioner may require the captive company to file financial  
8 statements or other reports on a more frequent basis than  
9 otherwise required. The increased reporting frequency may  
10 be imposed to ensure the commissioner can adequately monitor  
11 the liquidity, valuation, and market risk associated with the  
12 marketable securities.

13 Current law requires a captive company be formed or  
14 organized as a business entity under Code chapter 521J. Under  
15 the bill, subject to the commissioner's approval, a captive  
16 company may also be formed as a reciprocal insurer under Code  
17 chapter 520.

18 The bill eliminates the requirement under current law that  
19 a captive risk retention group formed as a reciprocal insurer  
20 have a minimum of five members of the subscribers' advisory  
21 committee who are residents of this state. Under the bill,  
22 a captive company formed as a reciprocal insurer shall be  
23 subject to Code chapter 520 (reciprocal or interinsurance  
24 contracts), unless exempt by approval of the commissioner in  
25 the captive company's plan of operation. The bill eliminates  
26 the requirement under current law that applicable provisions  
27 of Code chapter 508B (conversion from mutual company to  
28 stock company) apply to a merger, consolidation, conversion,  
29 mutualization, or voluntary dissolution by a captive company.

30 Under current law, a captive company shall file an annual  
31 report with the commissioner that meets the requirements of  
32 current law. Under the bill, a captive company does not have  
33 to file the annual report if directed by the commissioner in  
34 the first year of a captive company's licensure.

35 The bill eliminates the requirement under current law that

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1 all reports filed pursuant to Code section 521J.7 (reports) be  
2 considered confidential and not a public record.

3 Under the bill, applicable provisions of Code chapter 508B  
4 apply to a merger, consolidation, conversion, mutualization,  
5 or voluntary dissolution by a captive company unless provided  
6 otherwise.

7 Under current law, if a captive company's admitted assets  
8 total less than \$5 million, the commissioner may approve  
9 an investment of up to 20 percent of the captive company's  
10 admitted assets in rated credit instruments in any investment.  
11 Instead of admitted assets, the bill relies on the total assets  
12 disclosed in a captive company's annual report. Total assets  
13 under the bill shall be based on the accounting basis approved  
14 by the commissioner, provided that all assets included must be  
15 reasonably liquid, realizable, and available to support the  
16 obligations of the captive company.

17 Current law requires that each protected cell captive  
18 company formed or authorized by Code chapter 521J be  
19 incorporated, and an incorporated protected cell may be  
20 organized and operated in any form of business organization as  
21 authorized by the commissioner by rule. The bill requires that  
22 each protected cell captive company be formed as a business  
23 entity, provided the business entity is separate from the  
24 protected cell captive company of which the business entity is  
25 a part.

26 Under current law, the commissioner shall adopt rules to  
27 implement and administer Code chapter 521J. Under the bill,  
28 the commissioner may adopt rules.

29 For taxes due pursuant to Code section 432.1A (tax on  
30 premiums — captive companies), a foreign or alien captive  
31 company that redomesticates into the state shall only be  
32 liable for taxes on premiums paid to the captive company after  
33 redomestication and shall report to the commissioner all  
34 premium taxes due. In either the captive company's first or  
35 second year of operation after redomesticating into the state,

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1 the company may elect to forego payment of the premium taxes.  
2 If the company that makes such election subsequently surrenders  
3 the company's license or redomesticates to another jurisdiction  
4 within five years, the company shall immediately pay to the  
5 commissioner a tax in an amount equal to the foregone premium  
6 tax plus 10 percent per annum from the date the foregone  
7 premium tax would have been originally due.

8 The bill makes conforming changes to Code sections  
9 521J.1(u1), 521J.1(22), 521J.1(24)(b), 521J.5(6), 521J.5(7)(b),  
10 521J.5(9)(b), 521J.8(1)(a), 521J.8(5), 521J.9(1)(h) and (i),  
11 521J.14(3), 521J.17(2), 521J.17(2)(a)(4), 521J.17(2)(c),  
12 521J.18, 521J.22(3)(a)(3), 521J.23, 521J.24(1)(b), and 521J.26.

13 An LCRC issued a certificate of authority shall only  
14 reinsure the risks of a ceding insurer, shall not otherwise  
15 engage in the business of insurance, and may purchase  
16 retrocession to cede the risks assumed under a reinsurance  
17 contract. An LCRC shall not write any insurance business  
18 unless the LCRC complies with the requirements of the bill.  
19 All documents and information submitted by an LCRC for purposes  
20 of an application for a certificate of authority shall be  
21 confidential and shall not be made public without the advance  
22 written consent of the submitting LCRC, unless an exception  
23 detailed in the bill applies. If the LCRC's application is  
24 complete, the commissioner may issue a certificate of authority  
25 to the LCRC upon a finding that the LCRC's proposed plan of  
26 operation provides for a viable operation, is not hazardous to  
27 a ceding insurer, and the terms of any reinsurance contract and  
28 related transactions of the LCRC comply with the requirements  
29 of the bill and all applicable insurance laws and rules of the  
30 state. In conjunction with the issuance of the certificate of  
31 authority, the commissioner may issue an order regarding any  
32 terms and conditions regarding the organization, licensing, and  
33 operation of the LCRC that the commissioner deems appropriate.  
34 "Ceding insurer" and "life captive reinsurance company" are  
35 defined by the bill.

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1 An LCRC shall not adopt a name that is the same, deceptively  
2 similar, or likely to be confused with or mistaken for any  
3 other existing business name already registered in the state.

4 On the date an LCRC files an application for a certificate  
5 of authority, and by March 15 of each succeeding year that an  
6 LCRC is in operation and is ceded new business, a qualified  
7 actuary shall file with the commissioner a certification that  
8 the ceding insurer's transactions with the LCRC are not used to  
9 gain an unfair advantage if pricing of policies and contracts  
10 reinsured by the LCRC reflect, at the time the policies and  
11 contracts were issued, a reasonable long-term estimate of  
12 the cost to the ceding insurer of an alternative third-party  
13 transaction and utilize current pricing assumptions. The  
14 ceding insurer shall maintain documentation detailing  
15 the process by which the qualified actuary arrived at the  
16 conclusions in preparation for an examination.

17 The commissioner shall not issue a certificate of authority  
18 unless an LCRC possesses and maintains unimpaired paid-in  
19 capital and surplus that is not less than \$5 million, and the  
20 commissioner may require additional capital and surplus based  
21 upon the reinsurance business transacted by the LCRC. Minimum  
22 capital and surplus shall be in the form of cash or other  
23 securities that are investment-grade at the time of acquisition  
24 and are acceptable to the commissioner. Except as otherwise  
25 provided, Code chapter 521E (risk-based capital requirements  
26 for insurers) shall apply to an LCRC.

27 An LCRC must have a plan of operation approved by its  
28 board of directors, and, prior to assuming risks under a  
29 reinsurance contract, shall submit the plan of operation to  
30 the commissioner for approval. The commissioner may approve  
31 the plan of operation upon finding that the plan meets the  
32 requirements of the bill, and may require amendments to the  
33 plan as necessary. Any change in the LCRC's plan of operation  
34 shall require prior approval of the commissioner. The plan of  
35 operation must include all of the information detailed in the

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1 bill.

2 An LCRC or an affiliated company may organize an LCRC  
3 pursuant to the bill, and an LCRC must be formed as a  
4 corporation, may only reinsure risks of the organizing company,  
5 and may access alternative forms of financing. An organizing  
6 company shall maintain a minimum of 10 percent voting interest  
7 and 10 percent equity ownership in the LCRC unless otherwise  
8 approved by the commissioner. An LCRC's organizational  
9 documents shall limit the company's authority to transact the  
10 business of reinsurance to only reinsure the risks of a ceding  
11 insurer. An organizing company may invest funds from its  
12 surplus in an LCRC, and the organizing company's officers and  
13 directors may serve as officers and directors of an LCRC. An  
14 LCRC shall be deemed to be licensed to transact the business of  
15 reinsurance. An LCRC may, upon approval of the commissioner,  
16 purchase reinsurance. Admitted assets of an LCRC include  
17 assets approved by the commissioner which shall be deemed to  
18 be, and reported as, admitted assets of the LCRC.

19 An LCRC shall not pay a dividend out of, or other  
20 distribution with respect to, the minimum capital or surplus  
21 without the prior written approval of the commissioner. The  
22 commissioner's approval of an ongoing plan for the payment  
23 of dividends or other distributions shall be conditioned  
24 upon retention, at the time of each payment, of capital and  
25 surplus in excess of the amounts specified by, or determined in  
26 accordance with, a formula approved by the commissioner.

27 The bill details the reports and notifications by an LCRC  
28 required to be filed with the commissioner.

29 The commissioner may examine each LCRC's compliance with  
30 the bill, and may examine the affairs, transactions, accounts,  
31 records, and assets of each LCRC as necessary, but not less  
32 frequently than every five years. Upon the completion of an  
33 examination, or at regular intervals, the commissioner shall  
34 prepare an account of the costs incurred in performing and  
35 preparing the report of the examination which shall be charged

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1 to and paid by the LCRC examined. If the LCRC fails or refuses  
2 to pay, the charges may be recovered in an action brought in  
3 the name of the state. Examination requirements shall apply to  
4 all business written by an LCRC, and applicable provisions of  
5 Code chapter 507 (examination of insurance companies) apply to  
6 such examinations.

7 An LCRC's certificate of authority may be suspended or  
8 revoked by the commissioner for any of the reasons described  
9 in the bill. If the commissioner does not revoke an LCRC's  
10 certificate of authority during a suspension, the LCRC's  
11 certificate of authority may be reinstated if the commissioner  
12 finds that the cause of the suspension has been rectified.

13 A merger between LCRCs must meet the requirements of Code  
14 chapter 521 (consolidation, merger, and reinsurance) and Code  
15 section 521J.107, as applicable. The commissioner may provide  
16 notice to the public of a proposed merger prior to approving or  
17 disapproving of a merger. A plan for a merger shall be fair and  
18 equitable to the shareholders and provide for the purchase of  
19 the shares of any nonconsenting shareholder.

20 An LCRC's investment program shall account for the safety of  
21 the company's assets, investment yield and return, stability  
22 in the value of the investment, and liquidity necessary to  
23 meet the company's expected business needs and investment  
24 diversification. The assets of an LCRC shall be preserved  
25 and administered to satisfy the liabilities and obligations  
26 of the LCRC incident to the reinsurance contract, any  
27 insurance securitizations, and other related agreements. At  
28 the discretion of the commissioner, an LCRC shall either  
29 comply with Code section 511.8 or invest its assets in cash  
30 and securities that are investment-grade at the time of  
31 acquisition, provided that an LCRC may invest up to 10 percent  
32 of its assets in securities or other investments that are not  
33 investment-grade except for any of the assets detailed in  
34 the bill. An LCRC securitization shall include a disclosure  
35 that all or part of the proceeds of the securitization will

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1 be used to fund the LCRC's obligations to the ceding insurer.  
2 The commissioner may reduce the amount of admitted assets  
3 previously approved if it is determined that the value of those  
4 assets has decreased. A minimum of 30 days prior to reducing  
5 the amount of admitted assets, the commissioner shall notify  
6 the LCRC and provide an opportunity to remedy the issues. An  
7 LCRC shall not make a loan to or an investment in any person,  
8 other than as permitted in the plan of operation, without  
9 prior written approval of the commissioner and evidenced by  
10 documentation approved by the commissioner. An LCRC shall not  
11 loan minimum capital and surplus funds. An organizing company  
12 shall report its ownership in the LCRC and value the ownership  
13 equal to the audited statutory surplus.

14 An LCRC shall not assume or retain exposure to reinsurance  
15 losses for the LCRC's own account that are funded as detailed  
16 in the bill. An LCRC may cede risks assumed through a  
17 reinsurance contract to reinsurers through the purchase of  
18 retrocession, subject to prior approval of the commissioner.

19 An LCRC may enter into contracts and conduct other  
20 commercial activities related or incidental to and necessary to  
21 fulfill the purposes of a reinsurance contract, an insurance  
22 securitization, and the bill. Such contracts and commercial  
23 activities must be included in the LCRC's plan of operation  
24 or otherwise be approved in advance by the commissioner and  
25 may include the contracts and activities detailed in the bill.  
26 Unless approved by the commissioner, a reinsurance contract  
27 shall not contain a provision for payment by the LCRC in  
28 discharge of its obligations to a person other than the ceding  
29 insurer or a receiver of the ceding insurer.

30 An LCRC shall not be required to join a rating organization  
31 and shall not join or contribute financially to any plan, pool,  
32 association, or guaranty or insolvency fund in this state.

33 An LCRC domiciled in the state may apply to the commissioner  
34 for a certificate of dormancy, which shall be valid for five  
35 years and may not be renewed. An LCRC issued a certificate of

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1 dormancy shall comply with the requirements of the bill and  
2 shall not be subject to Code section 432.1A. At the discretion  
3 of the commissioner, a dormant LCRC may be subject to an  
4 annual examination. A dormant LCRC must apply for approval  
5 to surrender a certificate of dormancy and resume conducting  
6 business prior to issuing an insurance policy.

7 Unless otherwise approved, an LCRC shall maintain the  
8 original books, records, documents, accounts, vouchers, and  
9 agreements in this state, make them available for examination  
10 and inspection by the commissioner upon request, and keep them  
11 in the state until the commissioner approves destruction or  
12 other disposition of the books, records, documents, accounts,  
13 vouchers, and agreements. The LCRC may store and reproduce the  
14 books, records, documents, accounts, vouchers, and agreements  
15 electronically but shall also be kept in a manner that the  
16 commissioner can readily ascertain the LCRC's financial  
17 condition, affairs, and operations; can readily verify the  
18 LCRC's financial statements; and can confirm the LCRC's  
19 compliance with the bill.

20 An LCRC shall not take any of the actions detailed in the  
21 bill unless the company provides the commissioner at least  
22 30 days prior written notice and the commissioner expressly  
23 approves the action. An LCRC shall submit to the commissioner  
24 requests for authorization prior to making payments of interest  
25 on, and repayments of principal of, surplus notes and other  
26 debt obligations issued by an LCRC. The commissioner shall  
27 not approve the payment or repayment if it would jeopardize  
28 the ability of the LCRC or another person to fulfill their  
29 obligations.

30 An LCRC security shall not be subject to regulation as  
31 an insurance or reinsurance contract. An investor in, or  
32 holder of, the security shall not be considered to transact  
33 in the business of insurance solely based on such interest.  
34 An underwriter's placement agents, selling agents, partners,  
35 commissioners, officers, members, managers, employees,

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1 agents, representatives, and advisors involved in an insurance  
2 securitization shall not be considered to be insurance  
3 producers or brokers or to be conducting business as an  
4 insurance company, a reinsurance company, or an insurance  
5 agency, brokerage, intermediary, advisory, or consulting  
6 business, solely by virtue of their underwriting activities in  
7 connection with a securitization.

8 The commissioner may adopt rules to implement and administer  
9 the bill.

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House Study Bill 757 - Introduced

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON NORDMAN)

**A BILL FOR**

1 An Act relating to authorizations to conduct advance deposit  
2 wagering.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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H.F. \_\_\_\_\_

1 Section 1. Section 99D.11, subsection 6, paragraph c,  
2 subparagraphs (1) and (2), Code 2026, are amended to read as  
3 follows:

4 (1) The commission shall authorize ~~the licensee of the horse~~  
5 ~~racetrack located in Polk county~~ an entity licensed pursuant to  
6 section 99D.9D to conduct advance deposit wagering. An advance  
7 deposit wager may be placed in person at a licensed racetrack  
8 enclosure, or from any other location via a telephone-type  
9 device or any other electronic means. The commission may also  
10 issue an advance deposit wagering operator license to an entity  
11 who complies with subparagraph (3) and [section 99D.8A](#).

12 (2) For the purposes of [this section](#), “*advance deposit*  
13 *wagering*” means a method of pari-mutuel wagering in which an  
14 individual may establish an account, deposit money into the  
15 account, and use the account balance to pay for pari-mutuel  
16 wagering. Of the net revenue, less all taxes paid and expenses  
17 directly related to account deposit wagering incurred by ~~the~~  
18 ~~licensee of the horse racetrack located in Polk county~~ an  
19 entity licensed pursuant to section 99D.9D, received through  
20 advance deposit wagering, fifty percent shall be designated for  
21 the horse purses created pursuant to section 99D.7, subsection  
22 5, and fifty percent shall be designated for the licensee for  
23 the pari-mutuel horse racetrack located in Polk county.

24 EXPLANATION

25 The inclusion of this explanation does not constitute agreement with  
26 the explanation’s substance by the members of the general assembly.

27 This bill relates to authorizations to conduct advance  
28 deposit wagering. The bill requires the state racing and  
29 gaming commission (commission) to authorize an entity that  
30 is licensed pursuant to Code section 99D.9D (alternative  
31 simulcasting licensure — horse and dog races) to conduct  
32 advance deposit wagering. The bill strikes a requirement that  
33 the commission authorize the licensee of the horse racetrack  
34 located in Polk county. However, under current law and the  
35 bill, 50 percent of associated revenue is designated for the

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1 licensee of the horse racetrack located in Polk county, and  
2 an agreement with the licensee of the horse racetrack located  
3 in Polk county is required before granting an advance deposit  
4 wagering operator license.

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House Study Bill 758 - Introduced

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON NORDMAN)

**A BILL FOR**

1 An Act relating to evidence and burdens of proof in property  
2 tax assessment protests and appeals and including  
3 retroactive applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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H.F. \_\_\_\_\_

1 Section 1. Section 441.21, subsection 3, paragraph b, Code  
2 2026, is amended to read as follows:

3 ~~b. (1) For assessment years beginning before January~~  
4 ~~1, 2018, the burden of proof shall be upon any complainant~~  
5 ~~attacking such valuation as excessive, inadequate, inequitable,~~  
6 ~~or capricious. However, in protest or appeal proceedings when~~  
7 ~~the complainant offers competent evidence by at least two~~  
8 ~~disinterested witnesses that the market value of the property~~  
9 ~~is less than the market value determined by the assessor, the~~  
10 ~~burden of proof thereafter shall be upon the officials or~~  
11 ~~persons seeking to uphold such valuation to be assessed.~~

12 (2) (1) For assessment years beginning on or after January  
13 1, 2018, but before January 1, 2026, the burden of proof shall  
14 be upon any complainant attacking such valuation as excessive,  
15 inadequate, inequitable, or capricious. However, in protest  
16 or appeal proceedings when the complainant offers competent  
17 evidence that the market value of the property is different  
18 than the market value determined by the assessor, the burden of  
19 proof thereafter shall be upon the officials or persons seeking  
20 to uphold such valuation to be assessed.

21 (2) For assessment years beginning on or after January 1,  
22 2026, when the complainant offers evidence that the market  
23 value of the property is different than the market value  
24 determined by the assessor, the burden of proof shall be upon  
25 the officials or persons seeking to uphold such valuation to  
26 be assessed.

27 (3) If the classification of a property has been previously  
28 adjudicated by the property assessment appeal board or a  
29 court as part of an appeal under [this chapter](#), there is a  
30 presumption that the classification of the property has not  
31 changed for each of the four subsequent assessment years,  
32 unless a subsequent such adjudication of the classification of  
33 the property has occurred, and the burden of demonstrating a  
34 change in use shall be upon the person asserting a change to  
35 the property's classification.

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1 Sec. 2. Section 441.37, subsection 1, paragraph a,  
2 subparagraph (1), subparagraph division (a), Code 2026, is  
3 amended to read as follows:

4 (a) That said assessment is not equitable as compared with  
5 assessments of other like property in the taxing district.

6 For assessment years beginning on or after January 1, 2026,  
7 an assessment shall not be deemed equitable if the appraised  
8 value of the property exceeds the median appraised value of a  
9 reasonable number of similar and comparable properties in the  
10 same geographical area.

11 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies  
12 retroactively to January 1, 2026, for assessment years  
13 beginning on or after that date.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with  
16 the explanation's substance by the members of the general assembly.

17 Under current law, for assessment years on or after January  
18 1, 2018, the burden of proof shall be upon any complainant  
19 attacking a property valuation as excessive, inadequate,  
20 inequitable, or capricious. When the complainant offers  
21 competent evidence that the market value of the property is  
22 different than the market value determined by the assessor,  
23 the burden of proof thereafter shall be upon the officials or  
24 persons seeking to uphold such valuation to be assessed.

25 This bill provides that, for assessment years beginning on  
26 or after January 1, 2026, when the complainant offers evidence  
27 that the market value of the property is different than the  
28 market value determined by the assessor, the burden of proof  
29 shall be upon the officials or persons seeking to uphold such  
30 valuation to be assessed.

31 Under current law, when a property owner or aggrieved  
32 taxpayer files an assessment protest, the protest must be  
33 confined to certain grounds. One such ground is that the  
34 assessment is not equitable as compared with assessments of  
35 other like property in the taxing district. The bill specifies

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1 that an assessment shall not be deemed equitable if the  
2 appraised value of the property exceeds the median appraised  
3 value of a reasonable number of similar and comparable  
4 properties in the same geographical area.

5 The bill applies retroactively to January 1, 2026, for  
6 assessment years beginning on or after that date.

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House File 990

S-5028

1 Amend House File 990, as amended, passed, and reprinted by  
2 the House, as follows:

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

4 <Section 1. Section 124E.4, subsection 1, paragraph b, Code  
5 2026, is amended by striking the paragraph.

6 Sec. \_\_\_\_\_. Section 124E.4, subsection 1, paragraph d,  
7 subparagraph (1), Code 2026, is amended to read as follows:

8 (1) The patient's full name, Iowa residence address, date  
9 of birth, and telephone number.

10 Sec. \_\_\_\_\_. Section 124E.4, subsection 2, paragraph a, Code  
11 2026, is amended to read as follows:

12 a. The patient's full name, Iowa residence address, and date  
13 of birth.>

14 2. Page 1, line 2, by striking <2025> and inserting <2026>

15 3. Page 1, line 11, by striking <2025> and inserting <2026>

16 4. Title page, line 1, before <licensure> by inserting  
17 <issuance of medical cannabidiol registration cards and>

18 5. By renumbering as necessary.

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SCOTT WEBSTER

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Senate File 2426

S-5029

1 Amend Senate File 2426 as follows:

2 1. Page 1, line 8, by striking <The> and inserting <Except  
3 as provided in paragraph "b", the>

4 2. Page 1, line 9, by striking <initial>

5 3. Page 1, after line 15 by inserting:

6 <b. The department shall not examine an applicant's  
7 English language proficiency if the applicant submits proof,  
8 as determined by the department, that the applicant is  
9 sufficiently proficient in the English language by having  
10 previously successfully completed the examination required  
11 under paragraph "a".>

12 4. Page 1, line 16, by striking <b.> and inserting <c.>

13 5. Page 1, line 23, by striking <c.> and inserting <d.>

14 6. Page 1, line 26, by striking <d.> and inserting <e.>

15 7. Page 2, by striking lines 3 through 6 and inserting  
16 <vehicle.>

17 8. Page 2, before line 7 by inserting:

18 <a. Except as provided in paragraph "b", a person who  
19 violates this subsection commits a serious misdemeanor. The  
20 court shall impose a fine of one thousand dollars and the court  
21 may order imprisonment not to exceed one year.

22 b. In lieu of the criminal penalty under paragraph "a", a  
23 peace officer shall issue an out-of-service order to a person  
24 who violates this subsection if the person holds an unexpired  
25 commercial driver's license or commercial learner's permit that  
26 was issued by the department after the person successfully  
27 completed the English language proficiency examination under  
28 section 321.187B, subsection 1, paragraph "a".>

29 9. Page 2, line 10, by striking <language.> and inserting  
30 <language in accordance with 49 C.F.R. §391.11(b)(2).>

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KEN ROZENBOOM

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Senate File 2218

S-5030

1 Amend Senate File 2218 as follows:

2 1. Page 1, line 28, by striking <lawful presence> and  
3 inserting <legal authorization to work>

4 2. Page 1, line 31, by striking <lawful presence> and  
5 inserting <legal authorization to work in the United States>

6 3. Page 2, line 7, by striking <lawful presence> and  
7 inserting <legal authorization to work>

8 4. Page 2, line 9, by striking <lawful presence> and  
9 inserting <legal authorization to work in the United States>

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LYNN EVANS

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Senate File 2412

S-5031

1 Amend Senate File 2412 as follows:

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

3 <Section 1. Section 2.11, Code 2026, is amended by adding  
4 the following new subsection:

5 NEW SUBSECTION. 3. *a.* Each house of the general assembly  
6 shall use the e-verify system of the United States citizenship  
7 and immigration services to confirm the employment eligibility  
8 of newly hired employees.

9 *b.* An employee may challenge the results of the submission  
10 of the employee's information to the e-verify system of  
11 the United States citizenship and immigration services by  
12 submitting a challenge, including documentation proving that  
13 the results are incorrect, to the legislative council within  
14 ten calendar days of receipt of the results. The legislative  
15 council shall review the challenge and communicate the results  
16 of the appeal to the employee and the appropriate house of the  
17 general assembly as soon as practicable.

18 *c.* Each house of the general assembly shall transmit the  
19 results of the e-verify system check to the United States  
20 immigration and customs enforcement and other appropriate  
21 federal immigration agencies if the check shows that the  
22 subject of the check does not have legal status to be present  
23 in the United States.

24 Sec. \_\_\_\_\_. Section 2A.2, subsection 2, Code 2026, is amended  
25 by adding the following new paragraph:

26 NEW PARAGRAPH. *0i.* (1) Use the e-verify system of the  
27 United States citizenship and immigration services to confirm  
28 the employment eligibility of newly hired employees.

29 (2) An employee may challenge the results of the submission  
30 of the employee's information to the e-verify system of  
31 the United States citizenship and immigration services by  
32 submitting a challenge, including documentation proving that  
33 the results are incorrect, to the legislative council within  
34 ten calendar days of receipt of the results. The legislative  
35 council shall review the challenge and communicate the results

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1 of the appeal to the employee and the director as soon as  
2 practicable.

3 (3) The director shall transmit the results of the e-verify  
4 system check to the United States immigration and customs  
5 enforcement and other appropriate federal immigration agencies  
6 if the check shows that the subject of the check does not have  
7 legal status to be present in the United States.

8 Sec. \_\_\_\_ . Section 2C.4, Code 2026, is amended to read as  
9 follows:

10 **2C.4 Citizen of United States and resident of Iowa.**

11 1. The ombudsman shall be a citizen of the United States  
12 and a resident of the state of Iowa, and shall be qualified to  
13 analyze problems of law, administration, and public policy.

14 2. a. The ombudsman shall use the e-verify system of the  
15 United States citizenship and immigration services to confirm  
16 the employment eligibility of newly hired employees.

17 b. An employee may challenge the results of the submission  
18 of the employee's information to the e-verify system of  
19 the United States citizenship and immigration services by  
20 submitting a challenge, including documentation proving that  
21 the results are incorrect, to the legislative council within  
22 ten calendar days of receipt of the results. The legislative  
23 council shall review the challenge and communicate the results  
24 of the appeal to the employee and the ombudsman as soon as  
25 practicable.

26 c. The ombudsman shall transmit the results of the e-verify  
27 system check to the United States immigration and customs  
28 enforcement and other appropriate federal immigration agencies  
29 if the check shows that the subject of the check does not have  
30 legal status to be present in the United States.>

31 2. Page 1, line 6, after <employees.> by inserting <The  
32 head of the department or agency shall transmit the results of  
33 the e-verify system check to the United States immigration and  
34 customs enforcement and other appropriate federal immigration  
35 agencies if the check shows that the subject of the check does

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1 not have legal status to be present in the United States.>

2 3. Page 1, line 14, before <There> by inserting <1.>

3 4. Page 1, after line 20 by inserting:

4 <2. The department shall transmit the results of a SAVE  
5 program clearinghouse check to the United States immigration  
6 and customs enforcement and other appropriate federal  
7 immigration agencies if the check shows that the subject of the  
8 check does not have legal status to be present in the United  
9 States.

10 Sec. \_\_\_\_ . NEW SECTION. 10A.114 **Citizenship and immigration**  
11 **status — appeal.**

12 1. The department shall adopt rules pursuant to chapter 17A  
13 to allow an employee of a school district, a city, a county,  
14 or the executive branch including the state board of regents  
15 and each institution of higher education governed by the board,  
16 or a person who has applied for a professional license in  
17 this state, to challenge the results of the submission of the  
18 person's information to the SAVE program or the e-verify system  
19 of the United States citizenship and immigration services with  
20 the department.

21 2. A person must submit a challenge pursuant to subsection 1  
22 and documentation proving that the results are incorrect within  
23 ten calendar days of receipt of the results.

24 3. The department shall review a challenge submitted  
25 pursuant to subsection 1 and communicate the results of the  
26 appeal to the person who submitted the challenge and the hiring  
27 authority or licensing board, as applicable, within seven  
28 calendar days of receipt of the challenge. The decision of the  
29 department is final agency action pursuant to chapter 17A.>

30 5. Page 2, line 1, before <The> by inserting <1.>

31 6. Page 2, after line 4 by inserting:

32 <2. The state board of regents and each institution of  
33 higher education governed by the board shall transmit the  
34 results of the e-verify system check to the United States  
35 immigration and customs enforcement and other appropriate

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1 federal immigration agencies if the check shows that the  
2 subject of the check does not have legal status to be present  
3 in the United States.>

4 7. Page 2, line 31, before <The> by inserting <1.>

5 8. Page 2, after line 34 by inserting:

6 <2. The board of directors of each school district shall  
7 transmit the results of the e-verify system check to the  
8 United States immigration and customs enforcement and other  
9 appropriate federal immigration agencies if the check shows  
10 that the subject of the check does not have legal status to be  
11 present in the United States.>

12 9. Page 3, line 4, after <employees.> by inserting <The  
13 board shall transmit the results of the e-verify system check  
14 to the United States immigration and customs enforcement and  
15 other appropriate federal immigration agencies if the check  
16 shows that the subject of the check does not have legal status  
17 to be present in the United States.>

18 10. Page 3, line 9, after <employees.> by inserting <A city  
19 shall transmit the results of the e-verify system check to the  
20 United States immigration and customs enforcement and other  
21 appropriate federal immigration agencies if the check shows  
22 that the subject of the check does not have legal status to be  
23 present in the United States.>

24 11. By renumbering as necessary.

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CARRIE KOELKER

Iowa General Assembly  
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Senate File 2203

S-5032

1 Amend Senate File 2203 as follows:

2 1. Page 1, after line 35 by inserting:

3 <5. The state registrar of voters shall adopt rules pursuant  
4 to chapter 17A to administer this section.>

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KEN ROZENBOOM

Iowa General Assembly  
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Senate File 2422

S-5033

1 Amend Senate File 2422 as follows:

2 1. Page 3, lines 2 and 3, by striking <July 1, 2026> and  
3 inserting <January 1, 2027>

4 2. Page 5, after line 18 by inserting:

5 <4. This section does not apply to a modification of a  
6 state plan amendment that is required due to federal law or  
7 regulation.>

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SCOTT WEBSTER

Iowa General Assembly  
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Senate File 2399

S-5034

1 Amend Senate File 2399 as follows:

2 1. Page 1, by striking lines 15 and 16 and inserting <2, the  
3 following>

4 2. Page 1, lines 28 and 29, by striking <the defendant's  
5 ability and>

6 3. Page 1, line 29, after <section 811.2.> by inserting <In  
7 determining conditions of release, the court shall not set bail  
8 at an amount that is less than the bond amounts in paragraph  
9 "a" unless the court provides justification pursuant to section  
10 811.2, subsection 2, in writing. The bond schedule shall be  
11 adjusted annually to account for inflation.>

12 4. Page 2, line 2, by striking <written> and inserting <as  
13 a surety bond>

14 5. Page 2, line 9, by striking <and the defendant's ability  
15 to pay>

16 6. Page 2, after line 22 by inserting:

17 <Sec. \_\_\_\_. Section 811.2, subsection 1, paragraph a,  
18 subparagraph (3), Code 2026, is amended to read as follows:

19 (3) Require the execution of an appearance bond in a  
20 specified amount and the deposit with the clerk of the district  
21 court or a public officer designated under section 602.1211,  
22 subsection 4, in cash or other qualified security, ~~of a sum not~~  
23 ~~to exceed ten percent of the amount of the bond,~~ the deposit to  
24 be returned to the person who deposited the specified amount  
25 with the clerk upon the performance of the appearances as  
26 required in [section 811.6](#).

27 Sec. \_\_\_\_. Section 811.2, subsection 1, Code 2026, is amended  
28 by adding the following new paragraph:

29 NEW PARAGRAPH. *c.* If a pretrial release evaluation is  
30 completed by the department of corrections for a magistrate to  
31 consider prior to the release of a defendant, the evaluator  
32 for the department of corrections must verify all of the  
33 information contained in the pretrial release evaluation prior  
34 to providing it to the magistrate.

35 Sec. \_\_\_\_. JUDICIAL COUNCIL — UNIFORM BOND SCHEDULE. The

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1 judicial council shall revise and update the bond schedule to  
2 adjust for inflation since the previous update that became  
3 effective on July 1, 2017. The revised bond schedule shall be  
4 submitted to the supreme court no later than July 1, 2027, and  
5 shall be adjusted annually thereafter.>

6 7. By renumbering as necessary.

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MIKE BOUSSELOT

Iowa General Assembly  
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Senate File 2412

S-5035

1 Amend the amendment, S-5031, to Senate File 2412, as  
2 follows:

3 1. Page 1, line 23, after <States> by inserting <after  
4 the completion of an appeal pursuant to paragraph "b", if  
5 applicable>

6 2. Page 2, line 7, after <States> by inserting <after  
7 the completion of an appeal pursuant to subparagraph (2), if  
8 applicable>

9 3. Page 2, line 30, after <States> by inserting <after  
10 the completion of an appeal pursuant to paragraph "b", if  
11 applicable>

12 4. Page 3, line 1, after <States> by inserting <after  
13 the completion of an appeal pursuant to section 10A.114, if  
14 applicable>

15 5. Page 3, line 9, after <States> by inserting <after  
16 the completion of an appeal pursuant to section 10A.114, if  
17 applicable>

18 6. Page 4, line 3, after <States> by inserting <after  
19 the completion of an appeal pursuant to section 10A.114, if  
20 applicable>

21 7. Page 4, line 11, after <States> by inserting <after  
22 the completion of an appeal pursuant to section 10A.114, if  
23 applicable>

24 8. Page 4, line 17, after <States> by inserting <after  
25 the completion of an appeal pursuant to section 10A.114, if  
26 applicable>

27 9. Page 4, line 23, after <States> by inserting <after  
28 the completion of an appeal pursuant to section 10A.114, if  
29 applicable>

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CARRIE KOELKER

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Senate File 2422

S-5036

1 Amend Senate File 2422 as follows:

2 1. By striking page 2, line 27, through page 3, line 3.

3 2. By renumbering, redesignating, and correcting internal  
4 references as necessary.

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MATT BLAKE

Iowa General Assembly  
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**Senate File 2460 - Introduced**

SENATE FILE 2460  
BY DRISCOLL

**A BILL FOR**

1 An Act providing for the rural veterinarian loan repayment  
2 program, including by allowing a loan repayment recipient to  
3 exclude net income attributable to loan payments received  
4 under the program.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2460

1 Section 1. Section 256.226, subsection 4, paragraph c, Code  
2 2026, is amended to read as follows:

3 c. (1) Secure Subject to subparagraph (2), secure an  
4 offer of employment or establish and maintain a practice in a  
5 veterinary shortage situation or rural service commitment area  
6 and engage in the full-time practice of veterinary medicine  
7 for a period of four consecutive years after entering into the  
8 agreement in the veterinary shortage area or rural service  
9 commitment area, ~~unless the loan repayment recipient receives.~~

10 (2) (a) The loan repayment recipient may notify the  
11 commission that the loan repayment recipient will complete the  
12 years of full-time practice required under the agreement by  
13 securing new employment, or establishing and maintaining a new  
14 practice, in the same veterinary shortage area or rural service  
15 commitment area, according to rules adopted by the commission.

16 (b) The commission may grant the loan repayment recipient a  
17 waiver from the commission to complete the years of full-time  
18 practice required under the agreement in another veterinary  
19 shortage area or rural service commitment area pursuant to  
20 subsection 7.

21 Sec. 2. Section 422.7, Code 2026, is amended by adding the  
22 following new subsection:

23 NEW SUBSECTION. 46. a. Subtract, to the extent included,  
24 loan repayments received under a program agreement entered into  
25 between a taxpayer who is a loan repayment recipient and the  
26 college student aid commission pursuant to section 256.226, if  
27 the taxpayer fulfills the obligation to engage in the practice  
28 of veterinary medicine according to terms of that section  
29 including the program agreement.

30 b. The subtraction in paragraph "a" shall not exceed the  
31 following limits:

32 (1) For any tax year, fifteen thousand dollars.

33 (2) For the aggregate of all tax years, sixty thousand  
34 dollars.

35 (3) In any case, the amount of the outstanding eligible

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1 loan.

2

EXPLANATION

3

The inclusion of this explanation does not constitute agreement with  
4 the explanation's substance by the members of the general assembly.

4

5 BACKGROUND. Code section 256.226 establishes a rural  
6 veterinarian loan repayment program (program) administered by  
7 the college student aid commission (commission). The purpose  
8 of the program is to provide for the repayment of a student  
9 loan (eligible loan) to an individual who is either enrolled  
10 in the final year of a college of veterinary medicine in order  
11 to receive a doctor of veterinary medicine degree or who is a  
12 licensed veterinarian who received a degree within five years  
13 of applying to participate in the program. The individual must  
14 enter into a program agreement (agreement) with the commission  
15 in which the commission assumes the payment of the eligible  
16 loan and the loan repayment recipient (recipient) agrees to  
17 engage in the practice of veterinary medicine (practice) for  
18 four years in a rural service commitment area or a veterinary  
19 shortage area (rural area). The commission assumes eligible  
20 loan payments each year of the recipient's eligible practice  
21 for a period of four consecutive years. An eligible loan  
22 payment amount cannot exceed \$15,000 annually and cannot exceed  
23 a total of either \$60,000 or the amount of the outstanding  
24 eligible loan.

25 BILL'S PROVISIONS. Currently, the commission may grant a  
26 recipient a waiver to complete the years of practice required  
27 under the agreement in another rural area. This bill provides  
28 that the recipient may notify the commission that the loan  
29 recipient will complete the years of practice required under  
30 the agreement by securing new employment, or establishing and  
31 maintaining a new practice, in the same rural area, according  
32 to rules adopted by the commission. The bill allows the  
33 recipient to exclude net income attributable to eligible  
34 loan payments received under the program, subject to the  
35 restrictions provided in the program. The amount subject to

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1 the income exclusion cannot exceed \$15,000 per tax year, and  
2 an aggregate of \$60,000 for all tax years. However, in any  
3 case, the total excluded amount cannot exceed the amount of the  
4 recipient's outstanding eligible loan.

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**Senate Study Bill 3181 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON DAWSON)

**A BILL FOR**

1 An Act making certain sales and use tax exemptions relating to  
2 nuclear electric generation facilities, web search portal  
3 businesses, and data center businesses contingent upon  
4 making contributions to institutions of higher education  
5 governed by the state board of regents.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. \_\_\_\_\_

1 Section 1. NEW SECTION. 15E.371 Nuclear electric generation  
2 facility agreement — agreement — required contribution.

3 1. a. As a condition of receiving the nuclear electric  
4 generation facilities sales tax exemption under section 423.3,  
5 subsection 111, and prior to being eligible to receive the  
6 exemption, the nuclear electric generation facility shall  
7 enter into an agreement with the authority that provides  
8 a minimum contribution for establishing and maintaining a  
9 nuclear engineering program at one or more institutions of  
10 higher education governed by the state board of regents. The  
11 agreement shall, at a minimum, require the nuclear electric  
12 generation facility to annually contribute at least five  
13 percent of the aggregate value of the sales tax exemption  
14 provided in the annual report to the department of revenue  
15 pursuant to section 423.3, subsection 111, paragraph “d”, for  
16 the previous calendar year. The contribution shall be provided  
17 to one or more institutions of higher education governed by the  
18 state board of regents that establish and maintain a nuclear  
19 engineering program.

20 b. The agreement shall establish the date the exemption  
21 begins including whether and to what extent the exemption  
22 applies to any tangible personal property or specified digital  
23 products sold or to services furnished prior to the agreement  
24 date.

25 c. The department of revenue shall annually provide the  
26 aggregate value of the exemption contained in the annual report  
27 to the authority as required by section 423.3, subsection 111,  
28 paragraph “d”.

29 2. The authority shall verify that the nuclear electric  
30 generation facility made the contribution that meets the  
31 requirements of subsection 1. If the nuclear electric  
32 generation facility fails to make the required contribution  
33 described in subsection 1, all of the following shall apply:

34 a. The authority shall notify the department of revenue,  
35 and the department of revenue shall cancel the registration of

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1 the nuclear electric generation facility under section 423.3,  
2 subsection 111, and the nuclear electric generation facility  
3 shall not be eligible for the exemption under section 423.3,  
4 subsection 111.

5     *b.* The nuclear electric generation facility shall repay  
6 the aggregate amount of the sales tax exemptions claimed in  
7 the calendar year for which the nuclear electric generation  
8 facility did not make the required contribution. Any repayment  
9 shall be considered a tax payment due and payable to the  
10 department of revenue by the nuclear electric generation  
11 facility, and the failure to make the repayment may be treated  
12 by the department of revenue in the same manner as a failure to  
13 pay the tax shown due, or required to be shown due, with the  
14 filing of a return or deposit form.

15     3. The authority may adopt rules pursuant to chapter 17A to  
16 administer this section.

17     Sec. 2. NEW SECTION. 15E.372 **Web search portal and data**  
18 **center businesses — agreement — required contributions.**

19     1. As used in this section:

20     *a.* “*Data center business*” means the same as defined in  
21 section 423.3, subsection 95, that is any of the following:

22         (1) New construction upon property completed on or after  
23 January 1, 2027.

24         (2) New construction upon existing property completed on or  
25 after January 1, 2027.

26         (3) Additions upon existing property occurring on or after  
27 January 1, 2027.

28     *b.* “*Web search portal business*” means the same as defined  
29 in section 423.3, subsection 92 or 93, that is any of the  
30 following:

31         (1) New construction upon property completed on or after  
32 January 1, 2027.

33         (2) New construction upon existing property completed on or  
34 after January 1, 2027.

35         (3) Additions upon existing property occurring on or after

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1 January 1, 2027.

2 2. a. As a condition of receiving the sales tax exemption  
3 under section 423.3, subsection 92, 93, or 95, and prior to  
4 being eligible to receive the exemption, a web search portal  
5 business or data center business shall enter into an agreement  
6 with the authority that provides a minimum contribution for  
7 establishing and maintaining a nuclear engineering program at  
8 one or more state institutions of higher education governed by  
9 the state board of regents. The agreement shall, at a minimum,  
10 require the web search portal business or data center business  
11 to annually contribute at least five percent of the aggregate  
12 value of the sales tax exemption provided in the annual  
13 report to the department of revenue pursuant to section 423.3,  
14 subsection 92, 93, or 95. The contribution shall be provided  
15 to one or more institutions of higher education governed by the  
16 state board of regents that establish and maintain a nuclear  
17 engineering program.

18 b. The agreement shall establish the date the exemption  
19 begins.

20 c. The department of revenue shall annually provide the  
21 aggregate value of the exemption provided in the annual report  
22 to the authority as required by section 423.3, subsection 92,  
23 93, or 95.

24 3. The authority shall verify that the web search  
25 portal business or data center business made that meet the  
26 requirements of subsection 2. If a web search portal business  
27 or data center business fails to make the required contribution  
28 described in subsection 2, all of the following shall apply:

29 a. The authority shall notify the department of revenue,  
30 and the department of revenue shall cancel the registration of  
31 the web search portal business or data center business under  
32 section 423.3, subsection 92, 93, or 95, as applicable, and the  
33 web search portal business or data center business shall not  
34 be eligible for the sales tax exemption under section 423.3,  
35 subsection 92, 93, or 95, as applicable.

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1     *b.* The web search portal business or data center business  
2 shall repay the aggregate amount of the sales tax exemptions  
3 claimed in the calendar year for which the web search portal  
4 business or data center business did not make the required  
5 contribution. Any repayment shall be considered a tax payment  
6 due and payable to the department of revenue by the web search  
7 portal business or data center business, and the failure to  
8 make the repayment may be treated by the department of revenue  
9 in the same manner as a failure to pay the tax shown due,  
10 or required to be shown due, with the filing of a return or  
11 deposit form.

12     4. The authority may adopt rules pursuant to chapter 17A to  
13 administer this section.

14     Sec. 3. Section 423.3, subsection 92, paragraph a,  
15 subparagraph (1), Code 2026, is amended to read as follows:

16     (1) ~~The~~ Except as otherwise provided under section 15E.372,  
17 the sales price from the sale of computers and equipment that  
18 are necessary for the maintenance and operation of a web search  
19 portal and property whether directly or indirectly connected to  
20 the computers, including but not limited to cooling systems,  
21 cooling towers, and other temperature control infrastructure;  
22 power infrastructure for transformation, distribution,  
23 or management of electricity used for the maintenance and  
24 operation of the web search portal, including but not limited  
25 to exterior dedicated business-owned substations, backup  
26 power generation systems, battery systems, and related  
27 infrastructure; and racking systems, cabling, and trays, which  
28 are necessary for the maintenance and operation of the web  
29 search portal.

30     Sec. 4. Section 423.3, subsection 92, paragraph b,  
31 subparagraph (5), Code 2026, is amended to read as follows:

32     (5) (a) The web search portal business shall register  
33 with the department as a web search portal. To maintain its  
34 registration, the web search portal business shall file an  
35 annual report with the department, by January 31, 2026, and by

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1 each January 31 thereafter. The annual report shall describe  
2 the backup power generation fuel and electricity purchased and  
3 used in the previous calendar year for the purposes described  
4 in paragraph "a", subparagraphs (2) and (3), and any other  
5 information the department requires.

6 (b) (i) For a web search portal business subject to section  
7 15E.372, beginning with the annual report due on or after  
8 January 31, 2027, the annual report shall also contain the  
9 aggregate sales price amount of exempt property purchased under  
10 paragraph "a", subparagraphs (1), (2), and (3).

11 (ii) If the economic development authority notifies  
12 the department of revenue that the data center business is  
13 not in compliance with section 15E.372, the department of  
14 revenue shall cancel the registration of the web search portal  
15 business, and the web search portal business shall not be  
16 eligible for the exemption under this subsection.

17 Sec. 5. Section 423.3, subsection 93, paragraph a,  
18 subparagraph (1), Code 2026, is amended to read as follows:

19 (1) The Except as otherwise provided under section 15E.372,  
20 the sales price from the sale of computers and equipment that  
21 are necessary for the maintenance and operation of a web search  
22 portal business and property whether directly or indirectly  
23 connected to the computers, including but not limited to  
24 cooling systems, cooling towers, and other temperature control  
25 infrastructure; power infrastructure for transformation,  
26 distribution, or management of electricity used for the  
27 maintenance and operation of the web search portal business,  
28 including but not limited to exterior dedicated business-owned  
29 substations, backup power generation systems, battery systems,  
30 and related infrastructure; and racking systems, cabling, and  
31 trays, which are necessary for the maintenance and operation of  
32 the web search portal business.

33 Sec. 6. Section 423.3, subsection 93, paragraph b,  
34 subparagraph (5), Code 2026, is amended to read as follows:

35 (5) (a) The web search portal business shall register with

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1 the department as a web search portal business. To maintain  
2 its registration, the web search portal business shall file an  
3 annual report with the department, by January 31, 2026, and by  
4 each January 31 thereafter. The annual report shall describe  
5 the backup power generation fuel and electricity purchased and  
6 used in the previous calendar year for the purposes described  
7 in paragraph "a", subparagraphs (2) and (3), and any other  
8 information the department requires.

9 (b) (i) For a web search portal business subject to section  
10 15E.372, beginning with the annual report due on or after  
11 January 31, 2027, the annual report shall also contain the  
12 aggregate sales price amount of exempt property purchased under  
13 paragraph "a", subparagraphs (1), (2), and (3).

14 (ii) If the economic development authority notifies  
15 the department of revenue that the data center business is  
16 not in compliance with section 15E.372, the department of  
17 revenue shall cancel the registration of the web search portal  
18 business, and the web search portal business shall not be  
19 eligible for the exemption under this subsection.

20 Sec. 7. Section 423.3, subsection 95, paragraph a,  
21 subparagraph (1), Code 2026, is amended to read as follows:

22 (1) The Except as otherwise provided under section 15E.372,  
23 the sales price from the sale of computers and equipment that  
24 are necessary for the maintenance and operation of a data  
25 center business and property whether directly or indirectly  
26 connected to the computers, including but not limited to  
27 cooling systems, cooling towers, and other temperature control  
28 infrastructure; power infrastructure for transformation,  
29 distribution, or management of electricity used for the  
30 maintenance and operation of the data center business,  
31 including but not limited to exterior dedicated business-owned  
32 substations, backup power generation systems, battery systems,  
33 and related infrastructure; and racking systems, cabling, and  
34 trays, which are necessary for the maintenance and operation of  
35 the data center business.

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1     Sec. 8. Section 423.3, subsection 95, paragraph b,  
2 subparagraph (5), Code 2026, is amended to read as follows:

3     (5) (a) The data center business shall register with  
4 the department as a data center business. To maintain its  
5 registration, the data center business shall file an annual  
6 report with the department, by January 31, 2026, and by each  
7 January 31 thereafter. The annual report shall describe the  
8 backup power generation fuel and electricity purchased in the  
9 previous calendar year for the purposes described in paragraph  
10 "a", subparagraphs (2) and (3), and any other information the  
11 department requires.

12     (b) (i) For a data center business subject to section  
13 15E.372, beginning with the annual report due on or after  
14 January 31, 2027, the annual report shall also contain the  
15 aggregate sales price amount of exempt property purchased under  
16 paragraph "a", subparagraphs (1), (2), and (3).

17     (ii) If the economic development authority notifies the  
18 department of revenue that the data center business is not in  
19 compliance with section 15E.372, the department of revenue  
20 shall cancel the registration of the data center business,  
21 and the data center business shall not be eligible for the  
22 exemption under this subsection.

23     Sec. 9. Section 423.3, Code 2026, is amended by adding the  
24 following new subsection:

25     NEW SUBSECTION. 111. a. (1) To the extent permissible  
26 in the agreement under section 15E.371, the sales price of  
27 tangible personal property or specified digital products  
28 sold or services furnished before, during, or after the  
29 site preparation, construction, reconstruction, replacement,  
30 alteration, repair, safe storage, maintenance, or restarting  
31 after decommissioning of a nuclear electric generation  
32 facility.

33     (2) The tangible personal property, specified digital  
34 products, and services furnished shall be directly and  
35 primarily used for the purposes described in subparagraph (1).

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1     **b.** This exemption does not apply to the following:

2     (1) Motor vehicles subject to registration under chapter  
3 321.

4     (2) Tangible personal property or specified digital  
5 products sold, or services furnished where the purchasing agent  
6 of the nuclear electric generation facility fails to provide  
7 the retailer with an exemption certificate.

8     **c.** This subsection shall not be construed to limit any other  
9 exemptions applicable under this chapter.

10    **d.** (1) The nuclear electric generation facility shall  
11 register with the department. To maintain its registration,  
12 the nuclear electric generation facility shall file an annual  
13 report with the department by January 31, and by each January  
14 31 thereafter, that contains the following information:

15     (a) The aggregate sales price amount of exempt tangible  
16 personal property or digital products sold and services  
17 furnished from the previous calendar year.

18     (b) Any other information the department requires.

19     (2) The department shall calculate the aggregate value of  
20 the exemption based upon the aggregate sales price amounts  
21 disclosed in the annual report, and provide the aggregate  
22 value of the exemption to the economic development authority  
23 as required in section 15E.371.

24     (3) A nuclear electric generation facility that is not  
25 registered with the department is not eligible to receive an  
26 exemption under this subsection.

27    **e.** The department may adopt rules pursuant to chapter 17A  
28 to administer this subsection.

29    **f.** For purposes of this subsection, "*nuclear electric*  
30 *generation facility*" means a facility located in this state that  
31 uses nuclear fission, fusion, or other nuclear processes to  
32 generate electricity for sale or for use in the transmission  
33 or distribution grid and is licensed by the federal nuclear  
34 regulatory commission. A "*nuclear electric generation facility*"  
35 includes facilities undergoing restart after a decommissioning

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1 period and facilities in advanced stages of development or  
2 obtaining federal licensing from the United States nuclear  
3 regulatory commission. A *"nuclear electric generation facility"*  
4 includes all of the following:

5 (1) Nuclear reactors, reactor fuel cores, reactor vessels,  
6 steam generators, heat exchangers, turbine systems, control  
7 rods, instrumentation, cooling systems, fuel handling and  
8 storage systems, radiation shielding, radiation sources and  
9 other primary nuclear generation components, and spent fuel  
10 storage.

11 (2) Structures and buildings housing nuclear generation  
12 systems, including containment buildings, auxiliary buildings,  
13 cooling towers, water intake or discharge structures, and  
14 on-site storage facilities directly related to nuclear  
15 operations.

16 (3) Electrical generation and transformation equipment,  
17 including turbines, generators, switchgear, transformers,  
18 inverters, transmission structures, conductors, substations,  
19 and associated power conditioning and control equipment.

20 (4) Equipment and systems used for safety, security,  
21 radiation monitoring, emergency power, operator training,  
22 maintenance training, safety-related equipment storage, and  
23 warehousing.

24 (5) Environmental protection required for operation of the  
25 facility.

26 (6) System materials, components, equipment, storage,  
27 structures, and buildings associated with integrated systems  
28 that enhance the flexibility of the system in delivering energy  
29 to the electrical grid, including but not limited to the  
30 following:

31 (a) Systems that store and utilize thermal energy or  
32 electrical energy from the nuclear electric generating facility  
33 prior to delivering energy to the grid.

34 (b) Energy storage systems that utilize a transmission  
35 system interconnection to the same physical substation as the

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1 nuclear electric generating facility.

2 (7) Materials, supplies, and components permanently  
3 incorporated into or consumed in the construction, repair, or  
4 maintenance of a nuclear electric generation facility.

5 (8) Digital control systems, software, cybersecurity,  
6 infrastructure, and physical security systems and equipment  
7 used in the safe and compliant operation of the nuclear  
8 electric generation facility.

9 (9) Equipment, materials, systems, and services required to  
10 restart operations at a previously operational nuclear electric  
11 generation facility that has ceased commercial operation,  
12 including but not limited to refurbishment, modernization,  
13 regulatory compliance upgrades, and relicensing activities.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with  
16 the explanation's substance by the members of the general assembly.

17 This bill makes certain sales and use tax exemptions  
18 relating to nuclear electric generation facilities, web search  
19 portal businesses, and data center businesses contingent upon  
20 making contributions to institutions of higher education  
21 governed by the state board of regents.

22 NUCLEAR ELECTRIC GENERATION FACILITY — EXEMPTION. To  
23 the extent permissible under an agreement required by  
24 the bill, tangible personal property or specified digital  
25 products sold and services furnished are exempted from  
26 the state sales and use tax (exemption) before, during, or  
27 after the site preparation, construction, reconstruction,  
28 replacement, alteration, repair, safe storage, maintenance,  
29 or the restarting after decommissioning of a nuclear electric  
30 generation facility. The tangible personal property, specified  
31 digital products, and services exempted are required to be  
32 directly and primarily used for these purposes.

33 The bill defines "nuclear electric generation facility"  
34 (facility) to mean a facility located in this state that  
35 uses nuclear fission, fusion, or other nuclear processes to

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1 generate electricity for sale or for use in the transmission  
2 or distribution grid and is licensed by the federal nuclear  
3 regulatory commission. The definition of facility in the bill  
4 is comprehensive and includes but is not limited to nuclear  
5 reactors, storage facilities, equipment, electrical generation,  
6 and other structures.

7 AGREEMENT BY FACILITY. As a condition of receiving the  
8 exemption created in the bill, a facility is required to enter  
9 into an agreement with the economic development authority  
10 (authority) that requires the facility to make a minimum  
11 contribution for establishing and maintaining a nuclear  
12 engineering program at an institution of higher education  
13 governed by the state board of regents (regents institution).  
14 The agreement shall, at a minimum, require the facility to  
15 contribute at least 5 percent of the aggregate value of the  
16 exemption received pursuant to the bill for the purpose of  
17 establishing and maintaining a nuclear engineering program at  
18 a regents institution.

19 The agreement with the authority shall establish the date  
20 the exemption begins, including whether and to what extent  
21 the exemption applies to any tangible personal property or  
22 specified digital products sold, or services furnished prior  
23 to the agreement date.

24 REPORTING BY FACILITY. The bill requires a facility to  
25 register with the department. Beginning January 31, and  
26 each January 31 thereafter, a facility receiving exemption  
27 is required to file an annual report with the department of  
28 revenue (DOR). The annual report shall provide the aggregate  
29 sales price amount of tangible personal property, specified  
30 digital products, and services that received an exemption in  
31 the previous calendar year.

32 The bill requires DOR to calculate the aggregate value of  
33 the exemption based upon the aggregate sales price amounts  
34 disclosed in the annual report, and provide the aggregate value  
35 of the exemption to the authority, for purposes of calculating

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1 the 5 percent contribution for establishing and maintaining a  
2 nuclear engineering program at a regents institution.

3 WEB SEARCH PORTAL AND DATA CENTER BUSINESSES — AGREEMENT.

4 For a web search portal business or data center business  
5 (business) that is new construction or an addition to an  
6 existing property on or after January 1, 2027, and as a  
7 condition of receiving the existing sales and use tax  
8 exemption, the business is required to enter into an agreement  
9 with the authority that requires the business to make the same  
10 minimum contribution for establishing and maintaining a nuclear  
11 engineering program at a regents institution as a nuclear  
12 electric generation facility. The agreement shall, at a  
13 minimum, require the business to contribute at least 5 percent  
14 of the aggregate value of the exemption received pursuant to  
15 the bill for the purpose of establishing and maintaining a  
16 nuclear engineering program at a regents institution.

17 REPORTING. Currently, the sales and use tax exemption  
18 exists for a business in Code section 423.3, subsection 92,  
19 93, or 95. Beginning January 31, 2026, a business receiving  
20 a sales and use tax exemption is required to register with  
21 DOR and file an annual report with DOR. The annual report  
22 shall describe the aggregate sales price amount of fuel or  
23 electricity purchased that is exempt from sales and use tax in  
24 the previous calendar year.

25 For a business that is new construction or an addition to  
26 an existing property on or after January 1, 2027, the bill  
27 requires the annual report to contain more information about  
28 the sales and use tax exemption provided to the business by  
29 requiring the annual report to contain the aggregate sales  
30 price amount of all exempt property, including but not limited  
31 to computers, equipment, cooling systems, and power systems.

32 In the same manner as the nuclear electric generation  
33 facility exemption, the bill requires DOR to calculate the  
34 aggregate value of the exemption based upon the aggregate sales  
35 price amounts disclosed in the annual report, and provide the

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1 aggregate value of the exemption to the authority, for purposes  
2 of calculating the 5 percent contribution for establishing  
3 and maintaining a nuclear engineering program at a regents  
4 institution.