Iowa General Assembly
Daily Bills, Amendments and Study
Bills
April 15, 2026

H8365 2
H8366 5
H8367 6
H8368 7
H8369 10
H8370 11
H8371 15
HF2768 68
HF2769 90
HF2770 97
HF2771 118
HF2772 143
HF2773 164
HF2774 166
HF2775 170
HF2776 175
S5179 186
S5180 187
S5181 188
S5182 191
S5183 194
S5184 195
S5185 197
SF2491 212
SF2492 216
SF2493 218
SF2494 221
SF2495 233
SF2496 238
SF2497 241
SF2498 272
SF2499 281
SF2500 332

House File 2757

H-8365

Amend House File 2757 as follows:

1. Page 1, by striking lines 3 through 18 and inserting:

<NEW SUBSECTION. lll. *a.* (1) The sales price of tangible personal property or specified digital products sold to or of services furnished to a nuclear electric generation facility on or after January 1, 2026.

(2) The tangible personal property, specified digital products, and services furnished shall be directly and primarily used before, during, or after the site preparation, construction, reconstruction, replacement, alteration, repair, safe storage, maintenance, or restarting after decommissioning of the nuclear electric generation facility.

b. The exemption under this section does not apply to motor vehicles subject to registration under chapter 321.>

2. Page 1, after line 26 by inserting:

<*f.* A nuclear electric generation facility that does not commence or restart commercial operation within twelve and one-half years of the later of the issuance of the certificate of public convenience, use, and necessity under chapter 476A for the applicable unit of the facility or the placement of the first safety-related concrete for such unit shall repay the entire amount of the sales and use tax exemptions the nuclear electric generation facility claimed under this subsection and refunds claimed under section 423.4, subsection 1, and the entire amount of sales and use tax exemptions that contractors, subcontractors, and builders claimed for building materials, supplies, equipment, and services in the performance of a written construction contract with the nuclear electric generation facility under subsection 80. Any repayment shall be considered a tax payment due and payable to the department by the nuclear electric generation facility, and the failure to make the repayment may be treated by the department in the same manner as a failure to pay the tax shown due, or required to be shown due, with the filing of a return or deposit form.

g. (1) A nuclear electric generation facility is eligible

to receive an exemption under this subsection until the earlier of one year from the date of delivering notification to the applicable regional transmission operators that commercial operation has been achieved or June 30, 2051.

(2) Within thirty days of delivering notification in subparagraph (1), the nuclear electric generation facility shall notify the department of the date notification was delivered under subparagraph (1) in a manner prescribed by the director.>

3. Page 1, by striking lines 27 and 28 and inserting:

<*h.* As used in this subsection:

(1) "*Nuclear electric generation facility*" means a facility commencing or restarting>

4. Page 1, line 29, after <operations> by inserting <of at least one unit of the facility>

5. Page 2, line 4, by striking <(1)> and inserting <(a)>

6. Page 2, line 10, by striking <(2)> and inserting <(b)>

7. Page 2, line 15, by striking <(3)> and inserting <(c)>

8. Page 2, line 19, by striking <(4)> and inserting <(d)>

9. Page 2, line 23, by striking <(5)> and inserting <(e)>

10. Page 2, line 25, by striking <(6)> and inserting <(f)>

11. Page 2, line 30, by striking <(a)> and inserting <(i)>

12. Page 2, line 33, by striking <(b)> and inserting <(ii)>

13. Page 3, line 1, by striking <(7)> and inserting <(g)>

14. Page 3, line 4, by striking <(8)> and inserting <(h)>

15. Page 3, line 8, by striking <(9)> and inserting <(i)>

16. Page 3, after line 12 by inserting:

<(2) "*Site preparation activities*" means the same as defined in subsection 95, paragraph "*f*".

i. This subsection is repealed on July 1, 2051.

Sec. ___. Section 423.4, subsection 1, paragraph a, Code 2026, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (11) A nuclear electric generation facility as defined in section 423.3, subsection 111.>

17. Page 3, line 14, by striking <2025> and inserting <2026>

18. Title page, line 1, after <exemptions> by inserting <and refunds>

19. By renumbering as necessary.

_____
YOUNG of Dallas

_____
WILZ of Wapello

Senate File 2263

H-8366

Amend Senate File 2263, as amended, passed, and reprinted by the Senate, as follows:

1. Page 1, line 17, after <guard> by inserting <or the department of corrections, or a parking lot at a jail, prison, or correctional facility>

2. By striking page 1, line 31, through page 2, line 18, and inserting:

<DIVISION ___

ENHANCED WEAPON PENALTY ZONES

Sec. ___. Section 724.4A, Code 2026, is amended to read as follows:

724.4A ~~Weapons free zones — enhanced penalties~~ Enhanced weapons penalty zones.

1. As used in this section, ~~"*weapons free zone*"~~ "*enhanced weapons penalty zone*" means the area in or on, or within one thousand feet of, the real property comprising a public or private elementary or secondary school, or in or on the real property comprising a public park. ~~A weapons free zone~~ An enhanced weapons penalty zone shall not include that portion of a public park designated as a hunting area under section 461A.42.

2. Notwithstanding sections 902.9 and 903.1, a person who commits a public offense involving a firearm or offensive weapon, within ~~a weapons free zone~~ an enhanced weapons penalty zone, in violation of this or any other chapter shall be subject to a fine of twice the maximum amount ~~which~~ that may otherwise be imposed for the public offense.>

3. By renumbering as necessary.

HOLT of Crawford

Senate File 2284

H-8367

Amend the amendment, H-8364, to Senate File 2284, as amended, passed, and reprinted by the Senate, as follows:

1. Page 4, line 8, by striking <law.> and inserting <law; however, a law enforcement agency, local authority, or other state entity shall not convey, share, or license historical location information to a plate reader vendor except as authorized under this section.>

2. By striking page 5, line 31, through page 6, line 9.

_____

THOMSON of Floyd

House File 2757

H-8368

Amend House File 2757 as follows:

1. Page 1, before line 1 by inserting:

<DIVISION I

NUCLEAR ELECTRIC GENERATION FACILITIES — SALES AND USE TAX EXEMPTIONS>

2. Page 3, line 13, before <Act> by inserting <division of this>

3. Page 3, after line 16 by inserting:

<DIVISION ___

WIND ENERGY CONVERSION PROPERTY — SURCHARGE

Sec. ___. NEW SECTION. **476.53B Wind energy conversion property — surcharge.**

1. It is the intent of the general assembly that the surcharge imposed under this section serve as a partial offset to the revenue reductions resulting from exemptions for nuclear electric generation facilities under section 423.3, subsection 111.

2. For purposes of this section, *"wind energy conversion property"* means the same as defined in section 427B.26.

3. In addition to property taxes due and payable in fiscal years beginning on or after July 1, 2027, a surcharge is imposed on all wind energy conversion property valued under section 427B.26 in an amount equal to the difference, but not less than zero, between the following using the wind energy conversion property's net acquisition cost as the actual value of the property:

a. The amount of property taxes that would be due and payable if the wind energy conversion property were assessed as industrial property under section 441.21, subsection 5, paragraph *"c"*, using the wind energy conversion property's net acquisition cost as the actual value of the property, and taxed at the levy rates applicable to industrial property in the taxing district where the property is located.

b. The amount of property taxes due and payable on the wind energy conversion property for the applicable fiscal year.

4. The surcharge imposed under this section shall apply to all wind energy conversion property subject to special valuation under section 427B.26, whether such property commenced commercial operation before or after the effective date of this division of this Act.

5. The surcharge amount due under this section for each fiscal year in which property taxes are due and payable on the wind energy conversion property shall be calculated by the county assessor of the county in which the wind energy conversion property is located.

6. The surcharge imposed under this section shall be assessed, billed, and collected by the county assessor and county treasurer of the county in which the wind energy conversion property is located, in the same manner and subject to the same penalties, interest, and enforcement provisions as property taxes imposed on wind energy conversion property subject to special valuation under section 427B.26.

7. The proceeds of the surcharge imposed under this section shall be distributed as follows:

a. Fifty percent shall be apportioned and paid by the county treasurer to the taxing authorities in the taxing district where the wind energy conversion property is located in the same proportions as property taxes due and payable are imposed for the same fiscal year. Such amounts shall be used by each recipient taxing authority to reduce the taxing authority's property tax dollars levied on all property in the succeeding fiscal year.

b. Fifty percent shall be remitted by the county treasurer to the treasurer of state for deposit in the general fund of the state.

8. The surcharge imposed under this section is in addition to, and not in lieu of, any other tax, fee, or financial obligation imposed on wind energy conversion property or its owner or operator under any other provision of law. Payment of the surcharge shall not be credited against, or otherwise

reduce, any other tax or financial obligation of the wind energy conversion property owner or operator.

9. The department of revenue shall, by January 1, 2028, and January 1 of each year thereafter, prepare and submit to the general assembly a report detailing, for the most recently completed fiscal year, the total amount of surcharges collected statewide; the amount distributed to each taxing authority in each county; the amount remitted to the general fund; and the estimated reduction in property tax levies achieved in each taxing district as the result of the surcharge.>

4. Title page, line 1, by striking <creating> and inserting <relating to taxes on electric generation facilities, including>

5. Title page, line 3, after <facilities> by inserting <and a surcharge for wind energy conversion property>

6. By renumbering as necessary.

_____

THOMSON of Floyd

Senate File 2284

H-8369

Amend the amendment, H-8364, to Senate File 2284, as amended, passed, and reprinted by the Senate, as follows:

1. Page 4, line 8, by striking <law.> and inserting <law; however, a law enforcement agency, local authority, or state entity shall not convey, share, or license historical location information to a plate reader vendor except as authorized under this section.>

2. Page 4, after line 28 by inserting:

<*e.* With the plate reader vendor to access historical location information for installing, maintaining, or providing technical support for plate readers.>

3. By striking page 5, line 31, through page 6, line 9.

_____

JONES of Clay

_____

YOUNG of Dallas

Senate File 473

H-8370

Amend Senate File 473, as amended, passed, and reprinted by the Senate, as follows:

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

<Section 1. Section 237.10, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 9A. *a.* The department shall not do any of the following:

(1) Require an individual licensee or approved kinship caregiver to affirm, accept, or support a policy that conflicts with the person's sincerely held religious or moral beliefs.

(2) Preclude a person from being licensed as an individual licensee or approved as an approved kinship caregiver based on the person's sincerely held religious or moral beliefs, including but not limited to the person's intent to guide, instruct, or raise a child in a manner consistent with the person's sincerely held religious or moral beliefs.

b. (1) The department, and the department's designees, shall not adopt a standard, policy, or rule that precludes an individual licensee or an approved kinship caregiver from being considered as a possible placement for any child based on the person's sincerely held religious or moral beliefs.

(2) This paragraph shall not preclude the department, or the department's designee, from taking into account the sincerely held moral and religious beliefs of a child and the child's family of origin as compared to the sincerely held moral and religious beliefs of a potential individual licensee or approved kinship caregiver when determining the most appropriate placement for the child consistent with the best interests of the child.

c. (1) A current or prospective individual licensee or approved kinship caregiver may bring an action asserting a violation of this subsection. A court may provide the current or prospective individual licensee or approved kinship caregiver injunctive relief, declaratory relief, or other

relief as the court deems appropriate, and may award reasonable attorney fees and costs.

(2) The attorney general may bring an action to enforce this subsection.

Sec. 2. Section 600.7A, Code 2026, is amended to read as follows:

600.7A Adoption services provided by or through the department —— selection of adoptive parent criteria.

1. The department shall adopt rules which provide that if adoption services are provided by or through the department, notwithstanding any other selection of adoptive parent criteria, the overriding criterion shall be a preference for placing a child in a stable home environment as expeditiously as possible.

2. *a.* The department shall not do any of the following:

(1) Require a prospective adoptive parent to affirm, accept, or support a policy that conflicts with the person's sincerely held religious or moral beliefs.

(2) Preclude a person from being qualified as a prospective adoptive parent based on the person's sincerely held religious or moral beliefs, including but not limited to the person's intent to guide, instruct, or raise a child in a manner consistent with the person's sincerely held religious or moral beliefs.

b. (1) The department, and the department's designees, shall not adopt a standard, policy, or rule that precludes a person from being considered as any child's prospective adoptive parent based on the person's sincerely held religious or moral beliefs.

(2) This paragraph shall not preclude the department from taking into account the sincerely held moral and religious beliefs of a child and the child's family of origin as compared to the sincerely held moral and religious beliefs of a prospective adoptive parent when determining the most appropriate placement for the child consistent with the best

interests of the child.

c. (1) A prospective adoptive parent may bring an action asserting a violation of this subsection. A court may provide a prospective adoptive parent injunctive relief, declaratory relief, or other relief as the court deems appropriate, and may award reasonable attorney fees and costs.

(2) The attorney general may bring an action to enforce this subsection.

Sec. 3. DEPARTMENT OF HEALTH AND HUMAN SERVICES —— CHILD FOSTER CARE AND ADOPTION SERVICES —— DEPARTMENT REVIEW OF RELIGIOUS ORGANIZATIONS.

1. The department of health and human services shall adopt rules pursuant to chapter 17A to amend the department's rules relating to child foster care and adoption recruitment, retention, training, and support services to provide, unless otherwise provided by federal law or regulation, that an entity that holds itself out to the public as a religious organization as defined in section 13C.1, and that has a contract, subcontract, or other agreement with the department or an agent of the department to provide child foster care or adoption services, shall not be required to provide the contracted, subcontracted, or other agreed upon services in a manner inconsistent with the religious organization's sincerely held religious beliefs.

2. a. This section shall not prohibit the department from determining the best interests of a child in the provision of child foster care, as that term is defined in section 237.1, or adoption services to the child.

b. This section shall not relieve the department of the department's duty to determine the best interests of a child in the provision of child foster care or adoption services to the child.>

2. Title page, line 1, by striking <certain>

LOHSE of Polk

House File 2754

H-8371

Amend House File 2754 as follows:

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

<DIVISION I

CHARTER SCHOOLS

Section 1. Section 29E.1, subsection 1, paragraph b, subparagraph (4), Code 2026, is amended by striking the subparagraph.

Sec. 2. Section 232E.1, subsection 6, Code 2026, is amended to read as follows:

6. "*Public school district*" means a public school district as described in chapter 274, and includes a charter school under chapter 256E~~, or a charter school or an innovation zone school under chapter 256F~~.

Sec. 3. Section 256.7, subsection 15, Code 2026, is amended to read as follows:

15. Adopt rules under chapter 17A that require school districts, accredited nonpublic schools, and charter schools~~, and innovation zone schools~~ to include information regarding the exemptions and requirements for an exemption described in section 139A.8, subsection 4, in any communication to the parent or guardian of a student that is related to the immunizations required under section 139A.8.

Sec. 4. Section 256.9, subsections 69, 71, 73, and 78, Code 2026, are amended to read as follows:

69. On or before May 1, 2025, develop and distribute to school districts, accredited nonpublic schools, and charter schools~~, and innovation zone schools~~ model policies that, if adopted, would satisfy a school district's responsibilities under section 279.88 relating to policies governing student use of personal electronic devices.

71. Develop and distribute to school districts, accredited nonpublic schools, and charter schools~~, and innovation zone schools~~ family-centered resources to support student development of mathematics knowledge at home.

73. On or before July 1, 2025, develop and distribute to school districts, accredited nonpublic schools, and charter schools~~, and innovation zone schools~~ a comprehensive state mathematics plan that is designed to increase the level of mathematics proficiency attained by students using systematic and sequential approaches to teaching subitizing, cardinality, object counting, verbal counting, spatial relationships, benchmark numbers, and part-part-whole models.

78. *a.* Develop and distribute to school districts, accredited nonpublic schools, and charter schools~~, and innovation zone schools~~ a test in multiple-choice format that consists of all of the questions contained in the most recent version of the civics test developed by the United States citizenship and immigration services.

b. On or before the January 31 immediately subsequent to each general election which is a presidential election, update the test described in paragraph *"a"* and distribute the updated test to school districts, accredited nonpublic schools, and charter schools~~, and innovation zone schools~~.

Sec. 5. Section 256.163, subsection 1, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *f.* A charter school established pursuant to chapter 256E, subchapter I.

Sec. 6. Section 256E.1, subsection 2, paragraphs a and b, Code 2026, are amended to read as follows:

a. A school board may create a founding group to apply to the state board or the university of northern Iowa for approval to establish and operate a charter school within and as a part of the school district by establishing a new attendance center, creating a new school within an existing attendance center, or by converting an existing attendance center to charter status.

b. A founding group may apply to the state board or the university of northern Iowa for approval to establish and operate a charter school within the boundaries of the state that operates as a new attendance center independently from a

public school district.

Sec. 7. Section 256E.1, subsection 3, unnumbered paragraph 1, Code 2026, is amended to read as follows:

The purpose of a charter school established pursuant to this ~~chapter~~ subchapter shall be to accomplish the following:

Sec. 8. Section 256E.1, subsection 3, paragraph d, Code 2026, is amended to read as follows:

d. Accelerating student learning to prevent learning loss during ~~the COVID-19 pandemic and other~~ significant disruptions to student learning.

Sec. 9. Section 256E.1, subsection 4, Code 2026, is amended to read as follows:

4. The state board of education and the university of northern Iowa shall be the only ~~authorizer~~ authorizers of charter schools under this ~~chapter~~ subchapter.

Sec. 10. Section 256E.2, unnumbered paragraph 1, Code 2026, is amended to read as follows:

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

Sec. 11. Section 256E.2, subsections 2 and 5, Code 2026, are amended to read as follows:

2. *"Charter school"* means a school established in accordance with this ~~chapter~~ subchapter.

5. *"Founding group"* means a person, group of persons, or education service provider that develops and submits an application for a charter school to the state board or the university of northern Iowa under this ~~chapter~~ subchapter.

Sec. 12. Section 256E.3, Code 2026, is amended to read as follows:

256E.3 Department — duty to monitor.

The department shall monitor the effectiveness of charter schools and shall implement the applicable provisions of this ~~chapter~~ subchapter.

Sec. 13. Section 256E.4, subsections 1, 2, 3, 5, 6, 7, 8, 9, and 10, Code 2026, are amended to read as follows:

1. A school board may create a founding group to apply to the state board or the university of northern Iowa for approval to establish and operate a charter school within and as a part of the school district by establishing a new attendance center, creating a new school within an existing attendance center, or by converting an existing attendance center. The application shall demonstrate the founding group's academic and operational vision and plans for the proposed charter school, demonstrate the founding group's capacity to execute the vision and plans, and provide the state board or the university of northern Iowa a clear basis for assessing the founding group's plans and capacity.

2. The state board, in consultation with the university of northern Iowa, shall adopt rules to establish appropriate application timelines and deadlines for the submission of charter school applications under this section.

3. The instructions for completing an application shall include or otherwise inform applicants of all of the following:

a. The performance framework adopted by the state board, in consultation with the university of northern Iowa, for charter school oversight and evaluation requirements in accordance with sections 256E.9 and 256E.10.

b. The criteria the state board or the university of northern Iowa will use in evaluating applications.

c. The requirements concerning the format and content essential for applicants to demonstrate the capacities necessary to establish and operate a successful charter school.

5. If the founding group proposes to establish a charter school by converting an existing attendance center of the school district, the state board or the university of northern Iowa shall not approve the application unless the founding group submits evidence that the attendance center's teachers and parents or guardians of students enrolled at the existing attendance center voted in favor of the conversion. A vote in favor of conversion under this subsection requires the

support of a majority of the teachers employed at the school on the date of the vote and a majority of the parents or guardians voting whose children are enrolled at the school, provided that a majority of the parents or guardians eligible to vote participate in the ballot process. The state board, in consultation with the university of northern Iowa, shall establish procedures by rule for voting under this subsection. A parent or guardian voting in accordance with this subsection must be a resident of this state.

6. In reviewing and evaluating charter school applications, the state board and the university of northern Iowa shall employ procedures, practices, and criteria consistent with nationally recognized principles and standards for reviewing charter school applications. Each application review shall include thorough evaluation of the written application, an in-person interview with the founding group, and an opportunity in a public forum for local residents to learn about and provide input on each application.

7. Following review of a charter school application and completion of the process required under subsection 6, the state board or the university of northern Iowa shall do all of the following:

a. Approve a charter school application only if the founding group has demonstrated competence in each element of the approval criteria and if the founding group is likely to open and operate a successful charter school.

b. Make application decisions on documented evidence collected through the application review process.

c. Adhere to the policies and criteria that are transparent, based on merit, and avoid conflicts of interest or any appearance thereof.

8. The state board or the university of northern Iowa shall approve a charter school application if the application satisfies the requirements of this ~~chapter~~ subchapter. The state board or the university of northern Iowa shall approve or

deny a charter school application no later than seventy-five calendar days after the application is received. If the state board or the university of northern Iowa denies an application, the state board or the university of northern Iowa shall provide notice of denial to the founding group in writing within thirty days after the state board's or the university of northern Iowa's action. The notice shall specify the exact reasons for denial and provide documentation supporting those reasons. An approval decision may include, if appropriate, reasonable conditions that the founding group must meet before a charter school contract may be executed pursuant to section 256E.6. An approved charter application shall not serve as a charter school contract.

9. A decision of the state board or the university of northern Iowa relating to an application under this section is not appealable.

10. An unsuccessful applicant under this section may subsequently reapply to the state board or the university of northern Iowa.

Sec. 14. Section 256E.4, subsection 4, paragraph ab, Code 2026, is amended to read as follows:

ab. The specific statutes and administrative rules with which the charter school does not intend to comply. The department, in consultation with the university of northern Iowa, shall provide technical assistance to the applicant concerning statutes and administrative rules that may be waived under the charter school contract in order to facilitate the goals of the charter school.

Sec. 15. Section 256E.5, subsections 1, 2, 3, 5, 6, 8, 9, and 10, Code 2026, are amended to read as follows:

1. A founding group may apply to the state board or the university of northern Iowa for approval to establish and operate a charter school within the boundaries of the state that operates as a new attendance center independently from a public school district. The application shall demonstrate the

founding group's academic and operational vision and plans for the proposed charter school, demonstrate the founding group's capacity to execute the vision and plans, and provide the state board or the university of northern Iowa a clear basis for assessing the founding group's plans and capacity.

2. The state board, in consultation with the university of northern Iowa, shall adopt rules to establish appropriate application timelines and deadlines for the submission of charter school applications under this section.

3. The instructions for completing an application shall include or otherwise inform applicants of all of the following:

a. The performance framework adopted by the state board, in consultation with the university of northern Iowa, for charter school oversight and evaluation requirements in accordance with sections 256E.9 and 256E.10.

b. The criteria the state board or the university of northern Iowa will use in evaluating applications.

c. The requirements concerning the format and content essential for applicants to demonstrate the capacities necessary to establish and operate a successful charter school.

5. In reviewing and evaluating charter school applications, the state board and the university of northern Iowa shall employ procedures, practices, and criteria consistent with nationally recognized principles and standards for reviewing charter school applications. Each application review shall include thorough evaluation of the written application, an in-person interview with the applicant, and an opportunity in a public forum for local residents of the public school district within which the applicant proposes to locate the charter school to learn about and provide input on each application.

6. Following review of a charter school application and completion of the process required under subsection 5, the state board or the university of northern Iowa shall do all of the following:

a. Approve a charter school application only if the

applicant has demonstrated competence in each element of the state board's or the university of northern Iowa's published approval criteria and the applicant is likely to open and operate a successful charter school.

b. Make application decisions on documented evidence collected through the application review process.

c. Adhere to the policies and criteria that are transparent, based on merit, and avoid conflicts of interest or any appearance thereof.

8. The state board or the university of northern Iowa shall approve a charter school application if the application satisfies the requirements of this ~~chapter~~ subchapter. The state board or the university of northern Iowa shall approve or deny a charter school application no later than seventy-five calendar days after the application is received. If the state board or the university of northern Iowa denies an application, the state board or the university of northern Iowa shall provide notice of denial to the applicant in writing within thirty days after board action. The notice shall specify the exact reasons for denial and provide documentation supporting those reasons. An approval decision may include, if appropriate, reasonable conditions that the applicant must meet before a charter school contract may be executed pursuant to section 256E.6. An approved charter application shall not serve as a charter school contract.

9. An unsuccessful charter school applicant may subsequently reapply to the state board or the university of northern Iowa.

10. A decision of the state board or the university of northern Iowa relating to an application under this section is not appealable.

Sec. 16. Section 256E.5, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. The governing board of a charter school that is approved under this section shall be designated a local

education agency for the purpose of receiving federal funds for all attendance centers that are under the jurisdiction of the governing board.

Sec. 17. Section 256E.5, subsection 4, paragraph ab, Code 2026, is amended to read as follows:

ab. The specific statutes and administrative rules with which the charter school does not intend to comply. The department, in consultation with the university of northern Iowa, shall provide technical assistance to the applicant concerning statutes and administrative rules that may be waived under the charter school contract in order to facilitate the goals of the charter school.

Sec. 18. Section 256E.6, Code 2026, is amended to read as follows:

256E.6 Charter school contract.

1. Within the later of thirty days following approval of a charter school application or upon the satisfaction of all reasonable conditions imposed on the applicant in the charter school approval, if any, an enforceable and renewable charter school contract shall be executed between the founding group and the state board or the university of northern Iowa, as applicable, setting forth the academic and operational performance expectations and measures by which the charter school will be evaluated pursuant to sections 256E.9 and 256E.10 and the other rights and duties of the parties.

2. An initial charter school contract shall be granted for a term of five school budget years, commencing with the school budget year in which the charter school opens. The charter school contract shall include the beginning and ending dates of the charter school contract term. An approved charter school ~~may delay its opening for a period of time not to exceed one school year in order to plan and prepare for the charter school's opening~~ shall open on the first day of the school year that is two school years immediately subsequent to the school year in which the charter school contract is executed under

subsection 1; provided, however, that the approved charter school may open on the first day of the school year that is immediately subsequent to the school year in which the charter school contract is executed under subsection 1 if the approved charter school demonstrates adequate preparation to the state board or the university of northern Iowa. If the charter school requires an opening delay of more than ~~one school year~~ two school years immediately subsequent to the school year in which the charter school contract is executed under subsection 1, the charter school may request an extension from the state board or the university of northern Iowa.

3. Each charter school contract shall be signed by the president of the state board or the president of the university of northern Iowa, as applicable, and the president or appropriate officer of the governing body of the founding group.

4. Within fifteen days of the execution of a charter school contract entered into by the state board or the university of northern Iowa, the state board or the university of northern Iowa shall notify the department and the department of management of the name of the charter school and any applicable education service provider, the proposed location of the charter school, and the charter school's first year projected enrollment.

5. A charter school approved under this ~~chapter~~ subchapter shall not commence operations without a valid charter school contract executed in accordance with this section and approved in an open session of the state board or by the university of northern Iowa.

6. The contract may provide for requirements or conditions to govern and monitor the start-up progress of an approved charter school ~~prior to the opening of the charter school~~ from the date the charter school contract is executed through the date the charter school opens, including but not limited to conditions to ensure that the charter school meets

all building, health, safety, insurance, and other legal requirements.

7. A charter school contract may be amended to govern multiple charter schools operated by the same applicant and approved by the state board or the university of northern Iowa. However, each charter school that is part of a charter school contract shall be separate and distinct from any other charter school governed by the contract.

Sec. 19. Section 256E.7, subsection 1, unnumbered paragraph 1, Code 2026, is amended to read as follows:

In order to fulfill the charter school's public purpose, a charter school established under this ~~chapter~~ subchapter shall be organized as a nonprofit education organization and shall have all the powers necessary for carrying out the terms of the charter school contract including but not limited to the following, as applicable:

Sec. 20. Section 256E.7, subsection 2, unnumbered paragraph 1, Code 2026, is amended to read as follows:

A charter school established under this ~~chapter~~ subchapter is exempt from all state statutes and rules and any local rule, regulation, or policy, applicable to a noncharter school, except that the charter school shall do all of the following:

Sec. 21. Section 256E.7, subsection 2, paragraphs g, i, and w, Code 2026, are amended to read as follows:

g. Be subject to the same financial audits, audit procedures, and audit requirements as a school district. The audit shall be consistent with the requirements of sections 11.6, 11.14, 11.19, and 279.29, and section 256.9, subsection 20, except to the extent deviations are necessary because of the program at the school. The department, the university of northern Iowa, the auditor of state, or the legislative services agency may conduct financial, program, or compliance audits.

i. Provide instruction for at least the number of days or hours required by section 279.10, subsection 1, unless

specifically waived by the state board or the university of northern Iowa as part of the application process.

w. Comply with the requirements of this ~~chapter~~ subchapter.

Sec. 22. Section 256E.7, subsection 2, paragraph h, unnumbered paragraph 1, Code 2026, is amended to read as follows:

Be subject to and comply with the requirements of section 256.7, subsection 21, and the educational standards of section 256.11, unless specifically waived by the state board or the university of northern Iowa during the application process; provided, however, that the state board or the university of northern Iowa shall not waive any of the following educational standards:

Sec. 23. Section 256E.7, subsection 9, Code 2026, is amended to read as follows:

9. Individuals compensated by an education service provider are prohibited from serving as a voting member on the governing board of any charter school unless the state board or the university of northern Iowa waives such prohibition.

Sec. 24. Section 256E.8, subsections 1 and 4, Code 2026, are amended to read as follows:

1. Each student enrolled in a charter school established under this ~~chapter~~ subchapter shall be counted, for state school foundation purposes, in the student's district of residence pursuant to section 257.6, subsection 1, paragraph "a", subparagraph (9), including any applicable amounts under section 256B.9. For purposes of this section, residence means a residence under section 282.1.

4. If necessary, and pursuant to rules adopted by the state board, in consultation with the university of northern Iowa, funding amounts required under this section for the first school year of a new charter school shall be based on enrollment estimates for the charter school included in the charter school contract. The department, in consultation with the university of northern Iowa, shall adopt rules to

establish a process for determining estimated enrollments for charter school funding purposes in school years after the first school year of a charter school. Amounts paid using estimated enrollments shall be reconciled during subsequent payments based on actual enrollment of the charter school during each school year.

Sec. 25. Section 256E.9, subsection 1, unnumbered paragraph 1, Code 2026, is amended to read as follows:

The performance provisions within the charter school contract shall be based on a performance framework adopted by the state board, in consultation with the university of northern Iowa, that clearly sets forth the academic and operational performance indicators, measures, and metrics that will guide the evaluation of the charter school by the state board or the university of northern Iowa, without compromising individual student privacy. The performance framework shall include but is not limited to indicators, measures, and metrics for all of the following:

Sec. 26. Section 256E.9, subsections 2 and 5, Code 2026, are amended to read as follows:

2. Annual performance targets shall be agreed upon between each charter school and the state board, in consultation with the university of northern Iowa, if applicable. Such performance targets shall be contained in the charter school contract and shall be designed to help each charter school meet applicable federal, state, and local standards. The performance targets contained in the charter school contract may be amended by mutual agreement after the charter school is operating and has collected initial achievement data for the charter school's students.

5. Each charter school established under this ~~chapter~~ subchapter shall be evaluated and graded by the department pursuant to the attendance center performance ranking system developed and adopted by the department.

Sec. 27. Section 256E.10, subsections 1, 2, 6, 8, 12, and

13, Code 2026, are amended to read as follows:

1. The state board and the university of northern Iowa shall monitor the performance and compliance of each charter school ~~the state board approves~~ approved by the state board or the university of northern Iowa, including collecting and analyzing data according to the charter school contract in order to meet the requirements of this ~~chapter~~ subchapter. Such oversight may include inquiries and investigation of the charter school so long as the activities are consistent with the intent of this ~~chapter~~ subchapter, adhere to the terms of the charter school contract, and do not unduly inhibit the autonomy granted to the charter school. Any performance report resulting from an inquiry or investigation under this section shall, upon conclusion of such action, be included in the annual report required under section 256E.12.

2. As part of the charter school contract, the charter school shall submit an annual report to the state board or the university of northern Iowa to assist the state board or the university of northern Iowa in evaluating the charter school's performance and compliance with the performance framework.

6. Annually, by June 30, the state board or the university of northern Iowa, as applicable, shall issue a charter school performance report and charter school contract renewal application guidance to each charter school whose charter school contract will expire during the following school budget year. The performance report shall summarize the charter school's performance record to date based on the data required by the charter school contract and by this ~~chapter~~ subchapter and shall identify concerns that may jeopardize renewal of the charter school contract if not remedied. The charter school shall have sixty days to respond to the performance report and submit any corrections or clarifications for the report.

8. No later than October 1, the governing board of a charter school seeking renewal shall submit a renewal application to the state board or the university of northern Iowa pursuant to

the renewal application guidance. A renewal or denial shall be approved by resolution of the state board, or by the university of northern Iowa, within sixty days following the filing of the renewal application.

12. A decision to revoke or to not renew a charter school contract shall be by resolution of the state board, or by the university of northern Iowa, and shall clearly state the reasons for the revocation or nonrenewal.

13. If a charter school has been evaluated and graded to be in the exceptional category, or the highest rated category under a succeeding evaluation system, under the evaluation and grading required under section 256E.9, subsection 5, for the immediately preceding two school years, and the charter school is in compliance with the current charter school contract and all provisions of this ~~chapter~~ subchapter, the charter school's application renewal under subsection 8 shall be renewed for an additional period of time equal to the length of the original charter school contract or the most recent renewal of the contract, whichever is longer, unless the state board or the university of northern Iowa provides written notice to the charter school of the state board's or the university of northern Iowa's rejection of the expedited renewal within sixty days of the filing of the application. The state board or the university of northern Iowa shall not reject an expedited renewal application unless the state board or the university of northern Iowa finds exceptional circumstances for the rejection or seeks material changes to the charter school contract.

Sec. 28. Section 256E.10, subsection 9, unnumbered paragraph 1, Code 2026, is amended to read as follows:

Unless eligible for expedited renewal under subsection 13, when reviewing a charter school contract renewal application, the state board or the university of northern Iowa shall do all of the following:

Sec. 29. Section 256E.10, subsection 10, unnumbered paragraph 1, Code 2026, is amended to read as follows:

A charter school contract may be revoked at any time or not renewed if the state board or the university of northern Iowa determines that the charter school did any of the following:

Sec. 30. Section 256E.10, subsection 10, paragraph a, Code 2026, is amended to read as follows:

a. Committed a material violation of any of the terms, conditions, standards, or procedures required under the charter school contract or this ~~chapter~~ subchapter.

Sec. 31. Section 256E.10, subsection 11, unnumbered paragraph 1, Code 2026, is amended to read as follows:

The state board, in consultation with the university of northern Iowa, shall develop charter school contract revocation and nonrenewal standards and procedures that do all of the following:

Sec. 32. Section 256E.11, subsection 1, Code 2026, is amended to read as follows:

1. Prior to any charter school closure decision, the state board, in consultation with the university of northern Iowa, shall develop a charter school closure protocol to ensure timely notice to parents and guardians, provide for the orderly transition of students and student records to new schools, and to provide proper disposition of school funds, property, and assets in accordance with the requirements of this ~~chapter~~ subchapter. The protocol shall specify required actions and timelines and identify responsible parties for each such action.

Sec. 33. Section 256E.12, Code 2026, is amended to read as follows:

256E.12 Reports.

1. Each charter school shall prepare and file an annual report with the department. The department, in consultation with the university of northern Iowa, shall prescribe by rule the required contents of the report, but each such report shall include information regarding student achievement, including annual academic growth and proficiency, graduation rates,

and financial performance and sustainability. The reports are public records and the examination, publication, and dissemination of the reports are governed by the provisions of chapter 22.

2. The state board, in consultation with the university of northern Iowa, shall prepare and file with the general assembly by December 1, annually, a comprehensive report with findings and recommendations relating to the charter school program in the state and whether the charter school program under this ~~chapter~~ subchapter is meeting the goals and purposes of the program. The report also shall contain, for each charter school, a copy of the charter school's mission statement, attendance statistics and dropout rate, aggregate assessment test scores, projections of financial stability, and the number and qualifications of teachers and administrators.

Sec. 34. Section 256F.1, subsection 1, Code 2026, is amended to read as follows:

1. Charter schools ~~and innovation zone schools~~ shall be part of the state's program of public education.

Sec. 35. Section 256F.1, subsection 3, unnumbered paragraph 1, Code 2026, is amended to read as follows:

The purpose of a charter school ~~or an innovation zone school~~ established pursuant to this ~~chapter~~ subchapter shall be to accomplish the following:

Sec. 36. Section 256F.1, subsection 4, Code 2026, is amended by striking the subsection.

Sec. 37. Section 256F.2, unnumbered paragraph 1, Code 2026, is amended to read as follows:

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

Sec. 38. Section 256F.2, subsections 1 and 3, Code 2026, are amended to read as follows:

1. *"Advisory council"* means a council appointed by the school board of directors of a charter school ~~or an innovation zone consortium~~ pursuant to section 256F.5, subsection 4.

3. "*Charter school*" means a charter school established in accordance with this ~~chapter~~ subchapter.

Sec. 39. Section 256F.2, subsections 5 and 6, Code 2026, are amended by striking the subsections.

Sec. 40. Section 256F.3, Code 2026, is amended to read as follows:

256F.3 ~~Application~~ Monitoring — no new approvals — adoption of rules.

1. The department shall monitor the effectiveness of charter schools ~~and innovation zone schools~~ and shall implement the applicable provisions of this ~~chapter~~ subchapter.

~~2. *a.* To receive approval to establish a charter school in accordance with this chapter, the principal, teachers, or parents or guardians of students at an existing public school shall submit an application to the school board to convert an existing attendance center to a charter school. An attendance center shall not enter into a charter school contract with a school district under this chapter unless the attendance center is located within the school district. The application shall demonstrate the support of at least fifty percent of the teachers employed at the school on the date of the submission of the application and fifty percent of the parents or guardians voting whose children are enrolled at the school, provided that a majority of the parents or guardians eligible to vote participate in the ballot process, according to procedures established by rules of the state board.~~

~~*b.* To receive approval to establish an innovation zone school in accordance with this chapter, an innovation zone consortium shall submit an application to the state board which demonstrates the support of at least fifty percent of the teachers employed at each proposed innovation zone school on the date of the submission of the application and fifty percent of the parents or guardians voting whose children are enrolled at each proposed innovation zone school, provided that a majority of the parents or guardians eligible to vote~~

~~participate in the ballot process, according to procedures established by rules of the state board.~~

~~*c.* A parent or guardian voting in accordance with this subsection must be a resident of this state.~~

~~3. A school board shall receive and review all applications for converting an existing building or creating a new building for a charter school. Applications received on or before October 1 of a calendar year shall be considered for charter schools to be established at the beginning of the school district's next school year or at a time agreed to by the applicant and the school board. However, a school board may receive and consider applications after October 1 at its discretion.~~

~~4. A school board shall by a majority vote approve or deny an application relating to a charter school no later than sixty calendar days after the application is received. An application approved by a school board and subsequently approved by the state board pursuant to subsection 6 shall constitute, at a minimum, an agreement between the school board and the charter school for the operation of the charter school. A school board that denies an application for a conversion to a charter school shall provide notice of denial to the applicant in writing within thirty days after board action. The notice shall specify the exact reasons for denial and provide documentation supporting those reasons.~~

~~5. An applicant may appeal school board denial of the applicant's charter school application to the state board in accordance with the procedures set forth in chapter 290. The state board shall affirm, modify, or reverse the school board's decision on the basis of the information provided in the application indicating the ability and willingness of the proposed charter school to meet the requirements of section 256F.1, subsection 3, and section 256F.4.~~

~~6. Upon approval of an application for the proposed establishment of a charter school, the school board shall~~

~~submit an application for approval to establish the charter school to the state board in accordance with section 256F.5.~~

~~7. An application submitted to the state board pursuant to subsection 2, paragraph "b", or subsection 6 shall set forth the manner in which the charter school or innovation zone school will provide special instruction, in accordance with section 280.4, to students who are English learners. The application shall set forth the manner in which the charter school or innovation zone school will comply with federal and state laws and regulations relating to the federal National School Lunch Act and the federal Child Nutrition Act of 1966, 42 U.S.C. §1751-1785, and chapter 283A. The state board shall approve only those applications that meet the requirements specified in section 256F.1, subsection 3, and sections 256F.4 and 256F.5. The state board may deny an application if the state board deems that approval of the application is not in the best interest of the affected students.~~

~~8. The state board shall approve not more than ten innovation zone consortium applications.~~

~~9.~~ 2. The state board shall not approve a new charter school under this ~~chapter~~ subchapter on or after July 1, 2021.

~~10.~~ 3. The state board shall adopt rules in accordance with chapter 17A for the implementation of this ~~chapter~~ subchapter. If federal rules or regulations relating to the distribution or utilization of federal funds allocated to the department pursuant to this section are adopted that are inconsistent with the provisions of this ~~chapter~~ subchapter, the state board shall adopt rules to comply with the requirements of the federal rules or regulations. The state board shall identify inconsistencies between federal and state rules and regulations as provided in this subsection and shall submit recommendations for legislative action to the chairpersons and ranking members of the senate and house standing committees on education at the next meeting of the general assembly.

Sec. 41. Section 256F.4, subsection 1, Code 2026, is amended

by striking the subsection.

Sec. 42. Section 256F.4, subsection 2, unnumbered paragraph 1, Code 2026, is amended to read as follows:

Although a charter school ~~or innovation zone school~~ may elect to comply with one or more provisions of statute or administrative rule, a charter school ~~or innovation zone school~~ is exempt from all statutes and rules applicable to a school, a school board, or a school district, except that the charter school ~~or innovation zone school~~ shall do all of the following:

Sec. 43. Section 256F.4, subsection 2, paragraphs a and h, Code 2026, are amended to read as follows:

a. Meet all applicable federal, state, and local health and safety requirements and laws prohibiting discrimination on the basis of race, creed, color, sex, sexual orientation, national origin, religion, ancestry, or disability. A charter school ~~or innovation zone school~~ located within the boundaries of a school district subject to court-ordered desegregation at the time the charter school ~~or innovation zone school~~ application is approved shall be subject to the desegregation order unless otherwise specifically provided for in the desegregation order.

h. Be subject to and comply with chapter 284 relating to the student achievement and teacher quality program. A charter school ~~or innovation zone school~~ that complies with chapter 284 shall receive state moneys or be eligible to receive state moneys calculated as provided in section 257.10, subsections 9 and 10, and section 257.37A as if it did not operate under a charter school ~~or innovation zone school~~ contract.

Sec. 44. Section 256F.4, subsection 2, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *v.* Be subject to and comply with the requirements of section 256E.9 related to the incorporation into the charter school contract of a performance framework that is used by the state board to evaluate the charter school in the same manner as a charter school established under subchapter I.

Sec. 45. Section 256F.4, subsections 3, 4, 5, 6, 7, and 8, Code 2026, are amended to read as follows:

3. A charter school ~~or innovation zone school~~ shall not discriminate in its student admissions policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, or status as a person with a disability. However, a charter school ~~or innovation zone school~~ may limit admission to students who are within a particular range of ages or grade levels or on any other basis that would be legal if initiated by a school district. Enrollment priority shall be given to the siblings of students enrolled in a charter school ~~or innovation zone school~~.

4. A charter school ~~or innovation zone school~~ shall enroll an eligible resident student who submits a timely application unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, students must be accepted by lot. A charter school ~~or innovation zone school~~ may enroll an eligible nonresident student who submits a timely application in accordance with the student admission policy established pursuant to section 256F.5, subsection 1. If the charter school ~~or innovation zone school~~ enrolls an eligible nonresident student, the charter school ~~or innovation zone school~~ shall notify the school district of residence and the sending district not later than March 1 of the preceding school year. Transportation for the student shall be in accordance with section 282.18, subsection 10. The sending district shall make payments to the charter school ~~or innovation zone consortium~~ in the manner required under section 282.18, subsection 7. ~~If the nonresident pupil is also an eligible pupil under section 261E.6, the innovation zone consortium shall pay the tuition reimbursement amount to an eligible postsecondary institution as provided in section 261E.7.~~

5. A charter school ~~or innovation zone school~~ shall provide instruction for at least the number of days or hours required

by section 279.10, subsection 1.

6. Notwithstanding subsection 2, a charter school ~~or innovation zone school~~ shall meet the requirements of section 256.7, subsection 21.

7. ~~*a.*~~ A charter school shall be considered a part of the school district in which it is located for purposes of state school foundation aid pursuant to chapter 257.

~~*b. Students enrolled in an innovation zone school shall be counted, for state school foundation aid purposes, in the student's district of residence.*~~

8. A charter school ~~or innovation zone consortium~~ may enter into contracts in accordance with chapter 26.

Sec. 46. Section 256F.5, unnumbered paragraph 1, Code 2026, is amended to read as follows:

An application to the state board for the approval of a charter school ~~or innovation zone school~~ shall include but shall not be limited to a description of the following:

Sec. 47. Section 256F.5, subsections 1, 2, 4, 6, 7, 10, 12, 13, 14, 15, 16, and 17, Code 2026, are amended to read as follows:

1. The method for admission to the charter school ~~or innovation zone school~~.

2. The mission, purpose, innovation, and specialized focus of the charter school ~~or innovation zone school~~.

4. The method for appointing or forming an advisory council for the charter school ~~or innovation zone school~~. The membership of an advisory council appointed or formed in accordance with this ~~chapter~~ subchapter shall not include more than one member of a participating school board.

6. The charter school ~~or innovation zone school~~ governance and bylaws.

7. The financial plan for the operation of the charter school ~~or innovation zone school~~ including, at a minimum, a listing of the support services the school district ~~or innovation zone consortium~~ will provide, and the charter

~~school or innovation zone~~ school's revenues, budgets, and expenditures.

10. The organization of the charter school ~~or innovation zone school~~ in terms of ages of students or grades to be taught along with an estimate of the total enrollment of the charter school ~~or innovation zone school~~.

12. A statement indicating how the charter school ~~or innovation zone school~~ will meet the requirements of section 256F.1, as applicable; section 256F.4, subsection 2, paragraph "*a*"; and section 256F.4, subsection 3.

13. Assurance of the assumption of liability by the charter school ~~or the innovation zone consortium for the innovation zone school~~.

14. The types and amounts of insurance coverage to be obtained by the charter school ~~or innovation zone consortium for the innovation zone school~~.

15. A plan of operation to be implemented if the charter school ~~or innovation zone consortium~~ revokes or fails to renew its contract.

16. The means, costs, and plan for providing transportation for students enrolled in the charter school ~~or innovation zone school~~.

17. The specific statutes, administrative rules, and school board policies with which the charter school ~~or innovation zone school~~ does not intend to comply.

Sec. 48. Section 256F.6, subsections 1 and 3, Code 2026, are amended to read as follows:

1. *a.* An approved charter school ~~or innovation zone school~~ application shall constitute an agreement, the terms of which shall, at a minimum, be the terms of a ~~four-year~~ five-year enforceable, renewable contract between a school board~~, or the boards participating in an innovation zone consortium,~~ and the state board. ~~The contract shall include an operating agreement for the operation of the charter school or innovation zone school.~~ The terms of the contract may be revised at any time

with the approval of both the state board and the school board ~~or the boards participating in the innovation zone consortium~~, whether or not the stated provisions of the contract are being fulfilled. The contract must include all of the following:

(1) An operating agreement for the operation of the charter school.

(2) A performance framework as required under section 256F.4, subsection 2, paragraph "v".

b. A contract may be renewed by agreement of the school board ~~or the boards participating in an innovation zone consortium, as applicable,~~ and the state board.

c. The charter school ~~or innovation zone consortium~~ shall provide parents and guardians of students enrolled in the charter school ~~or innovation zone school~~ with a copy of the charter school ~~or innovation zone school~~ application approved pursuant to section 256F.5.

3. The state board of education shall provide by rule for the ongoing review of each party's compliance with a contract entered into in accordance with this ~~chapter~~ subchapter.

Sec. 49. Section 256F.7, Code 2026, is amended to read as follows:

256F.7 Employment and related matters.

1. A charter school ~~or the boards participating in an innovation zone consortium~~ shall employ or contract with necessary teachers and administrators, as defined in section 256.145, who hold a valid license with an endorsement for the type of service for which the teacher or administrator is employed.

2. The school board ~~or innovation zone consortium, as specified in the application~~, in consultation with the advisory council, shall decide matters related to the operation of the charter school ~~or innovation zone school~~, including budgeting, curriculum, and operating procedures.

3. ~~*a.*~~ Employees of a charter school shall be considered employees of the school district.

~~*b. Employees of an innovation zone school shall be considered employees of a board participating in the innovation zone consortium.*~~

Sec. 50. Section 256F.8, subsections 1, 2, 3, 4, and 6, Code 2026, are amended to read as follows:

1. A contract for the establishment of a charter school ~~or innovation zone school~~ may be revoked by the state board~~,~~ or the school board that established the charter school~~, or the innovation zone consortium that established the innovation zone school~~ if the appropriate board ~~or consortium~~ determines that one or more of the following occurred:

a. Failure of the charter school ~~or innovation zone school~~ to abide by and meet the provisions set forth in the contract, including educational goals.

b. Failure of the charter school ~~or innovation zone school~~ to comply with all applicable law.

c. Failure of the charter school ~~or innovation zone school~~ to meet generally accepted public sector accounting principles.

d. The existence of one or more other grounds for revocation as specified in the contract.

e. Assessment of student progress, which is administered in accordance with state and locally determined indicators established pursuant to rules adopted by the state board, does not show improvement in student progress over that which existed in the same student population prior to the establishment of the charter school ~~or the innovation zone school~~.

2. The decision by a school board ~~or an innovation zone consortium~~ to revoke or to fail to take action to renew a charter school ~~or innovation zone school~~ contract is subject to appeal under procedures set forth in chapter 290.

3. A school board ~~or a board participating in an innovation zone consortium~~ that is considering revocation or nonrenewal of a charter school ~~or innovation zone school~~ contract shall notify the advisory council, the parents or guardians of the

students enrolled in the charter school ~~or innovation zone school~~, and the teachers and administrators employed by the charter school ~~or innovation zone school~~, sixty days prior to revoking or the date by which the contract must be renewed, but not later than the last day of classes in the school year.

4. If the state board determines that a charter school ~~or innovation zone school~~ is in substantial violation of the terms of the contract, the state board shall notify the school board ~~or innovation zone consortium~~ and the advisory council of its intention to revoke the contract at least sixty days prior to revoking a contract and the school board ~~or the school boards participating in the innovation zone consortium~~ shall assume oversight authority, operational authority, or both oversight and operational authority. The notice shall state the grounds for the proposed action in writing and in reasonable detail. The school board ~~or innovation zone consortium~~ may request in writing an informal hearing before the state board within fourteen days of receiving notice of revocation of the contract. Upon receiving a timely written request for a hearing, the state board shall give reasonable notice to the school board ~~or innovation zone consortium~~ of the hearing date. The state board shall conduct an informal hearing before taking final action. Final action to revoke a contract shall be taken in a manner least disruptive to students enrolled in the charter school ~~or innovation zone school~~. The state board shall take final action to revoke or approve continuation of a contract by the last day of classes in the school year. If the final action to revoke a contract under this section occurs prior to the last day of classes in the school year, a charter school ~~or innovation zone school~~ student may enroll in the resident district.

6. A school board revoking a contract or a school board~~,~~ ~~innovation zone consortium,~~ or advisory council that fails to renew a contract under this ~~chapter~~ subchapter is not liable for that action to the charter school ~~or innovation zone~~

~~school~~, a student enrolled in the charter school ~~or innovation zone school~~ or the student's parent or guardian, or any other person.

Sec. 51. Section 256F.9, Code 2026, is amended to read as follows:

256F.9 Procedures after revocation — student enrollment.

If a charter school ~~or innovation zone school~~ contract is revoked in accordance with this ~~chapter~~ subchapter, a nonresident student who attended the school, and any siblings of the student may submit an application to another school district according to section 282.18. Applications and notices required by section 282.18 shall be processed and provided in a prompt manner.

Sec. 52. Section 256F.10, Code 2026, is amended to read as follows:

256F.10 Reports.

1. A charter school ~~or innovation zone school~~ shall report at least annually to the school board ~~or innovation zone consortium~~, advisory council, and the state board the information required by the school board ~~or innovation zone consortium~~, advisory council, or the state board. The reports are public records subject to chapter 22.

2. Not later than December 1 annually, the state board shall submit a comprehensive report with findings and recommendations to the general assembly. The report shall evaluate the state's charter school ~~and innovation zone school~~ programs generally, including but not limited to an evaluation of whether the charter schools ~~and innovation zone schools~~ are fulfilling the purposes set forth in section 256F.4, subsection 2. The report also shall contain, for each charter school ~~or innovation zone school~~, a copy of the charter ~~school or innovation zone~~ school's mission statement, attendance statistics and dropout rate, aggregate assessment test scores, projections of financial stability, the number and qualifications of teachers and administrators, and number of and comments on supervisory

visits by the department of education.

Sec. 53. Section 256F.12, Code 2026, is amended to read as follows:

256F.12 Operation of existing charter schools.

Charter schools established under this ~~chapter~~ subchapter prior to July 1, 2021, shall continue to operate under and be subject to the requirements of this ~~chapter~~ subchapter and shall not be subject to ~~chapter 256E~~ subchapter I.

Sec. 54. Section 257.6, subsection 1, paragraph a, subparagraph (9), Code 2026, is amended to read as follows:

(9) Resident pupils enrolled in a charter school under chapter 256E ~~or 256F~~.

Sec. 55. Section 280.36, subsection 3, Code 2026, is amended to read as follows:

3. The board of directors of a school district or the authorities in charge of an accredited nonpublic school may enter into an agreement with another school district, accredited nonpublic school, or charter school~~, or innovation zone school~~ to create a multidisciplinary school safety assessment team that shall coordinate resources among the schools and assess and intervene when a student enrolled in either school exhibits behavior that may pose a threat to the safety of either school, employees of either school, or students enrolled in either school.

Sec. 56. Section 282.9, subsection 1, Code 2026, is amended to read as follows:

1. Notwithstanding sections 256E.7, ~~256F.4~~ 256E.23, 275.55A, and 282.18, or any other provision to the contrary, prior to knowingly enrolling an individual who is required to register as a sex offender under chapter 692A, but who is otherwise eligible to enroll in a public school, the board of directors of a school district shall determine the educational placement of the individual. Upon receipt of notice that a student who is enrolled in the district is required to register as a sex offender under chapter 692A, the board shall determine

the educational placement of the student. The tentative agenda for the meeting of the board of directors at which the board will consider such enrollment or educational placement shall specifically state that the board is considering the enrollment or educational placement of an individual who is required to register as a sex offender under chapter 692A. If the individual is denied enrollment in a school district under this section, the school district of residence shall provide the individual with educational services in an alternative setting.

Sec. 57. Section 282.18, subsection 11, paragraph a, subparagraph (8), Code 2026, is amended to read as follows:

(8) If the pupil participates in open enrollment because of circumstances that meet the definition of good cause. For purposes of this section, "*good cause*" means a change in a child's residence due to a change in family residence, a change in a child's residence from the residence of one parent or guardian to the residence of a different parent or guardian, a change in the state in which the family residence is located, a change in a child's parents' marital status, a guardianship or custody proceeding, placement in foster care, adoption, participation in a foreign exchange program, initial placement of a prekindergarten student in a special education program requiring specially designed instruction, or participation in a substance use disorder or mental health treatment program, a change in the status of a child's resident district such as removal of accreditation by the state board, surrender of accreditation, or permanent closure of a nonpublic school, revocation of a charter school contract as provided in section 256E.10 or ~~256F.8~~ 256E.27, the failure of negotiations for a whole grade sharing, reorganization, dissolution agreement, or the rejection of a current whole grade sharing agreement, or reorganization plan.

Sec. 58. Section 297.24, subsection 3, paragraph d, Code 2026, is amended by striking the paragraph.

Sec. 59. CODE EDITOR DIRECTIVE —— TRANSFERS —— NEW

SUBCHAPTERS.

1. The Code editor is directed to make the following transfers:

a. Section 256F.1 to section 256E.20.

b. Section 256F.2 to section 256E.21.

c. Section 256F.3 to section 256E.22.

d. Section 256F.4 to section 256E.23.

e. Section 256F.5 to section 256E.24.

f. Section 256F.6 to section 256E.25.

g. Section 256F.7 to section 256E.26.

h. Section 256F.8 to section 256E.27.

i. Section 256F.9 to section 256E.28.

j. Section 256F.10 to section 256E.29.

k. Section 256F.12 to section 256E.30.

2. The Code editor is directed to create two new subchapters in chapter 256E as follows:

a. Subchapter I shall be entitled "Charter Schools" and include sections 256E.1 through 256E.13.

b. Subchapter II shall be entitled "Legacy Charter Schools" and include sections 256E.20 through 256E.30.

3. The Code editor is directed to make changes in any Code sections or other noncodified enactments amended or enacted by any other Act to correspond with the changes made in this Act if there appears to be no doubt as to the proper method of making the changes and the changes would not be contrary to or inconsistent with the purposes of this Act or any other Act.

Sec. 60. APPLICABILITY. The following applies to charter school contracts that are executed or renewed pursuant to chapter 256E on or after the effective date of this division of this Act:

The section of this division of this Act amending section 256E.6.

Sec. 61. APPLICABILITY. The following apply to charter school contracts entered into under section 256F.6 between a school board and the state board of education that are renewed

on or after the effective date of this division of this Act:

1. The section of this division of this Act amending section 256F.4, subsection 2, by requiring charter schools to incorporate a performance framework into the charter school contract.

2. The section of this division of this Act amending section 256F.6, subsection 1, paragraph "a".

DIVISION II

FUNDING AND AREA EDUCATION AGENCY SERVICES

Sec. 62. Section 256E.8, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. The charter school in which the student is enrolled shall receive under paragraph "*c*" an amount equal to the sum of the regular program state cost per pupil for the budget year plus the teacher leadership supplement state cost per pupil, the teacher salary supplement state cost per pupil, the professional development supplement state cost per pupil, and the early intervention supplement state cost per pupil for the budget year as provided in section 257.9 plus any moneys that would be due to the school district of residence for the student as a result of the non-English speaking weighting under section 280.4, subsection 3, for the budget year multiplied by the state cost per pupil for the budget year. If a student is an eligible pupil under section 261E.6, the charter school shall pay the tuition reimbursement amount to an eligible postsecondary institution as provided in section 261E.7.

Sec. 63. Section 257.35, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 21A. The director of the department of management may deduct the following from the state aid due to each school district pursuant to this chapter and shall pay the amounts to the respective area education agencies on a monthly basis from September 15 through June 15 during each school year for purposes of providing services to students enrolled in charter schools established pursuant to chapter

256E, subchapter I, within the boundaries of the area education agency:

a. The amount calculated for media services for the school district that is attributable to the number of students enrolled in charter schools established pursuant to chapter 256E, subchapter I, within the school district who are provided with media services by an area education agency.

b. The amount calculated for educational services for the school district that is attributable to the number of students enrolled in charter schools established pursuant to chapter 256E, subchapter I, within the school district who are provided with educational services by an area education agency.

Sec. 64. Section 273.2, subsection 3, paragraph a, Code 2026, is amended to read as follows:

a. The area education agency shall furnish educational services and programs as provided in section 273.1, this section, sections 273.3 through 273.8, and chapter 256B to pupils enrolled in public or nonpublic schools which are on the list of accredited schools pursuant to section 256.11, and to pupils enrolled in charter schools established pursuant to chapter 256E, subchapter I, which request to receive such services. The programs and services provided shall be at least commensurate with programs and services existing on July 1, 1974. The programs and services provided to pupils enrolled in nonpublic schools shall be comparable to programs and services provided to pupils enrolled in public schools within constitutional guidelines.

Sec. 65. Section 273.2, subsection 4, Code 2026, is amended to read as follows:

4. The area education agency shall provide for special education services and media services for school districts and shall encourage and assist school districts to establish programs for gifted and talented children. The area education agency shall provide for media services for charter schools established pursuant to chapter 256E, subchapter I. The area

education agency shall assist in facilitating interlibrary loans of materials between school districts and other libraries.

Sec. 66. APPLICABILITY. The following apply to school budget years beginning on or after July 1, 2026:

1. The section of this division of this Act amending section 256E.8, subsection 2, paragraph "a".

2. The section of this division of this Act amending section 257.35.

DIVISION III

EXTRACURRICULAR ACTIVITIES

Sec. 67. Section 280.13D, Code 2026, is amended to read as follows:

280.13D Participation in extracurricular interscholastic athletic contests or competitions and extracurricular activities provided by public schools.

1. *a.* The board of directors of a school district shall allow a student who resides within the school district, and who is enrolled in a nonpublic school or a charter school established pursuant to chapter 256E, subchapter I, to participate in any extracurricular interscholastic athletic contest or competition, and any extracurricular activity, including theater, show choir, and band, that is provided by the school district pursuant to the terms of an agreement between the board of directors of the school district and the authorities in charge of the nonpublic school or the governing board of the charter school, as applicable, that provides for the eligibility of the student, if all of the following criteria are satisfied:

(1) The extracurricular interscholastic athletic contest or competition or extracurricular activity has not been provided by the nonpublic school or the charter school during the two immediately preceding school years.

(2) The nonpublic school or charter school has not entered into an agreement under section 280.13A with another school

district, nonpublic school, or charter school that provides for the eligibility of students enrolled in the nonpublic school or charter school to participate in the extracurricular interscholastic athletic contest or competition or any extracurricular activity that is being provided by that school district, nonpublic school, or charter school.

b. The board of directors of a school district shall allow a student who resides within a contiguous school district, and who is enrolled in a nonpublic school or a charter school established pursuant to chapter 256E, subchapter I, to participate in any extracurricular interscholastic athletic contest or competition and any extracurricular activity that is provided by the school district pursuant to the terms of an agreement between the board of directors of the school district and the authorities in charge of the nonpublic school or the governing board of the charter school, as applicable, that provides for the eligibility of the student, if all of the following criteria are satisfied:

(1) The extracurricular interscholastic athletic contest or competition or extracurricular activity has not been provided by the nonpublic school or charter school, or by the student's school district of residence, during the two immediately preceding school years.

(2) The nonpublic school or charter school has not entered into an agreement under section 280.13A with another school district, nonpublic school, or charter school that provides for the eligibility of students enrolled in the nonpublic school or charter school to participate in the extracurricular interscholastic athletic contest or competition or extracurricular activity that is being provided by that school district, nonpublic school, or charter school.

c. If the board of directors of a school district has established a fee for the cost of a student's participation in an extracurricular interscholastic athletic contest or competition or extracurricular activity, a student who is

enrolled in a nonpublic school or a charter school established pursuant to chapter 256E, subchapter I, and is participating in ~~a contest or competition~~ an extracurricular interscholastic contest or competition or extracurricular activity at a public school pursuant to paragraph "a" or "b", or the student's parent or guardian, shall be responsible for the payment of such fee. The amount of such fee shall not exceed the amount of the fee the board of directors of the school district has established for students who are enrolled in the school district.

2. A student who is enrolled in a nonpublic school or a charter school established pursuant to chapter 256E, subchapter I, and is participating in ~~a contest or competition~~ an extracurricular interscholastic contest or competition or extracurricular activity at a public school pursuant to subsection 1, paragraph "a" or "b", shall participate under the same conditions as a student who is enrolled in the school district, including meeting the school district's student code of conduct requirements.

3. A student who participates in an extracurricular interscholastic athletic contest or competition or extracurricular activity pursuant to this section shall be deemed to satisfy the residence requirements for purposes of section 256.46.

DIVISION IV

DRIVER EDUCATION

Sec. 68. Section 321.178, subsection 1, paragraph c, Code 2026, is amended to read as follows:

c. (1) (a) Every public school district in Iowa shall offer or make available to all students residing in the school district, or Iowa students attending a nonpublic school or receiving competent private instruction or independent private instruction as defined in section 299A.1, in the district, an approved course in driver education.

(b) (i) Every public school district in Iowa shall offer or make available to all Iowa students residing in the school

district who attend a charter school established pursuant to chapter 256E, subchapter I, an approved course in driver education pursuant to policies established by the public school district. The charter school shall be responsible for the payment of all of the school district's costs associated with providing the approved course in driver education to such students.

(ii) Every charter school established pursuant to chapter 256E, subchapter I, shall offer or make available to all students attending the charter school an approved course in driver education.

(c) The receiving district shall be the school district responsible for making driver education available to a student participating in open enrollment under section 282.18.

(2) The courses may be offered at sites other than at the public school or charter school, including nonpublic school facilities within the public school districts. An approved course offered during the summer months, on Saturdays, after regular school hours during the regular terms or partly in one term or summer vacation period and partly in the succeeding term or summer vacation period, as the case may be, shall satisfy the requirements of this section to the same extent as an approved course offered during the regular school hours of the school term. A student who successfully completes and obtains certification in an approved course in driver education or an approved course in motorcycle education may, upon proof of such fact, be excused from any field test which the student would otherwise be required to take in demonstrating the student's ability to operate a motor vehicle. A student shall not be excused from any field test if a parent, guardian, or instructor requests that a test be administered. A final field test prior to a student's completion of an approved course shall be administered by a person qualified to provide street or highway driving instruction under paragraph "b", subparagraph (2).

DIVISION V

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Sec. 69. Section 97B.1A, subsection 8, paragraph a, Code 2026, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (13) Persons employed by a charter school established pursuant to chapter 256E, subchapter I, that satisfies all applicable requirements under federal law for participation in the retirement system.

Sec. 70. Section 97B.1A, subsection 9, paragraph a, Code 2026, is amended to read as follows:

a. "Employer" means the state of Iowa, the counties, municipalities, agencies, public school districts, charter schools established pursuant to chapter 256E, subchapter I, that satisfy all applicable requirements under federal law for participation in the retirement system, all political subdivisions, and all of their departments and instrumentalities, including area agencies on aging, other than those employing persons as specified in subsection 8, paragraph *"b"*, subparagraph (7), and joint planning commissions created under chapter 28E or 28I.

Sec. 71. Section 256E.11, subsection 2, Code 2026, is amended to read as follows:

2. In the event of a charter school closure, the assets of the charter school shall be used first to satisfy outstanding payroll obligations for employees of the school and any liabilities due and owing to the Iowa public employees' retirement system, then to creditors of the school, then to the public school district in which the charter school operated, if applicable, and then to the state general fund. If the assets of the charter school are insufficient to pay all obligations of the charter school, the prioritization of the distribution of assets shall be consistent with this subsection and otherwise determined by the district court.

DIVISION VI

CHARTER SCHOOL FACILITIES REVOLVING LOAN PROGRAM

Sec. 72. NEW SECTION. **16.163 Charter school facilities revolving loan program fund —— credit enhancement agreements.**

1. *a.* A charter school facilities revolving loan program fund is created within the authority to assist charter schools established pursuant to chapter 256E, subchapter I, in acquiring suitable school facilities. The moneys in the charter school facilities revolving loan program fund are appropriated to the authority for use in the development and operation of a charter school facilities revolving loan program to assist charter schools in purchasing, acquiring, developing, reconstructing, remodeling, or replacing school buildings.

b. Moneys transferred by the authority for deposit in the charter school facilities revolving loan program fund, moneys appropriated to the charter school facilities revolving loan program, and any other moneys available to and obtained or accepted by the authority for placement in the charter school facilities revolving loan program fund shall be deposited in the fund. Additionally, payment of interest, recaptures of awards, and other repayments to the charter school facilities revolving loan program fund shall be deposited in the fund. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the charter school facilities revolving loan program fund shall be credited to the fund. Notwithstanding section 8.33, moneys that remain unencumbered or unobligated at the end of the fiscal year shall not revert but shall remain available for the same purpose in the succeeding fiscal year.

c. The authority shall annually allocate moneys available in the charter school facilities revolving loan program fund to assist charter schools in purchasing, acquiring, developing, reconstructing, remodeling, or replacing school buildings.

2. In addition to the charter school facilities revolving loan program authorized pursuant to subsection 1, the authority is authorized to make or enter into a liquidity or credit enhancement agreement with a charter school established

pursuant to chapter 256E, subchapter I, to assist the charter school in purchasing, acquiring, developing, reconstructing, remodeling, or replacing school buildings.

Sec. 73. CODE EDITOR DIRECTIVE. The Code editor shall designate section 16.163, as enacted in this division of this Act, as a new section within chapter 16, subchapter X, part 6, and may redesignate the preexisting part and correct internal references as necessary, including references to part headnotes.

DIVISION VII

EDUCATION SAVINGS ACCOUNTS

Sec. 74. Section 257.11B, subsections 3 and 4, Code 2026, are amended to read as follows:

3. *a.* (1) On or after January 1, but on or before June 30, preceding the school year for which the education savings account payment is requested, the parent or guardian of an eligible pupil may request an education savings account payment by submitting an application to the department of education.

(2) On or after October 15, but on or before November 15, preceding the semester for which the education savings account payment is requested, the parent or guardian of an eligible pupil may request an education savings account payment by submitting an application to the department of education.

b. ~~Within thirty days following~~ Following submission of an application, the department of education or third-party entity shall notify the parent or guardian of each pupil approved for the following school year or semester and specify the amount of the education savings account payment for the pupil, if known at the time of the notice. As soon as practical following the processing of all applications, the department of education or third-party entity shall determine the number of pupils in each school district approved for the school budget year and provide such information to the department of management.

c. Education savings account payments shall only be approved for one school year or one semester, as applicable,

and applications must be submitted annually for payments in subsequent school years.

4. Each education savings account payment shall be equal to the regular program state cost per pupil for the same school budget year; provided, however, that an education savings account payment shall be equal to fifty percent of the regular program state cost per pupil for the same school budget year if the pupil's parent or guardian submitted an application under subsection 3, paragraph "a", subparagraph (2).

DIVISION VIII

INDEPENDENT ACCREDITATION

Sec. 75. Section 256.11, subsection 16, Code 2026, is amended by adding the following new paragraphs:

NEW PARAGRAPH. *d.* (1) If an approved independent accrediting agency deaccredits a nonpublic school, the nonpublic school shall not seek accreditation from an independent accrediting agency that is on the approved list pursuant to paragraph "a" for a period of three years beginning on the date the approved independent accrediting agency deaccredited the nonpublic school.

(2) If an approved independent accrediting agency deaccredits a nonpublic school, the nonpublic school may immediately seek accreditation under subsection 10.

NEW PARAGRAPH. *e.* (1) This subsection shall not be construed to authorize the state or any political subdivision of the state to exercise authority over any nonpublic school or construed to require a nonpublic school to modify its academic standards for admission or educational program.

(2) This section shall not be construed to expand the authority of the state or any political subdivision of the state to impose regulations upon any nonpublic school that are not necessary to implement this section.

(3) Rules adopted by the state board of education to implement this section that impose an undue burden on a nonpublic school are invalid.

(4) A nonpublic school shall be given the maximum freedom possible to provide for the educational needs of the school's students, consistent with state and federal law.

DIVISION IX

SCHEDULE OF TEACHER TRAININGS AND LICENSURE RENEWAL REQUIREMENTS

Sec. 76. DEPARTMENT OF EDUCATION —— SCHEDULE OF REQUIRED TEACHER TRAINING AND LICENSURE RENEWAL REQUIREMENTS.

1. The department of education shall convene and provide administrative support to a task force that shall study the training programs in which teachers in this state are required to participate pursuant to state law and the requirements associated with renewing a teaching license.

2. Any expense incurred by a member of the task force shall be the responsibility of the individual member or the respective entity represented by the member.

3. The task force shall submit its findings and recommendations to the general assembly on or before December 31, 2026. The recommendations must include specific recommendations related to how to change current law to create a more manageable training program schedule and licensure renewal requirement schedule for teachers.

DIVISION X

STATEWIDE PRESCHOOL PROGRAM

Sec. 77. Section 256.163, subsection 1, paragraph c, Code 2026, is amended to read as follows:

c. Preschool programs at school districts approved to participate in the preschool program, or at community-based providers approved to directly participate in the preschool program, under chapter 256C.

Sec. 78. Section 256C.1, subsection 1, Code 2026, is amended to read as follows:

1. *"Approved local program"* means a school district's program or community-based provider's program for four-year-old children approved by the department of education to provide

~~high quality~~ high-quality preschool instruction.

Sec. 79. Section 256C.1, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. *"Community-based provider approved to directly participate in the preschool program"* means a community-based provider that meets the community-based provider requirements under section 256C.3 and has been approved by the department to directly participate in the preschool program. *"Community-based provider approved to directly participate in the preschool program"* does not mean a community-based provider that partners with a school district's approved local program.

Sec. 80. Section 256C.3, subsection 1, paragraph b, Code 2026, is amended to read as follows:

b. If space and funding are available, including funding from another school district account or fund from which preschool program expenditures are authorized by law, a school district approved to participate in the preschool program or community-based provider approved to directly participate in the preschool program may enroll and pay the cost of attendance for a younger or older child in the preschool program; however, the child shall not be counted for state funding purposes.

Sec. 81. Section 256C.3, subsection 2, paragraph a, subparagraph (1), Code 2026, is amended to read as follows:

(1) The individual is either employed by or under contract with the school district, or with the community-based provider approved to directly participate in the preschool program, that is implementing the program.

Sec. 82. Section 256C.3, subsection 3, unnumbered paragraph 1, Code 2026, is amended to read as follows:

The state board shall adopt rules to further define the following preschool program requirements which shall be used to determine whether or not a local program implemented by a school district approved to implement the preschool program or a community-based provider directly approved to implement the

preschool program qualifies as an approved local program:

Sec. 83. Section 256C.3, subsection 3, paragraph h, Code 2026, is amended to read as follows:

h. Provision for ensuring that children receiving care from other child care arrangements can participate in the preschool program with minimal disruption due to transportation and movement from one site to another. The children participating in the preschool program may be transported by the school district or community-based provider to activities associated with the program along with other children.

Sec. 84. Section 256C.3, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. *Community-based provider requirements.* The state board shall adopt rules to further define the following requirements of community-based providers approved to directly participate in the preschool program in implementing the preschool program:

a. Methods of demonstrating readiness to implement high-quality instruction in the local program shall be identified.

b. A community-based provider shall participate in data collection and performance measurement processes and reporting as defined by rule.

c. Professional development for community-based provider preschool teachers shall be addressed in the community-based provider's professional development plan.

Sec. 85. Section 256C.3, subsection 5, paragraphs a, b, and d, Code 2026, are amended to read as follows:

a. The department shall implement an application and selection process for school district participation and community-based provider participation in the preschool program that includes but is not limited to the enrollment requirements provided under section 256C.4.

b. The department shall track the progress of students served by a school district preschool program or

community-based provider preschool program and the students' performance in elementary and secondary education.

d. The state board, in collaboration with the department, shall ensure that the administrative rules adopted to support the preschool program emphasize that children's access to the program is voluntary, that the preschool foundation aid provided to a school district or a community-based provider is provided based upon the enrollment of eligible students in the school district's or community-based provider's local program regardless of whether an eligible student is a resident of the school district, and that agreements entered into by a school district for the provision of programming in settings other than the school district's facilities are between the school district and the private provider.

Sec. 86. Section 256C.4, subsection 1, Code 2026, is amended to read as follows:

1. ~~*General*~~ *State funding for school district approved to participate in the preschool program.*

a. State funding provided under the preschool program to school districts shall be based upon the enrollment of eligible students in the preschool programming provided by a school district approved to participate in the preschool program.

b. A school district approved to participate in the preschool program may authorize expenditures for the district's preschool programming from any of the revenue sources available to the district from the sources listed in chapter 298A, provided the expenditures are within the uses permitted for the revenue source. In addition, the use of the revenue source for preschool or prekindergarten programming must have been approved prior to any expenditure from the revenue source for the district's approved local program.

c. Funding provided under the preschool program is intended to supplement, not supplant, existing public funding for preschool programming.

d. Preschool foundation aid funding shall not be commingled

with the other state aid payments made under section 257.16 to a school district and shall be accounted for by the local school district separately from the other state aid payments. Preschool foundation aid payments made to school districts are miscellaneous income for purposes of chapter 257. A school district shall maintain a separate listing within its budget for preschool foundation aid payments received and expenditures made. A school district shall certify to the department of education that preschool foundation aid funding received by the school district was used to supplement, not supplant, moneys otherwise received and used by the school district for preschool programming.

e. Preschool foundation aid funding shall not be used for the costs of constructing a facility in connection with an approved local program. Preschool foundation aid funding may be used by approved local programs and ~~community providers~~ community-based providers that partner with a school district's local program for any purpose determined by the board of directors of the school district to meet standards for high-quality preschool instruction and for purposes that directly or indirectly benefit students enrolled in the approved local program, including but not limited to professional development for preschool teachers, instructional equipment and supplies, material and equipment designed to develop pupils' large and small motor skills, translation services, playground equipment and repair costs, food and beverages used by children in the approved local program, safety equipment, facility rental fees, and for other direct costs that enhance the approved local program, including by contracting with community partners for any such services. Preschool foundation aid funding may be used by approved local programs for the costs of transportation involving children participating in the preschool program. The costs of transporting other children associated with the preschool program or transported as provided in section 256C.3,

subsection 3, paragraph "*h*", may be prorated by the school district. Preschool foundation aid funding received by an approved local program that remains unexpended and unobligated at the end of a fiscal year beginning on or after July 1, 2017, shall be used to build the approved local program's preschool program capacity in the next succeeding fiscal year excluding that portion of such unexpended and unobligated funding that the school district authorizes for transfer for deposit in the school district's flexibility account established under section 298A.2, subsection 2, if the statutory requirements for the use of such funding are met. For purposes of determining whether a school district has authority to transfer preschool foundation aid funding for deposit in the school district's flexibility account established under section 298A.2, subsection 2, the school district must have provided preschool programming during the fiscal year for which funding remains unexpended and unobligated to all eligible students for whom a timely application for enrollment was submitted.

f. The receipt of funding by a school district for the purposes of this chapter, the need for additional funding for the purposes of this chapter, or the enrollment count of eligible students under this chapter shall not be considered to be unusual circumstances, create an unusual need for additional funds, or qualify under any other circumstances that may be used by the school budget review committee to grant supplemental aid to or establish a modified supplemental amount for a school district under section 257.31.

g. For the fiscal year beginning July 1, 2015, and each succeeding fiscal year, of the amount of preschool foundation aid received by a school district for a fiscal year in accordance with section 257.16, not more than five percent may be used by the school district for administering the district's approved local program. Outreach activities and rent for facilities not owned by the school district are permissive uses of the administrative funds.

h. For the fiscal year beginning July 1, 2015, and each succeeding fiscal year, of the amount of preschool foundation aid received by a school district for a fiscal year in accordance with section 257.16, not less than ninety-five percent of the per pupil amount shall be passed through to a community-based provider for each pupil enrolled in the district's approved local program. For the fiscal year beginning July 1, 2015, and each succeeding fiscal year, not more than ten percent of the amount of preschool foundation aid passed through to a community-based provider may be used by the community-based provider for administrative costs. The costs of outreach activities and rent for facilities not owned by the school district are permissive administrative costs. The costs of transportation involving children participating in the preschool program and other children may be prorated.

Sec. 87. Section 256C.4, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. *State preschool funding for community-based providers approved to directly participate in the preschool program.*

a. State preschool funding shall not be used for the costs of constructing a facility in connection with an approved local program. Preschool foundation aid funding may be used by community-based providers for any purpose determined by the community-based provider to meet standards for high-quality preschool instruction and for purposes that directly or indirectly benefit students enrolled in the approved local program, including but not limited to professional development for preschool teachers, instructional equipment and supplies, material and equipment designed to develop pupils' large and small motor skills, translation services, playground equipment and repair costs, food and beverages used by children in the approved local program, safety equipment, facility rental fees, and for other direct costs that enhance the approved local program, including by contracting with other community partners

for any such services. State preschool funding may be used by approved local programs for the costs of transportation involving children participating in the preschool program. Preschool foundation aid funding received by a community-based provider approved to directly participate in the preschool program that remains unexpended and unobligated at the end of a fiscal year shall be used to build the community-based provider's capacity in the next succeeding fiscal year.

b. For the fiscal year beginning July 1, 2025, and each succeeding fiscal year, of the amount of state preschool funding received by a community-based provider approved to directly participate in the preschool program for a fiscal year, not more than five percent may be used by the community-based provider for administering the approved local program. Outreach activities and rent for facilities not owned by the community-based provider are permissive uses of the administrative funds.

Sec. 88. Section 256C.4, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. To be included as an eligible student in the enrollment count of the preschool programming provided by a school district approved to participate in the preschool program or a community-based provider approved to directly participate in the preschool program, a child must be four years of age by September 15 in the base year and attending the school district's or community-based provider's approved local program.

Sec. 89. Section 256C.5, subsection 1, paragraphs c and d, Code 2026, are amended to read as follows:

c. *"Preschool budget enrollment"* means the figure that is equal to fifty percent of the actual enrollment of eligible students in the preschool programming provided by a school district approved to participate in the preschool program or a community-based provider approved to directly participate in the preschool program on October 1 of the base year, or the

first Monday in October if October 1 falls on a Saturday or Sunday.

d. "Preschool foundation aid" means the product of the regular program state cost per pupil for the budget year multiplied by the school district's preschool budget enrollment or the community-based provider's preschool budget enrollment.

Sec. 90. Section 256C.5, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. *Preschool foundation aid community-based provider amount.* For the initial school year for which a community-based provider approved to directly participate in the preschool program receives that approval and implements the preschool program, the preschool foundation aid payable to the community-based provider is the product of the regular program state cost per pupil for the school year multiplied by fifty percent of the community-based provider's eligible student enrollment on the date in the school year determined by rule. For budget years subsequent to the initial year for which a community-based provider approved to directly participate in the preschool program receives that initial approval and implements the preschool program, the preschool foundation aid is the same as calculated pursuant to subsection 1. The funding for the preschool foundation aid payable to the community-based provider shall be paid from the appropriation made in section 257.16. Continuation of a community-based provider's participation in the preschool program for a second or subsequent budget year is subject to the approval of the department based upon the community-based provider's compliance with accountability provisions and the department's on-site review of the community-based provider's implementation of the preschool program.

Sec. 91. Section 256C.5, subsection 3, Code 2026, is amended to read as follows:

3. *Aid payments.*

a. Preschool foundation aid shall be paid as part of the

state aid payments made to school districts in accordance with section 257.16.

b. Preschool foundation aid paid directly to community-based providers shall be paid to the community-based provider in monthly installments beginning on September 15 of a budget year and ending on or about June 15 of the budget year as determined by the department of management, taking into consideration the relative budget and cash position of the state resources.

Sec. 92. EMERGENCY RULES. The state board of education may adopt emergency rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph "b", to implement the provisions of this division of this Act and the rules shall be effective immediately upon filing unless a later date is specified in the rules. Any rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4.

DIVISION XI

SCHOOL TUITION ORGANIZATIONS — PRESCHOOL STARTUP COSTS

Sec. 93. SCHOOL TUITION ORGANIZATIONS — PRESCHOOL STARTUP COSTS.

1. As used in this section:

a. "Preschool" means a nonpublic provider of preschool services that commenced operations in 2025; is located in a city with a population of greater than thirty-nine thousand but less than forty thousand according to the 2020 federal decennial census; and is located in a county with a population of greater than one hundred fifty-five thousand but less than one hundred eighty thousand, according to the 2020 federal decennial census.

b. "School tuition organization" means the same as defined in section 422.11S, subsection 6.

2. a. Notwithstanding any provision of law to the contrary, a school tuition organization that represents schools located in a county with a population of greater than one hundred fifty-five thousand but less than one hundred eighty thousand,

according to the 2020 federal decennial census, may provide funding to a preschool in an amount up to the costs the preschool incurred in its first year of operation related to the provision of preschool services.

b. Payments made pursuant to paragraph "a" shall not count toward the allocation of annual revenue standards established in section 422.11S, subsection 6, paragraph "c", subparagraph (1).

DIVISION XII

MISCELLANEOUS PROVISIONS

Sec. 94. Section 261E.8, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. (1) Students from accredited nonpublic schools, ~~and~~ students receiving competent private instruction or independent private instruction under chapter 299A, and students from charter schools established pursuant to chapter 256E may access the program through the school district in which the accredited nonpublic school, ~~or~~ private institution, or charter school is located.

(2) Students from charter schools established pursuant to chapter 256E that provide educational instruction and course content that is delivered entirely over the internet may access the program through the students' school district of residence.

Sec. 95. Section 282.18, subsection 2, paragraph b, Code 2026, is amended to read as follows:

b. (1) The board of the receiving district shall enroll the pupil in a school in the receiving district for the following school year unless the receiving district has insufficient classroom space for the pupil or unless the receiving district has prohibited the pupil from enrolling pursuant to subsection 14. The board of directors of a receiving district may adopt a policy granting the superintendent of the school district authority to approve open enrollment applications. If the request is granted, the board shall transmit a copy of the form to the parent or guardian and the school district of residence

within five days after board action, but not later than June 1 of the preceding school year. The parent or guardian may withdraw the request at any time prior to the start of the school year.

(2) A denial of a request by the board of a receiving district is not subject to appeal. The board of a receiving district, or the superintendent of the receiving district if the board of the receiving district has adopted a policy granting the superintendent the authority to approve open enrollment applications, shall document the reason for the denial of a request and submit information related to the denial to the department of education in a manner prescribed by the department.

DIVISION XIII

IMMEDIATE EFFECTIVE DATE

Sec. 96. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.>

2. Title page, by striking lines 1 through 9 and inserting <An Act relating to education, including by modifying provisions related to charter school approval, contracts, funding, and operations, services provided to charter schools by area education agencies, charter school student participation in extracurricular activities provided by public schools, the Iowa public employees' retirement system, education savings accounts, independent accreditation, teacher training and licensure, the statewide voluntary preschool program, the district-to-community college sharing or concurrent enrollment program, open enrollment, school tuition organizations, and innovation zone schools; making appropriations; and including effective date and applicability provisions.>

WHEELER of Sioux

House File 2768 - Introduced

HOUSE FILE 2768
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 771)

A BILL FOR

An Act relating to and making appropriations for state government administration and regulation, including the department of administrative services, auditor of state, ethics and campaign disclosure board, offices of governor and lieutenant governor, department of inspections, appeals, and licensing, department of insurance and financial services, department of management, Iowa public employees' retirement system, public information board, department of revenue, secretary of state, treasurer of state, and utilities commission.

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

TLSB 5000HV (1) 91
sc/ns

H.F. 2768

DIVISION I

FY 2026-2027 APPROPRIATIONS

Section 1. DEPARTMENT OF ADMINISTRATIVE SERVICES.

1. There is appropriated from the general fund of the state to the department of administrative services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 3,602,306
..... FTEs 50.00

b. For the payment of utility costs, and for not more than the following full-time equivalent positions:

..... $ 4,487,598
..... FTEs 1.00

Notwithstanding section 8.33, moneys appropriated for utility costs in this lettered paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

c. For Terrace Hill operations, and for not more than the following full-time equivalent positions:

..... $ 460,884
..... FTEs 4.37

d. For state library services:

(1) For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 2,626,613
..... FTEs 19.00

(2) For the enrich Iowa program established under section 8A.209:

..... $ 2,464,823

e. (1) For support of the state's historical resources, and for not more than the following full-time equivalent positions:

..... $ 3,804,774

..... FTEs 37.00

(2) The department shall coordinate historical and cultural activities with the tourism office of the economic development authority to promote attendance at the state historical building and at the state's historic sites.

f. For administration and support of the state's historic sites, and for not more than the following full-time equivalent positions:

..... $ 425,751

..... FTEs 3.00

2. Any moneys and premiums collected by the department for workers' compensation shall be segregated into a separate workers' compensation fund in the state treasury to be used for payment of state employees' workers' compensation claims and administrative costs. Notwithstanding section 8.33, unencumbered or unobligated moneys remaining in this workers' compensation fund at the end of the fiscal year shall not revert but shall remain available for expenditure for purposes of the fund in subsequent fiscal years.

Sec. 2. DEPARTMENT OF ADMINISTRATIVE SERVICES —— REVOLVING FUNDS. There is appropriated to the department of administrative services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, from the revolving funds designated in chapter 8A and from internal service funds created by the department such amounts as the department deems necessary for the operation of the department consistent with the requirements of chapter 8A.

Sec. 3. DEPARTMENT OF ADMINISTRATIVE SERVICES —— STATE EMPLOYEE HEALTH INSURANCE ADMINISTRATION CHARGE. For the fiscal year beginning July 1, 2026, and ending June 30, 2027, the monthly per contract administrative charge which may be

assessed by the department of administrative services shall be $2.00 per contract on all health insurance plans administered by the department.

Sec. 4. AUDITOR OF STATE.

1. There is appropriated from the general fund of the state to the office of the auditor of state for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 1,002,686
..... FTEs 98.00

2. The auditor of state may retain additional full-time equivalent positions as is reasonable and necessary to perform governmental subdivision audits which are reimbursable pursuant to section 11.20 or 11.21, to perform audits which are requested by and reimbursable from the federal government, and to perform work requested by and reimbursable from departments or agencies pursuant to section 11.5A or 11.5B. The auditor of state shall notify the department of management, the legislative fiscal committee, and the legislative services agency of the additional full-time equivalent positions retained.

3. The auditor of state shall allocate moneys from the appropriation in this section solely for audit work related to the annual comprehensive financial report, federally required audits, and investigations of embezzlement, theft, or other significant financial irregularities until the audit of the annual comprehensive financial report is complete.

Sec. 5. IOWA ETHICS AND CAMPAIGN DISCLOSURE BOARD. There is appropriated from the general fund of the state to the Iowa ethics and campaign disclosure board for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following

amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 1,045,432
..... FTEs 7.00

Sec. 6. GOVERNOR AND LIEUTENANT GOVERNOR. There is appropriated from the general fund of the state to the offices of the governor and the lieutenant governor for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. GENERAL OFFICE

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 2,864,932
..... FTEs 25.00

2. TERRACE HILL QUARTERS

For the governor's quarters at Terrace Hill, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 144,222
..... FTEs 2.00

Sec. 7. DEPARTMENT OF INSPECTIONS, APPEALS, AND LICENSING. There is appropriated from the general fund of the state to the department of inspections, appeals, and licensing for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATION DIVISION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 808,285
..... FTEs 11.55

2. ADMINISTRATIVE HEARINGS DIVISION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 654,983
..... FTEs 23.00

3. INVESTIGATIONS

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 2,769,231
..... FTEs 56.00

b. By December 1, 2026, the department shall submit a report to the general assembly concerning the department's activities relative to fraud in public assistance programs for the fiscal year beginning July 1, 2025, and ending June 30, 2026. The report must include but is not limited to a summary of the number of cases investigated, case outcomes, overpayment dollars identified, amount of cost avoidance, and actual dollars recovered.

4. HEALTH FACILITIES

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 6,206,128
..... FTEs 132.00

b. The department shall make all of the following information available to the public as part of the department's development efforts to revise the department's internet site:

(1) The number of inspections of health facilities conducted by the department annually by type of service provider and type of inspection.

(2) The total annual operations budget for the department

that is associated with health facilities regulation, including general fund appropriations and federal contract dollars received by type of service provider inspected.

(3) The total number of full-time equivalent positions in the department that are associated with health facilities regulation, to include the number of full-time equivalent positions serving in a supervisory capacity, and serving as surveyors, inspectors, or monitors in the field by type of service provider inspected.

(4) Identification of state and federal survey trends, cited regulations, the scope and severity of deficiencies identified, and federal and state fines assessed and collected concerning nursing and assisted living facilities and programs.

c. It is the intent of the general assembly that the department continuously solicit input from health facilities regulated by the department to assess and improve the department's level of collaboration and to identify new opportunities for cooperation.

5. EMPLOYMENT APPEAL BOARD

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 510,782
..... FTEs 11.00

b. The employment appeal board shall be reimbursed by the department for all costs associated with hearings conducted under chapter 91C related to contractor registration. The board may expend, in addition to the amount appropriated under this subsection, additional amounts as are directly billable to the department under this subsection and to retain the additional full-time equivalent positions as needed to conduct hearings required pursuant to chapter 91C.

c. The employment appeal board may temporarily exceed and draw more than the amount appropriated in this subsection and incur a negative cash balance as long as there are receivables

of federal funds equal to or greater than the negative balance and the amount appropriated in this subsection is not exceeded at the close of the fiscal year.

6. IOWA OFFICE OF CIVIL RIGHTS

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 1,538,921
..... FTEs 30.00

b. The Iowa office of civil rights may enter into a contract with a nonprofit organization to provide legal assistance to resolve civil rights complaints.

7. LABOR SERVICES

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 2,965,719
..... FTEs 50.00

b. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

8. DIVISION OF WORKERS' COMPENSATION

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 3,381,044
..... FTEs 26.00

b. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

9. PROFESSIONAL LICENSING

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 1,627,969

..... FTEs 139.00

10. APPROPRIATION REALLOCATION

Notwithstanding section 8.39, the department of inspections, appeals, and licensing, in consultation with the department of management, may reallocate moneys appropriated in this section as necessary to best fulfill the needs of the department of inspections, appeals, and licensing provided for in the appropriation. However, the department of inspections, appeals, and licensing shall not reallocate moneys appropriated for labor services or the division of workers' compensation.

Sec. 8. DEPARTMENT OF INSPECTIONS, APPEALS, AND LICENSING — LICENSE OR REGISTRATION FEES.

1. For the fiscal year beginning July 1, 2026, and ending June 30, 2027, the department of inspections, appeals, and licensing shall collect any license or registration fees or electronic transaction fees generated during the fiscal year as a result of licensing and registration activities under chapters 99B, 137C, 137D, and 137F.

2. From the fees collected by the department under this section on behalf of a municipal corporation with which the department has an agreement pursuant to section 137F.3, through a statewide electronic licensing system operated by the department, notwithstanding section 137F.6, subsection 2, the department shall remit the amount of those fees to the municipal corporation for whom the fees were collected less any electronic transaction fees collected by the department to enable electronic payment.

3. From the fees collected by the department under this section, other than those fees described in subsection 2, the department shall deposit the amount of $290,435 into the general fund of the state prior to June 30, 2027.

4. From the fees collected by the department under this section, other than those fees described in subsections 2 and 3, the department shall retain the remainder of the fees for the purposes of enforcing the provisions of chapters 99B, 137C, 137D, and 137F. Notwithstanding section 8.33, moneys retained by the department pursuant to this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes of enforcing the provisions of chapters 99B, 137C, 137D, and 137F during the succeeding fiscal year. The department shall provide an annual report to the department of management and the legislative services agency on fees billed and collected and expenditures from the moneys retained by the department in a format determined by the department of management in consultation with the legislative services agency.

Sec. 9. DEPARTMENT OF INSPECTIONS, APPEALS, AND LICENSING —— RACING AND GAMING COMMISSION —— RACING AND GAMING REGULATION. There is appropriated from the gaming regulatory revolving fund created in section 99F.20 to the racing and gaming commission of the department of inspections, appeals, and licensing for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes for regulation, administration, and enforcement of pari-mutuel racetracks, excursion boat gambling, gambling structure laws, sports wagering, and fantasy sports contests, and for not more than the following full-time equivalent positions:

..... $ 8,049,999
..... FTEs 57.70

Sec. 10. DEPARTMENT OF INSPECTIONS, APPEALS, AND LICENSING —— ROAD USE TAX FUND. There is appropriated from the road use tax fund created in section 312.1 to the administrative

hearings division of the department of inspections, appeals, and licensing for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes:

..... $ 1,623,897

Sec. 11. DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES — COMMERCE REVOLVING FUND. There is appropriated from the commerce revolving fund created in section 546.12 to the department of insurance and financial services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. BANKING DIVISION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 14,881,690
..... FTEs 79.00

2. CREDIT UNION DIVISION

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 3,018,710
..... FTEs 16.00

3. INSURANCE DIVISION

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 11,010,719
..... FTEs 131.85

b. The insurance division expenditures for examination purposes may exceed the projected receipts, refunds, and reimbursements, estimated pursuant to section 505.7, subsection

7, including the expenditures for retention of additional personnel, if the expenditures are fully reimbursable and the division first does all of the following:

(1) Notifies the department of management, the legislative services agency, and the legislative fiscal committee of the need for the expenditures.

(2) Files with each of the entities named in subparagraph (1) the legislative and regulatory justification for the expenditures, along with an estimate of the expenditures.

Sec. 12. DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES — GENERAL FUND. There is appropriated from the general fund of the state to the department of insurance and financial services for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the captive insurance regulatory and supervision fund created in section 521J.12 for use as provided in section 521J.12, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 450,000
..... FTEs 2.00

Sec. 13. DEPARTMENT OF MANAGEMENT. There is appropriated from the general fund of the state to the department of management for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For enterprise resource planning, providing for a salary model administrator, conducting performance audits, the department's LEAN process, and criminal and juvenile justice planning; for salaries, support, maintenance, and miscellaneous purposes; and for not more than the following full-time equivalent positions:

..... $ 3,666,154
..... FTEs 29.00

H.F. 2768

2. a. For the division of information technology; for salaries, support, maintenance, and miscellaneous purposes; and for not more than the following full-time equivalent positions:
..... $ 4,421,887
..... FTEs 24.39

b. Of the moneys appropriated in this subsection, $325,000 is allocated to providing cybersecurity services to local governments.

Sec. 14. DEPARTMENT OF MANAGEMENT —— INFORMATION TECHNOLOGY —— REVOLVING AND INTERNAL FUNDS.

1. There is appropriated to the department of management for the fiscal year beginning July 1, 2026, and ending June 30, 2027, from the revolving funds designated in chapter 8, subchapter XI, and from internal service funds created under section 8.92, such amounts as the department deems necessary for the operation of the department pursuant to and consistent with the requirements of chapter 8, subchapter XI.

2. a. Notwithstanding section 321A.3, subsection 1, for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the first $750,000 collected and transferred to the treasurer of state with respect to the fees for transactions involving the furnishing of a certified abstract of a vehicle operating record under section 321A.3, subsection 1, shall be transferred to the IowAccess revolving fund created in section 8.90 for the purposes of developing, implementing, maintaining, and expanding electronic access to government records as provided by law.

b. All fees collected with respect to transactions involving IowAccess shall be deposited in the IowAccess revolving fund created under section 8.90 and shall be used only for the support of IowAccess projects.

Sec. 15. DEPARTMENT OF MANAGEMENT —— ROAD USE TAX FUND. There is appropriated from the road use tax fund created in section 312.1 to the department of management for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the

following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes:

..... $ 56,000

Sec. 16. IPERS ── GENERAL OFFICE. There is appropriated from the Iowa public employees' retirement fund created in section 97B.7 to the Iowa public employees' retirement system for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and other operational purposes to pay the costs of the Iowa public employees' retirement system, and for not more than the following full-time equivalent positions:

..... $ 26,330,702
..... FTEs 110.00

Sec. 17. IOWA PUBLIC INFORMATION BOARD. There is appropriated from the general fund of the state to the Iowa public information board for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 496,227
..... FTEs 4.00

Sec. 18. DEPARTMENT OF REVENUE.

1. There is appropriated from the general fund of the state to the department of revenue for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

a. For salaries, support, maintenance, and miscellaneous

purposes, and for not more than the following full-time equivalent positions:

..... $ 15,349,678

..... FTEs 166.66

b. From the moneys appropriated in this subsection, the department shall use $400,000 to pay the direct costs of compliance related to the collection and distribution of local sales and services taxes imposed pursuant to chapter 423B.

2. The director of revenue shall prepare and issue a state appraisal manual and the revisions to the state appraisal manual as provided in section 421.17, subsection 17, without cost to a city or county.

Sec. 19. DEPARTMENT OF REVENUE — MOTOR VEHICLE FUEL TAX FUND. There is appropriated from the motor vehicle fuel tax fund created pursuant to section 452A.77 to the department of revenue for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for administration and enforcement of the provisions of chapter 452A and the motor vehicle fuel tax program:

..... $ 1,305,775

Sec. 20. SECRETARY OF STATE. There is appropriated from the general fund of the state to the office of the secretary of state for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATION AND ELECTIONS

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 2,566,697

..... FTEs 19.25

b. The state department or agency that provides data

processing services to support voter registration file maintenance and storage shall provide those services without charge.

2. BUSINESS SERVICES

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 1,568,795
..... FTEs 16.75

Sec. 21. SECRETARY OF STATE — ADDRESS CONFIDENTIALITY PROGRAM REVOLVING FUND. There is appropriated from the address confidentiality program revolving fund created in section 9.8 to the office of the secretary of state for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes:

..... $ 195,400

Sec. 22. SECRETARY OF STATE FILING FEES REFUND. Notwithstanding the obligation to collect fees pursuant to the provisions of section 489.122, subsection 1, paragraphs "c" and "s", section 490.122, subsection 1, paragraph "a", and section 504.113, subsection 1, paragraphs "a", "c", "d", "j", "k", "l", and "m", for the fiscal year beginning July 1, 2026, the secretary of state may refund these fees to the filer pursuant to rules established by the secretary of state. The decision of the secretary of state not to issue a refund under rules established by the secretary of state is final and not subject to review pursuant to chapter 17A.

Sec. 23. TREASURER OF STATE.

1. There is appropriated from the general fund of the state to the office of treasurer of state for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the

purposes designated:

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 1,046,415

..... FTEs 28.00

b. For deposit in the administrative fund of the Iowa ABLE savings plan trust created in section 12I.4, for implementation and administration activities of the Iowa ABLE savings plan trust:

..... $ 200,000

2. The office of treasurer of state shall supply administrative support for the executive council.

Sec. 24. TREASURER OF STATE — ROAD USE TAX FUND. There is appropriated from the road use tax fund created in section 312.1 to the office of treasurer of state for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For enterprise resource management costs related to the distribution of road use tax fund moneys:

..... $ 316,788

Sec. 25. IOWA UTILITIES COMMISSION.

1. There is appropriated from the commerce revolving fund created in section 546.12 to the Iowa utilities commission for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 12,080,831

..... FTEs 80.00

2. The Iowa utilities commission may expend additional moneys, including moneys for additional personnel, if those

additional expenditures are actual expenses which exceed the moneys budgeted for utility regulation and the expenditures are fully reimbursable. Before the commission expends or encumbers an amount in excess of the moneys budgeted for regulation, the commission shall first do all of the following:

a. Notify the department of management, the legislative services agency, and the legislative fiscal committee of the need for the expenditures.

b. File with each of the entities named in paragraph "a" the legislative and regulatory justification for the expenditures, along with an estimate of the expenditures.

Sec. 26. CHARGES —— IOWA UTILITIES COMMISSION AND DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES. The Iowa utilities commission and each division of the department of insurance and financial services shall include in its charges assessed or revenues generated an amount sufficient to cover the amount stated in its appropriation and any state-assessed indirect costs determined by the department of administrative services.

Sec. 27. IOWA PRODUCTS. As a condition of receiving an appropriation, any agency appropriated moneys pursuant to this division of this Act shall give first preference when purchasing a product to an Iowa product or a product produced by an Iowa-based business, and shall give second preference to a United States product or a product produced by a business based in the United States.

Sec. 28. LIMITATION OF STANDING APPROPRIATION. Notwithstanding the standing appropriation in the following designated section for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the amount appropriated from the general fund of the state pursuant to that section for the following designated purpose shall not exceed the following amount:

For the enforcement of chapter 453D relating to tobacco product manufacturers under section 453D.8:

..... $ 17,525

DIVISION II

DEPOSIT OF CERTAIN FEES

Sec. 29. Section 10A.519, subsection 3, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *c.* The fees collected by the director under this subsection shall be deposited in the licensing and regulation fund created in section 10A.507.

Sec. 30. Section 10A.519, subsection 7, Code 2026, is amended to read as follows:

7. ~~*a. A consumer fireworks fee fund is created in the state treasury under the control of the director. Notwithstanding section 12C.7, interest or earnings on moneys in the consumer fireworks fee fund shall be credited to the consumer fireworks fee fund. Moneys in the fund are appropriated to the director to be used to fulfill the responsibilities of the director for the administration and enforcement of this section and section 10A.520 and to provide grants pursuant to paragraph "b". The fund shall include the fees collected by the director under the fee schedule established pursuant to subsection 3 and the fees collected by the director under section 10A.520 for wholesaler registration.*~~

~~*b.*~~ The director shall establish a local fire protection and emergency medical service providers grant program to provide grants in the following order of priority:

~~(1)~~ *a.* Local fire protection service providers and local emergency medical service providers to establish or provide fireworks safety education programming to members of the public, and for the purchase of necessary enforcement, protection, or emergency response equipment related to the sale and use of consumer fireworks in this state.

~~(2)~~ *b.* Local volunteer fire protection service providers for the purchase of necessary enforcement, protection, or emergency response equipment.

Sec. 31. Section 10A.520, subsection 3, Code 2026, is

amended to read as follows:

3. The director shall establish an annual registration fee of one thousand dollars for wholesalers of consumer fireworks within the state. Registration fees collected pursuant to this section shall be deposited in the ~~consumer fireworks fee fund created in section 10A.519~~ licensing and regulation fund created in section 10A.507.

Sec. 32. Section 90A.10, subsection 1, Code 2026, is amended to read as follows:

1. Moneys collected pursuant to section 90A.9 from a professional boxing event ~~are appropriated to the department of inspections, appeals, and licensing and~~ shall be ~~used by the commissioner to award grants to organizations that promote amateur boxing matches in this state~~ deposited in the licensing and regulation fund created in section 10A.507. All other moneys collected by the commissioner pursuant to this chapter are appropriated to the department of inspections, appeals, and licensing and shall be used by the commissioner to administer this chapter. Section 8.33 applies only to moneys in excess of the first twenty thousand dollars appropriated each fiscal year.

Sec. 33. Section 99B.58, Code 2026, is amended to read as follows:

99B.58 Electrical or mechanical amusement devices — ~~special fund~~ deposit of fees.

Fees collected by the department pursuant to sections 99B.53 and 99B.56 shall be deposited in ~~a special fund created in the state treasury. Moneys in the fund are appropriated to the department of inspections, appeals, and licensing and the department of public safety for administration and enforcement of this subchapter, including employment of necessary personnel. The distribution of moneys in the fund to the department of inspections, appeals, and licensing and the department of public safety shall be pursuant to a written policy agreed upon by the departments. Notwithstanding section~~

~~12C.7, subsection 2, interest or earnings on moneys deposited in the fund shall be credited to the fund. Notwithstanding section 8.33, moneys remaining in the fund at the end of a fiscal year shall not revert to the general fund of the state~~ the licensing and regulation fund created in section 10A.507.

Sec. 34. Section 505.7, subsection 3, Code 2026, is amended to read as follows:

3. ~~Forty percent of the nonexamination~~ Nonexamination revenues payable to the division of insurance or the department of revenue in connection with the regulation of insurance companies or other entities subject to the regulatory jurisdiction of the division shall be deposited in the commerce revolving fund created in section 546.12 and shall be subject to annual appropriation to the division for its operations and is also subject to expenditure under subsection 6. ~~The remaining nonexamination revenues payable to the division of insurance or the department of revenue shall be deposited in the general fund of the state.~~

Sec. 35. TRANSFER OF MONEYS. On the effective date of this division of this Act, unencumbered and unobligated moneys remaining in the consumer fireworks fee fund created in section 10A.519, Code 2026, and the special fund created in section 99B.58, Code 2026, shall be transferred to the licensing and regulation fund created in section 10A.507.

EXPLANATION

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

FY 2026-2027 APPROPRIATIONS. This bill relates to and appropriates moneys to various state departments, agencies, and funds for FY 2026-2027, including the department of administrative services, auditor of state, Iowa ethics and campaign disclosure board, offices of governor and lieutenant governor, department of inspections, appeals, and licensing, department of insurance and financial services, department of management, Iowa public employees' retirement system, Iowa

H.F. 2768

public information board, department of revenue, secretary of state, treasurer of state, and Iowa utilities commission.

The bill limits a standing appropriation for FY 2026-2027 for enforcement of Code chapter 453D relating to tobacco product manufacturers under Code section 453D.8.

DEPOSIT OF CERTAIN FEES. The bill eliminates the consumer fireworks fee fund and the electrical or mechanical amusement devices special fund and requires the moneys that were deposited in those funds to be deposited in the licensing and regulation fund. The bill also eliminates the provision requiring moneys collected from a professional boxing event to be used to award grants to organizations that promote amateur boxing matches and requires the moneys to be deposited in the licensing and regulation fund.

Under current law, 40 percent of nonexamination revenues paid to the insurance division or the department of revenue are deposited in the commerce revolving fund, while the rest of the nonexamination revenues are deposited in the general fund of the state. The bill requires all such nonexamination revenues to be deposited in the commerce revolving fund.

House File 2769 - Introduced

HOUSE FILE 2769
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 776)

A BILL FOR

An Act relating to and making appropriations to the judicial branch.

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

TLSB 5006HV (1) 91
lh/ns

H.F. 2769

Section 1. JUDICIAL BRANCH.

1. There is appropriated from the general fund of the state to the judicial branch for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. For salaries of supreme court justices, appellate court judges, district court judges, district associate judges, associate juvenile judges, associate probate judges, judicial magistrates and staff, state court administrator, clerk of the supreme court, district court administrators, clerks of the district court, juvenile court officers, board of law examiners, board of examiners of shorthand reporters, and commission on judicial qualifications; receipt and disbursement of child support payments; reimbursement of the auditor of state for expenses incurred in completing audits of the offices of the clerks of the district court during the fiscal year beginning July 1, 2026; and maintenance, equipment, and miscellaneous purposes:

..... $203,691,378

b. For deposit in the revolving fund created pursuant to section 602.1302, subsection 3, for jury and witness fees, mileage, costs related to summoning jurors, costs and fees for interpreters and translators, and reimbursement of attorney fees paid by the state public defender:

..... $ 3,600,000

c. For payment of expenses for court-ordered services provided to juveniles who are under the supervision of juvenile court services, which expenses are a charge upon the state pursuant to section 232.141, subsection 4:

..... $ 3,290,000

(1) Of the moneys appropriated in this lettered paragraph, no more than $1,556,000 is allocated to provide school-based supervision of children under chapter 232, of which no more than $25,000 may be used for purposes of training.

H.F. 2769

(2) Notwithstanding section 232.141 or any other provision of law to the contrary, the moneys appropriated in this lettered paragraph shall be distributed to the judicial districts as determined by the state court administrator. The state court administrator shall make the determination of the distribution amounts within thirty days of the date on which the annual census data is released.

(3) Notwithstanding chapter 232 or any other provision of law to the contrary, a district or juvenile court shall not order any service which is a charge upon the state pursuant to section 232.141 if there are insufficient court-ordered services moneys available in the district court distribution amounts to pay for the service. The chief juvenile court officer shall encourage use of the moneys appropriated in this lettered paragraph such that there are sufficient moneys to pay for all court-ordered services during the entire fiscal year. The chief juvenile court officer shall attempt to anticipate potential surpluses and shortfalls in the distribution amounts and shall cooperatively request the state court administrator to transfer moneys between the judicial districts' distribution amounts as prudent.

(4) Notwithstanding any provision of law to the contrary, a district or juvenile court shall not order a county to pay for any service provided to a juvenile pursuant to an order entered under chapter 232 which is a charge upon the state under section 232.141, subsection 4.

(5) Of the moneys appropriated in this lettered paragraph, no more than $83,000 may be used by the judicial branch for administration of the requirements under this lettered paragraph.

(6) Of the moneys appropriated in this lettered paragraph, an amount not to exceed the actual cost of the annual membership fee is allocated to the judicial branch to support the interstate commission for juveniles in accordance with the interstate compact for juveniles as provided in section

232.173.

(7) Notwithstanding section 8.33, moneys appropriated in this lettered paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year that begins July 1, 2029.

d. For juvenile delinquent graduated sanctions services pursuant to section 232.192:

..... $ 12,253,000

(1) Any state moneys saved as a result of efforts by juvenile court services to earn a federal fund match pursuant to Tit. IV-E of the federal Family First Prevention Services Act of 2018, Pub. L. No. 115-123, for juvenile court services administration is appropriated to the judicial branch for purposes of this lettered paragraph.

(2) Notwithstanding section 8.33, moneys appropriated in this lettered paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year that begins July 1, 2029.

2. The judicial branch, except for purposes of internal processing, shall use the current state budget system, the state payroll system, and the Iowa finance and accounting system in administration of programs and payments for services, and shall not duplicate the state payroll, accounting, and budgeting systems.

3. The judicial branch shall submit monthly financial statements to the legislative services agency and the department of management containing all appropriated accounts in the same manner as provided in the monthly financial status reports and personal services usage reports of the department of administrative services. The monthly financial statements must include a comparison of the dollars and percentage spent of budgeted versus actual revenues and expenditures on a cumulative basis for full-time equivalent positions and

dollars.

4. The judicial branch shall focus efforts upon the collection of delinquent fines, penalties, court costs, fees, surcharges, or similar amounts.

5. It is the intent of the general assembly that the offices of the clerks of the district court operate in all 99 counties and be accessible to the public as much as is reasonably possible in order to address the relative needs of the citizens of each county. An office of the clerk of the district court shall be open regular courthouse hours.

6. In addition to the requirements for transfers under section 8.39, the judicial branch shall not change the appropriations from the amounts appropriated to the judicial branch in this Act unless notice of the revisions is given to the legislative services agency prior to the effective date. The notice must include information on the judicial branch's rationale for making the changes and details concerning the workload and performance measures upon which the changes are based.

7. The judicial branch shall submit a semiannual update to the legislative services agency and department of management specifying the amounts of fines, surcharges, and court costs collected using the Iowa court information system since the last report. The judicial branch shall continue to facilitate the sharing of vital sentencing and other information with other state departments and governmental agencies involved in the criminal justice system through the Iowa court information system.

8. The judicial branch shall provide a report to the general assembly and department of management by January 1, 2027, concerning the amounts received and expended from the court technology and modernization fund created in section 602.8108, subsection 7, during the fiscal year beginning July 1, 2025, and ending June 30, 2026, and the plans for expenditures from the fund during the fiscal year beginning July 1, 2026, and

H.F. 2769

ending June 30, 2027.

Sec. 2. CIVIL TRIALS —— LOCATION. Notwithstanding any provision to the contrary, for the fiscal year beginning July 1, 2026, and ending June 30, 2027, if all parties in a case agree, a civil trial including a jury trial may take place in a county contiguous to the county with proper jurisdiction, even if the contiguous county is located in an adjacent judicial district or judicial election district. If the trial is moved pursuant to this section, court personnel shall treat the case as if a change of venue occurred.

Sec. 3. TRAVEL REIMBURSEMENT. Notwithstanding section 602.1509, for the fiscal year beginning July 1, 2026, and ending June 30, 2027, a judicial officer may waive travel reimbursement for any travel outside the judicial officer's county of residence to conduct official judicial business.

Sec. 4. JUDICIAL OFFICER —— UNPAID LEAVE. Notwithstanding the annual salary rates for judicial officers established by 2025 Iowa Acts, chapter 158, section 6, for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the supreme court may by order place all judicial officers on unpaid leave status on any day employees of the judicial branch are placed on temporary layoff status. The biweekly pay of the judicial officers shall be reduced accordingly for the pay period in which the unpaid leave date occurred in the same manner as for noncontract employees of the judicial branch. Through the course of the fiscal year, the judicial branch may use an amount equal to the aggregate amount of salary reductions due to the judicial officer unpaid leave days for any purpose other than for judicial salaries.

Sec. 5. IOWA COMMUNICATIONS NETWORK. It is the intent of the general assembly that the judicial branch utilize the Iowa communications network or other secure electronic communications in lieu of traveling for the fiscal year beginning July 1, 2026, and ending June 30, 2027.

EXPLANATION

H.F. 2769

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

This bill relates to and makes appropriations to the judicial branch.

The bill appropriates moneys from the general fund of the state for FY 2026-2027 to the judicial branch for salaries, receipt and disbursement of child support payments, reimbursement of the auditor of state, maintenance, equipment, miscellaneous purposes, deposit in the revolving fund created pursuant to Code section 602.1302(3) for certain purposes, payment of court-ordered juvenile services, and juvenile delinquent graduated sanctions services.

The bill provides that a civil trial including a jury trial may take place in a county contiguous to the county with proper jurisdiction if all the parties in a case agree. If a trial is moved to another county that is located in another judicial district or judicial election district, the judicial officers serving the judicial district or judicial election district receiving the case shall preside over the case.

The bill permits a judicial officer to waive travel reimbursement for any travel outside the judicial officer's county of residence to conduct official business.

The bill allows a judicial officer to be placed on unpaid leave on any day a court employee is required to furlough. The bill provides that if a judicial officer is placed on unpaid leave, the salary of the judicial officer shall be reduced accordingly for the pay period in which the unpaid leave occurred. The bill provides that the judicial branch may use an amount equal to the aggregate amount of the salary reductions due to judicial officer unpaid leave for any purpose other than judicial salaries.

The bill states legislative intent that the judicial branch utilize the Iowa communications network or other secure electronic communications in lieu of traveling.

House File 2770 - Introduced

HOUSE FILE 2770
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 775)

A BILL FOR

An Act relating to and making appropriations to the justice system.

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

TLSB 5005HV (1) 91
as/ns

H.F. 2770

DIVISION I

FY 2026-2027 APPROPRIATIONS

Section 1. DEPARTMENT OF JUSTICE.

1. There is appropriated from the general fund of the state to the department of justice for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. For the general office of attorney general for salaries, support, maintenance, and miscellaneous purposes, including the prosecuting attorneys training program, matching funds for federal violence against women grant programs, victim assistance grants, the office of drug control policy prosecuting attorney program, and odometer fraud enforcement, and for not more than the following full-time equivalent positions:

..... $ 10,919,246

..... FTEs 234.00

As a condition of receiving the appropriation provided in this lettered paragraph, the department of justice shall maintain a record of the estimated time incurred representing each agency or department.

The general office of attorney general may temporarily exceed and draw more than the amount appropriated in this lettered paragraph and incur a negative cash balance as long as there are receivables equal to or greater than the negative balances and the amount appropriated in this lettered paragraph is not exceeded at the close of the fiscal year.

b. For victim assistance grants:

..... $ 5,176,593

Of the moneys appropriated in this lettered paragraph, $150,000 is allocated to provide grants to care providers providing services to victims of human trafficking. The remaining moneys appropriated in this lettered paragraph are allocated to provide grants to care providers providing

services to all other victims of violent crime.

The balance of the victim compensation fund established in section 915.94 may be used to provide salary and support of not more than 24.00 full-time equivalent positions and to provide maintenance for the victim compensation functions of the department of justice. In addition to the full-time equivalent positions authorized pursuant to this unnumbered paragraph, 7.00 full-time equivalent positions are authorized and shall be used by the department of justice to employ one accountant and four program planners. The department of justice may employ the additional 7.00 full-time equivalent positions authorized pursuant to this unnumbered paragraph that are in excess of the number of full-time equivalent positions authorized only if the department of justice receives sufficient federal moneys to maintain employment for the additional full-time equivalent positions during the current fiscal year. The department of justice shall only employ the additional 7.00 full-time equivalent positions in succeeding fiscal years if sufficient federal moneys are received during each of those succeeding fiscal years.

The department of justice shall transfer at least $150,000 from the victim compensation fund established in section 915.94 to the victim assistance grant program established in section 13.31.

Notwithstanding section 8.33, moneys appropriated in this lettered paragraph that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

c. For legal services for persons in poverty grants as provided in section 13.34:

..... $ 2,634,601

d. To improve the department of justice's cybersecurity and technology infrastructure:

..... $ 202,060

H.F. 2770

2. a. The department of justice, in submitting budget estimates for the fiscal year beginning July 1, 2027, pursuant to section 8.23, shall include a report of funding from sources other than amounts appropriated directly from the general fund of the state to the department of justice or to the office of consumer advocate. These funding sources must include but are not limited to reimbursements from other state agencies, commissions, boards, or similar entities, and reimbursements from special funds or internal accounts within the department of justice. The department of justice shall also report actual reimbursements for the fiscal year beginning July 1, 2025, and actual and expected reimbursements for the fiscal year beginning July 1, 2026.

b. The department of justice shall include the report required under paragraph "a", as well as information regarding any revisions occurring as a result of reimbursements actually received or expected at a later date, in a report to the general assembly. The department of justice shall submit the report on or before January 15, 2027.

3. a. The department of justice shall fully reimburse the costs and necessary related expenses incurred by the Iowa law enforcement academy to continue to employ one additional instructor position who shall provide training for human trafficking-related issues throughout the state.

b. The department of justice shall obtain the moneys necessary to reimburse the Iowa law enforcement academy to employ such an instructor from unrestricted moneys from either the victim compensation fund established in section 915.94 or the human trafficking victim fund established in section 915.95 or the human trafficking enforcement fund established in 2015 Iowa Acts, chapter 138, section 141.

4. Notwithstanding sections 553.19 and 714.16C, for the fiscal year beginning July 1, 2026, and ending June 30, 2027, any moneys not otherwise appropriated from the antitrust fund created in section 553.19 and the consumer education and

litigation fund created in section 714.16C are appropriated to the department of justice for salaries, support, maintenance, and miscellaneous purposes necessary to perform the duties described in section 13.2.

Sec. 2. OFFICE OF CONSUMER ADVOCATE. There is appropriated from the commerce revolving fund created in section 546.12 to the office of consumer advocate of the department of justice for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 3,784,047
..... FTEs 18.00

The office of consumer advocate shall include in its charges assessed or revenues generated an amount sufficient to cover the amount stated in its appropriation and any state-assessed indirect costs determined by the department of administrative services.

Sec. 3. DEPARTMENT OF CORRECTIONS —— FACILITIES.

1. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. For the operation of the Fort Madison correctional facility, including salaries, support, maintenance, and miscellaneous purposes:

..... $ 46,724,722

b. For the operation of the Anamosa correctional facility, including salaries, support, maintenance, and miscellaneous purposes:

..... $ 40,255,974

c. For the operation of the Oakdale correctional facility,

including salaries, support, maintenance, and miscellaneous purposes:
..... $ 59,344,020

d. For the Oakdale correctional facility for department-wide institutional pharmaceuticals and miscellaneous purposes:
..... $ 10,175,417

e. For the operation of the Newton correctional facility, including salaries, support, maintenance, and miscellaneous purposes:
..... $ 32,509,092

f. For the operation of the Mount Pleasant correctional facility, including salaries, support, maintenance, and miscellaneous purposes:
..... $ 30,619,297

g. For the operation of the Rockwell City correctional facility, including salaries, support, maintenance, and miscellaneous purposes:
..... $ 11,916,579

h. For the operation of the Clarinda correctional facility, including salaries, support, maintenance, and miscellaneous purposes:
..... $ 29,678,380

Moneys received by the department of corrections as reimbursement for services provided to the Clarinda youth corporation are appropriated to the department and shall be used for the purpose of operating the Clarinda correctional facility.

i. For the operation of the Mitchellville correctional facility, including salaries, support, maintenance, and miscellaneous purposes:
..... $ 26,350,539

j. For the operation of the Fort Dodge correctional facility, including salaries, support, maintenance, and miscellaneous purposes:

..... $ 34,467,251

k. For reimbursement of counties for temporary confinement of prisoners, as provided in sections 901.7, 904.908, and 906.17, and for offenders confined pursuant to section 904.513:

..... $ 1,345,319

l. For federal prison reimbursement, reimbursements for out-of-state placements, and miscellaneous contracts:

..... $ 234,411

2. The department of corrections shall use moneys appropriated in subsection 1 to continue to contract for the services of a Muslim imam and a Native American spiritual leader.

Sec. 4. DEPARTMENT OF CORRECTIONS —— ADMINISTRATION. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For general administration, including salaries and the adjustment of salaries throughout the department, support, maintenance, employment of an education director to administer a centralized education program for the correctional system, and miscellaneous purposes:

..... $ 9,650,695

a. It is the intent of the general assembly that each lease negotiated by the department of corrections with a private corporation for the purpose of providing private industry employment of inmates in a correctional institution shall prohibit the private corporation from utilizing inmate labor for partisan political purposes for any person seeking election to public office in this state and that a violation of this requirement shall result in a termination of the lease agreement.

b. It is the intent of the general assembly that as a condition of receiving the appropriation provided in this

subsection the department of corrections shall not enter into a lease or contractual agreement pursuant to section 904.809 with a private corporation for the use of building space for the purpose of providing inmate employment without providing that the terms of the lease or contract establish safeguards to restrict, to the greatest extent feasible, access by inmates working for the private corporation to personal identifying information of citizens.

2. For educational programs for inmates at state penal institutions:

..... $ 3,108,109

a. To maximize the funding for educational programs, the department shall establish guidelines and procedures to prioritize the availability of educational and vocational training for inmates based upon the goal of facilitating an inmate's successful release from the correctional institution.

b. The director of the department of corrections may transfer moneys from Iowa prison industries and the canteen operating funds established pursuant to section 904.310, for use in educational programs for inmates.

c. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated in this subsection until the close of the succeeding fiscal year.

3. For the development and operation of the Iowa corrections offender network (ICON) data system:

..... $ 2,000,000

4. For offender mental health and substance abuse treatment:

..... $ 28,065

5. For department-wide duties, including operations, costs, and miscellaneous purposes:

..... $ 5,500,000

Sec. 5. DEPARTMENT OF CORRECTIONS —— JUDICIAL DISTRICT

H.F. 2770

DEPARTMENTS OF CORRECTIONAL SERVICES.

1. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for salaries, support, maintenance, and miscellaneous purposes:

a. For the first judicial district department of correctional services:

..... $ 17,395,981

It is the intent of the general assembly that the first judicial district department of correctional services maintains the drug courts operated by the district department.

b. For the second judicial district department of correctional services:

..... $ 14,105,725

It is the intent of the general assembly that the second judicial district department of correctional services maintains two drug courts to be operated by the district department.

c. For the third judicial district department of correctional services:

..... $ 8,915,376

d. For the fourth judicial district department of correctional services:

..... $ 6,563,898

e. For the fifth judicial district department of correctional services, including funding for electronic monitoring devices for use on a statewide basis:

..... $ 25,194,813

It is the intent of the general assembly that the fifth judicial district department of correctional services maintains the drug court operated by the district department.

f. For the sixth judicial district department of correctional services:

..... $ 17,554,811

It is the intent of the general assembly that the sixth

judicial district department of correctional services maintains the drug court operated by the district department.

g. For the seventh judicial district department of correctional services:

..... $ 11,003,457

It is the intent of the general assembly that the seventh judicial district department of correctional services maintains the drug court operated by the district department.

h. For the eighth judicial district department of correctional services:

..... $ 10,259,926

2. Each judicial district department of correctional services, within the moneys available, shall continue programs and plans established within that district to provide for intensive supervision, sex offender treatment, diversion of low-risk offenders to the least restrictive sanction available, job development, and expanded use of intermediate criminal sanctions.

3. Each judicial district department of correctional services shall provide alternatives to prison consistent with chapter 901B. The alternatives to prison must ensure public safety while providing maximum rehabilitation to the offender. A judicial district department of correctional services may also establish a day program.

4. The office of drug control policy of the department of public safety shall consider federal grants made to the department of corrections for the benefit of each of the eight judicial district departments of correctional services as local government grants, as defined pursuant to federal regulations.

5. The department of corrections shall continue to contract with a judicial district department of correctional services to provide for the rental of electronic monitoring equipment available statewide.

6. The public safety assessment shall not be utilized in pretrial hearings when determining whether to detain or release

a defendant before trial until such time the use of the public safety assessment has been specifically authorized by the general assembly.

Sec. 6. DEPARTMENT OF CORRECTIONS —— REALLOCATION OF APPROPRIATIONS. Notwithstanding section 8.39, within the moneys appropriated in this division of this Act to the department of corrections, the department may reallocate the moneys appropriated and allocated as necessary to best fulfill the needs of the correctional institutions, administration of the department, and the judicial district departments of correctional services. However, in addition to complying with the requirements of section 904.116 and providing notice to the legislative services agency, the department of corrections shall also provide notice to the department of management, prior to the effective date of the revision or reallocation of an appropriation made pursuant to this section. The department of corrections shall not reallocate an appropriation or allocation for the purpose of eliminating any program.

Sec. 7. DEPARTMENT OF CORRECTIONS —— INTENT. The department of corrections, in cooperation with townships, the Iowa cemetery associations, and other nonprofit or governmental entities, may use inmate labor during the fiscal year beginning July 1, 2026, to restore or preserve rural cemeteries and historical landmarks. The department, in cooperation with the counties, may also use inmate labor to clean up roads, major water sources, and other water sources around the state.

Sec. 8. STATE AGENCY PURCHASES FROM PRISON INDUSTRIES.

1. As used in this section, unless the context otherwise requires, "state agency" means the government of the state of Iowa, including but not limited to all executive branch departments, agencies, boards, bureaus, and commissions, the judicial branch, the general assembly and all legislative agencies, institutions within the purview of the state board of regents, and any corporation whose primary function is to act as an instrumentality of the state.

2. State agencies are encouraged to purchase products from Iowa state industries, as defined in section 904.802, when purchases are required and the products are available from Iowa state industries. State agencies shall obtain bids from Iowa state industries for purchases of office furniture during the fiscal year beginning July 1, 2026, exceeding $5,000 or in accordance with applicable administrative rules related to purchases for the agency.

Sec. 9. IOWA LAW ENFORCEMENT ACADEMY.

1. There is appropriated from the general fund of the state to the Iowa law enforcement academy for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

a. For salaries, support, maintenance, and miscellaneous purposes, including jailer training and technical assistance, and for not more than the following full-time equivalent positions:

..... $ 2,919,407
..... FTEs 31.00

b. The Iowa law enforcement academy may temporarily exceed and draw more than the amount appropriated in this subsection and incur a negative cash balance as long as there are receivables equal to or greater than the negative balance and the amount appropriated in this subsection is not exceeded at the close of the fiscal year.

2. The Iowa law enforcement academy may select at least five automobiles of the department of public safety, division of state patrol, prior to turning over the automobiles to the department of administrative services to be disposed of by public auction, and the Iowa law enforcement academy may exchange any automobile owned by the academy for each automobile selected if the selected automobile is used in training law enforcement officers at the academy. However, any automobile exchanged by the academy must be substituted for

the selected vehicle of the department of public safety and sold by public auction with the receipts being deposited in the depreciation fund maintained pursuant to section 8A.365 to the credit of the department of public safety, division of state patrol.

3. The Iowa law enforcement academy shall provide training for domestic abuse and human trafficking-related issues throughout the state. The academy shall offer the training at no cost to the attendees and the training shall not replace any existing domestic abuse or human trafficking training offered by the academy.

Sec. 10. STATE PUBLIC DEFENDER.

1. There is appropriated from the general fund of the state to the office of the state public defender of the department of inspections, appeals, and licensing for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 38,627,894
..... FTEs 276.00

b. For payments on behalf of eligible adults and juveniles from the indigent defense fund, in accordance with section 815.11:

..... $ 42,351,374

2. Moneys received by the office of the state public defender pursuant to Tit. IV-E of the federal Social Security Act remaining unencumbered and unobligated at the end of the fiscal year shall not revert but shall be transferred to the Tit. IV-E juvenile justice improvement fund created in 2022 Iowa Acts, chapter 1146, section 11, subsection 3, to remain available for expenditure by the office of the state public defender in succeeding fiscal years for the purposes allowed by

Tit. IV-E of the federal Social Security Act.

Sec. 11. BOARD OF PAROLE. There is appropriated from the general fund of the state to the board of parole for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 1,545,114
..... FTEs 10.60

Sec. 12. DEPARTMENT OF PUBLIC DEFENSE.

1. There is appropriated from the general fund of the state to the department of public defense, for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 7,646,037
..... FTEs 242.00

2. The department of public defense may temporarily exceed and draw more than the amount appropriated in this section and incur a negative cash balance as long as there are receivables of federal funds equal to or greater than the negative balance and the amount appropriated in this section is not exceeded at the close of the fiscal year.

Sec. 13. DEPARTMENT OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT.

1. There is appropriated from the general fund of the state to the department of homeland security and emergency management for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 2,396,138
..... FTEs 25.44

2. The department of homeland security and emergency management may temporarily exceed and draw more than the amount appropriated in this section and incur a negative cash balance as long as there are receivables of federal funds equal to or greater than the negative balance and the amount appropriated in this section is not exceeded at the close of the fiscal year.

Sec. 14. DEPARTMENT OF PUBLIC SAFETY. There is appropriated from the general fund of the state to the department of public safety for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For administrative functions, including salaries and the adjustment of salaries throughout the department, the criminal justice information system, and for not more than the following full-time equivalent positions:

..... $ 7,095,906
..... FTEs 33.00

2. For the division of criminal investigation, including the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of the state's normal contribution rate, as defined in section 97A.8, multiplied by the salaries for which the moneys are appropriated, to meet federal fund matching requirements, and for not more than the following full-time equivalent positions:

..... $ 23,282,804
..... FTEs 184.00

3. For the criminalistics laboratory fund created in section 691.9:

..... $ 650,000

Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

4. a. For the division of narcotics enforcement, including the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of the state's normal contribution rate, as defined in section 97A.8, multiplied by the salaries for which the moneys are appropriated, to meet federal fund matching requirements, and for not more than the following full-time equivalent positions:

..... $ 10,496,573
..... FTEs 71.00

The division of narcotics enforcement is authorized an additional 1.00 full-time equivalent position pursuant to this lettered paragraph that is in excess of the number of full-time equivalent positions authorized for the previous fiscal year only if the division of narcotics enforcement receives sufficient federal moneys to maintain employment for the additional full-time equivalent position during the current fiscal year. The division of narcotics enforcement shall only employ the additional full-time equivalent position in succeeding fiscal years if sufficient federal moneys are received during each of those succeeding fiscal years.

b. For the division of narcotics enforcement for undercover purchases:

..... $ 209,042

5. For the division of state fire marshal, for fire protection services as provided through the state fire service and emergency response council as created in the department, and for the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter

97A in the amount of the state's normal contribution rate, as defined in section 97A.8, multiplied by the salaries for which the moneys are appropriated, and for not more than the following full-time equivalent positions:

..... $ 3,635,378

..... FTEs 21.00

6. For the division of state patrol, for salaries, support, maintenance, workers' compensation costs, and miscellaneous purposes, including the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of the state's normal contribution rate, as defined in section 97A.8, multiplied by the salaries for which the moneys are appropriated, and for not more than the following full-time equivalent positions:

..... $ 94,251,941

..... FTEs 613.00

It is the intent of the general assembly that members of the state patrol be assigned to patrol the highways and roads in lieu of assignments for inspecting school buses for the school districts.

7. For deposit in the sick leave benefits fund established in section 80.42 for all departmental employees eligible to receive benefits for accrued sick leave under the collective bargaining agreement:

..... $ 279,517

8. For costs associated with the training and equipment needs of volunteer fire fighters:

..... $ 1,075,520

Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated in this subsection until the close of the succeeding fiscal year.

9. For the public safety interoperable and broadband communications fund established in section 80.44:

..... $ 115,661

10. For the office to combat human trafficking established in section 80.45, including salaries, support, maintenance, and miscellaneous purposes:

..... $ 200,742

11. For department-wide duties, including operations, costs, and miscellaneous purposes:

..... $ 3,430,000

12. For the office of drug control policy, for salaries, support, maintenance, and miscellaneous purposes, including statewide coordination of the drug abuse resistance education (D.A.R.E.) programs or other similar programs, and for not more than the following full-time equivalent positions:

..... $ 249,219

..... FTEs 4.00

Notwithstanding section 8.39, the department of public safety may reallocate moneys appropriated in this section as necessary to best fulfill the needs provided for in the appropriation. However, the department shall not reallocate moneys appropriated to the department in this section unless notice of the reallocation is given to the legislative services agency and the department of management prior to the effective date of the reallocation. The notice must include information regarding the rationale for reallocating the moneys. The department shall not reallocate moneys appropriated in this section for the purpose of eliminating any program.

Sec. 15. DEPARTMENT OF PUBLIC SAFETY ── GAMING ENFORCEMENT.

1. There is appropriated from the gaming enforcement revolving fund created in section 80.43 to the department of public safety for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For any direct support costs for agents and officers of the division of criminal investigation's excursion gambling boat, gambling structure, and racetrack enclosure enforcement

activities, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 13,084,081

..... FTEs 68.00

2. For each additional license to conduct gambling games on an excursion gambling boat, gambling structure, or racetrack enclosure issued during the fiscal year beginning July 1, 2026, there is appropriated from the gaming enforcement revolving fund to the department of public safety for the fiscal year beginning July 1, 2026, and ending June 30, 2027, an additional amount of not more than $300,000 to be used for full-time equivalent positions.

3. The department of public safety, with the approval of the department of management, may employ no more than three special agents for each additional riverboat or gambling structure regulated after July 1, 2026, and three special agents for each racing facility which becomes operational during the fiscal year which begins July 1, 2026. Positions authorized in this subsection are in addition to the full-time equivalent positions otherwise authorized in this section.

Sec. 16. DEPARTMENT OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT. There is appropriated from the 911 emergency communications fund created in section 34A.7A to the department of homeland security and emergency management for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For implementation, support, and maintenance of the functions of the administrator and program manager under chapter 34A and to employ the auditor of the state to perform an annual audit of the 911 emergency communications fund:

..... $ 300,000

Sec. 17. DEPARTMENT OF JUSTICE —— CONSUMER EDUCATION AND LITIGATION —— FARM MEDIATION AND PROSECUTIONS, APPEALS, AND

CLAIMS. Notwithstanding section 714.16C, there is appropriated from the consumer education and litigation fund to the department of justice for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For farm mediation services as specified in section 13.13, subsection 2:

..... $ 300,000

2. For salaries, support, maintenance, and miscellaneous purposes for criminal prosecutions, criminal appeals, and performing duties pursuant to chapter 669:

..... $ 2,000,000

DIVISION II

INDIGENT DEFENSE AND REPRESENTATION

Sec. 18. Section 815.7, subsection 10, Code 2026, is amended to read as follows:

10. For appointments made on or after July 1, 2025, through June 30, 2026, the reasonable compensation shall be calculated on the basis of eighty-eight dollars per hour for class "A" felonies, eighty-three dollars per hour for class "B" felonies, and seventy-eight dollars per hour for all other cases.

Sec. 19. Section 815.7, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 10A. For appointments made on or after July 1, 2026, the reasonable compensation shall be calculated on the basis of ninety-three dollars per hour for class "A" felonies, eighty-eight dollars per hour for class "B" felonies, and eighty-three dollars per hour for all other cases.

EXPLANATION

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

This bill relates to and makes appropriations to the justice system.

FY 2026-2027 APPROPRIATIONS. The bill makes appropriations

H.F. 2770

for FY 2026-2027 from the general fund of the state to the departments of justice, corrections, public defense, public safety, and homeland security and emergency management, and the Iowa law enforcement academy, office of the state public defender, and board of parole.

The bill also appropriates moneys for FY 2026-2027 from the commerce revolving fund to the office of consumer advocate of the department of justice; from the gaming enforcement revolving fund to the department of public safety; from the 911 emergency communications fund to the department of homeland security and emergency management; and from the consumer education and litigation fund to the department of justice for farm mediation services and for criminal prosecutions, criminal appeals, and performing certain duties.

INDIGENT DEFENSE AND REPRESENTATION. The bill increases the hourly rate for court-appointed counsel by $5 per hour and provides that for appointments made on or after July 1, 2026, compensation is calculated on the basis of $93 per hour for class "A" felonies, $88 per hour for class "B" felonies, and $83 per hour for all other cases.

House File 2771 - Introduced

HOUSE FILE 2771
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 772)

A BILL FOR

An Act relating to and making appropriations involving state government entities associated with agriculture, natural resources, and environmental protection, and including contingent effective date provisions.

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

TLSB 5001HV (3) 91
sb/js

H.F. 2771

DIVISION I
DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP
PART A
GENERAL APPROPRIATIONS

Section 1. GENERAL FUND.

1. There is appropriated from the general fund of the state to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of supporting the department, including its divisions, for administration, regulation, and programs; for salaries, support, maintenance, and miscellaneous purposes; and for not more than the following full-time equivalent positions:

..... $ 20,727,294
..... FTEs 420.00

2. Of the amount appropriated in subsection 1, the following amount is transferred to Iowa state university of science and technology to be used for the university's midwest grape and wine industry institute:

..... $ 325,000

3. The department shall submit a report each quarter of the fiscal year to the general assembly and the department of management. The report must describe in detail the expenditure of moneys appropriated in this section to support the department's administration, regulation, and programs.

Sec. 2. UNCLAIMED PARI-MUTUEL WAGERING WINNINGS —— HORSE AND DOG RACING. There is appropriated from the moneys available under section 99D.13 to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of supporting the department's administration and enforcement of horse and dog racing law pursuant to section

H.F. 2771

99D.22, including for salaries, support, maintenance, and miscellaneous purposes:
..... $ 305,516

Sec. 3. RENEWABLE FUEL INFRASTRUCTURE FUND —— MOTOR FUEL INSPECTION. There is appropriated from the renewable fuel infrastructure fund created in section 159A.16 to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of the inspection of motor fuel, including salaries, support, maintenance, and miscellaneous purposes:
..... $ 500,000

Sec. 4. SPECIAL APPROPRIATIONS FROM GENERAL FUND. There is appropriated from the general fund of the state to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. DAIRY REGULATION

a. For purposes of performing functions pursuant to section 192.109, including conducting a survey of grade "A" milk and certifying the results to the secretary of agriculture:
..... $ 189,196

b. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

2. LOCAL FOOD AND FARM PROGRAM

a. For purposes of supporting the local food and farm program pursuant to chapter 267A:
..... $ 125,000

b. The department shall enter into a cost-sharing agreement with Iowa state university of science and technology to support

the local food and farm program coordinator position as part of the university's cooperative extension service in agriculture and home economics pursuant to chapter 267A.

c. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

3. AGRICULTURAL EDUCATION

a. For purposes of allocating moneys to an Iowa association affiliated with a national organization that promotes agricultural education providing for future farmers:

..... $ 150,000

b. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

4. FOREIGN ANIMAL DISEASES AFFLICTING LIVESTOCK

For deposit in the foreign animal disease preparedness and response fund created in section 163.3B:

..... $ 1,050,000

5. FARMERS WITH DISABILITIES PROGRAM

a. For purposes of supporting a program for farmers with disabilities:

..... $ 230,000

b. The moneys appropriated in this subsection shall be used for the public purpose of providing a grant to a national nonprofit organization with over 80 years of experience in assisting children and adults with disabilities and special needs. The moneys shall be used to support a nationally recognized program that began in 1986 and has been replicated in at least 30 other states, but is not available through any other entity in this state, and that provides assistance to farmers with disabilities in all 99 counties to allow the

farmers to remain in their own homes and be gainfully engaged in farming through provision of agricultural worksite and home modification consultations, peer support services, services to families, information and referral, and equipment loan services.

c. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

6. LOESS HILLS DEVELOPMENT AND CONSERVATION FUND

a. For deposit in the loess hills development and conservation fund created pursuant to section 161D.2:

..... $ 300,000

b. (1) Of the amount appropriated in this subsection, $260,000 shall be allocated to the fund's hungry canyons account.

(2) Not more than 10 percent of the moneys allocated in this paragraph may be used for administrative costs.

c. (1) Of the amount appropriated in this subsection, $40,000 shall be allocated to the fund's loess hills alliance account.

(2) Not more than 10 percent of the moneys allocated in this paragraph may be used for administrative costs.

7. SOUTHERN IOWA DEVELOPMENT AND CONSERVATION FUND

a. For deposit in the southern Iowa development and conservation fund created pursuant to section 161D.12:

..... $ 100,000

b. Not more than 10 percent of the moneys appropriated in this subsection may be used for administrative costs.

8. GRAIN REGULATION

For the administration and enforcement of chapters 203 and 203C, including salaries, support, maintenance, and miscellaneous purposes:

..... $ 350,000

9. CHOOSE IOWA FUND

a. For deposit in the choose Iowa fund created in section 187.201:

..... $ 1,813,000

b. (1) Of the amount appropriated in this subsection, the department shall use at least $500,000 to support the value-added agricultural grant program created in section 187.321.

(2) Of the amount appropriated in this subsection, the department may use up to $813,000 to support the choose Iowa promotional program as provided in chapter 187, subchapter III, part 1.

(3) Of the amount appropriated in this subsection, the department shall use at least $500,000 to support the dairy innovation and revitalization program created in section 187.311.

c. The department may increase or decrease the amount of moneys used to support a program described in paragraph "b" based on the amount of moneys awarded to persons participating in the program. The department shall publish a notice of the department's action to increase or decrease the amount on the department's internet site where the programs are advertised at least thirty days prior to the day that the department takes such action.

10. CHOOSE IOWA FOOD BANK PURCHASING PROGRAM

a. For purposes of supporting the choose Iowa food bank purchasing program to assist eligible participants in purchasing qualified food products pursuant to section 187.331:

..... $ 200,000

b. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

PART B

CONTINGENT APPROPRIATIONS

Sec. 5. CHOOSE IOWA SCHOOL PURCHASING PROGRAM. There is appropriated from the general fund of the state to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of supporting the choose Iowa school purchasing program to assist eligible schools and school districts in purchasing qualified food products pursuant to section 187.307:

..... $ 200,000

Sec. 6. CONTINGENT EFFECTIVE DATE. This part of this division of this Act takes effect July 1, 2026, if 2026 Iowa Acts, House File 2748, or successor legislation, is enacted.

DIVISION II

DEPARTMENT OF NATURAL RESOURCES

Sec. 7. GENERAL FUND.

1. There is appropriated from the general fund of the state to the department of natural resources for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of supporting the department, including its divisions, for administration, regulation, and programs; for salaries, support, maintenance, and miscellaneous purposes; and for not more than the following full-time equivalent positions:

..... $ 12,816,738
..... FTEs 1,145.95

2. Of the number of full-time equivalent positions authorized to the department pursuant to subsection 1, 50.00 full-time equivalent positions shall be allocated by the department for seasonal employees for purposes of providing maintenance, upkeep, and sanitary services at state parks. This subsection shall not impact conservation officer, park ranger, or park manager positions within the department.

H.F. 2771

3. The department shall submit a report each quarter of the fiscal year to the general assembly and the department of management. The report must describe in detail the expenditure of moneys appropriated under this section to support the department's administration, regulation, and programs.

Sec. 8. STATE FISH AND GAME PROTECTION FUND —— REGULATION AND ADVANCEMENT OF OUTDOOR ACTIVITIES.

1. There is appropriated from the state fish and game protection fund created pursuant to section 456A.17 to the department of natural resources for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of supporting the regulation or advancement of hunting, fishing, or trapping, or the protection, propagation, restoration, management, or harvest of fish or wildlife, including for administration, regulation, law enforcement, and programs; and for salaries, support, maintenance, equipment, and miscellaneous purposes:

..... $ 53,095,606

2. Notwithstanding section 455A.10, the department may use the unappropriated balance remaining in the state fish and game protection fund to provide for the funding of health and life insurance premium payments from unused sick leave balances of conservation peace officers employed in a protection occupation, as described in section 97B.49B, who retire.

3. Notwithstanding section 455A.10, the department may use the unappropriated balance remaining in the state fish and game protection fund for the fiscal year beginning July 1, 2026, and ending June 30, 2027, as is necessary to fund salary adjustments for departmental employees for which the general assembly has made an operating budget appropriation in subsection 1.

Sec. 9. GROUNDWATER PROTECTION FUND —— WATER QUALITY. There is appropriated from the groundwater protection fund created

in section 455E.11 to the department of natural resources for the fiscal year beginning July 1, 2026, and ending June 30, 2027, from those moneys that are not allocated pursuant to that section, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of supporting the department's protection of the state's groundwater, including for administration, regulation, and programs, and for salaries, support, maintenance, equipment, and miscellaneous purposes:

..... $ 3,455,850

Sec. 10. GROUNDWATER PROTECTION FUND — INTEREST AND EARNINGS — WATER QUALITY.

1. There is appropriated from interest and earnings on moneys in the groundwater protection fund created in section 455E.11 and accounts therein, as described in section 455E.11, subsection 1, paragraph "a", to the department of natural resources for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of supporting the department's protection of the state's groundwater, including for administration, regulation, and programs, and for salaries, support, maintenance, equipment, and miscellaneous purposes:

..... $ 254,150

2. Notwithstanding subsection 1, the amount appropriated in this section shall not exceed the total amount of interest and earnings on moneys in the groundwater protection fund and accounts therein accrued during the fiscal year beginning July 1, 2026. In addition, the amount appropriated in this section shall only be made available after the maximum amount of such interest and earnings appropriated in this Act is made available to the state university of Iowa to support groundwater monitoring.

Sec. 11. SPECIAL SNOWMOBILE FUND — SNOWMOBILE PROGRAM. There is appropriated from the special snowmobile

fund created under section 321G.7 to the department of natural resources for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of administering and enforcing the state snowmobile programs:

..... $ 100,000

Sec. 12. SPECIAL APPROPRIATIONS FROM GENERAL FUND. There is appropriated from the general fund of the state to the department of natural resources for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. FLOODPLAIN MANAGEMENT AND DAM SAFETY

a. For purposes of supporting floodplain management and dam safety:

..... $ 1,510,000

b. Of the amount appropriated in this subsection, up to $400,000 may be used by the department to acquire or install stream gages for purposes of tracking and predicting flood events and for compiling necessary data to improve flood frequency analysis.

c. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

2. FORESTRY HEALTH MANAGEMENT

a. For purposes of providing for forestry health management programs:

..... $ 525,000

b. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the

close of the succeeding fiscal year.

3. STATE PARK OPERATIONS

For supporting operations at state parks, including maintenance and repair of grounds and facilities:

..... $ 1,000,000

4. STATE PARK MAINTENANCE

For structural and infrastructural repairs in state parks:

..... $ 300,000

DIVISION III

IOWA STATE UNIVERSITY

Sec. 13. SPECIAL APPROPRIATIONS FROM GENERAL FUND. There is appropriated from the general fund of the state to Iowa state university of science and technology for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. VETERINARY DIAGNOSTIC LABORATORY

a. For purposes of supporting the college of veterinary medicine for the operation of the veterinary diagnostic laboratory, and for not more than the following full-time equivalent positions:

..... $ 4,799,898

..... FTEs 51.00

b. (1) Iowa state university of science and technology shall not reduce the amount that it allocates to support the college of veterinary medicine from any other source due to the appropriation made in this subsection.

(2) Subparagraph (1) does not apply to a reduction made to support the college of veterinary medicine if the same percentage of reduction imposed on the college of veterinary medicine is also imposed on all of Iowa state university of science and technology's budget units.

2. MANAGEMENT OF PRIVATE FORESTS

a. For purposes of supporting the Iowa cooperative extension service in agriculture and home economics in

providing technical support to landowners and loggers regarding the management of private forests in northeast Iowa, and for not more than the following full-time equivalent positions:

..... $ 150,000

..... FTEs 1.00

b. The department of natural resources shall cooperate with the Iowa cooperative extension service in agriculture and home economics in administering this subsection.

3. LIVESTOCK DISEASE RESEARCH

a. For deposit in the livestock disease research fund created in section 267.8:

..... $ 291,390

b. Moneys appropriated under this subsection shall be used by Iowa state university of science and technology to support animal disease research in areas of importance to livestock producers.

Sec. 14. IOWA NUTRIENT RESEARCH FUND —— VETERINARY DIAGNOSTIC LABORATORY. Notwithstanding section 466B.46, there is appropriated from the Iowa nutrient research fund created in section 466B.46 to Iowa state university of science and technology for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For purposes of supporting the college of veterinary medicine for the operation of the veterinary diagnostic laboratory:

..... $ 120,000

DIVISION IV
STATE UNIVERSITY OF IOWA

Sec. 15. IOWA'S CENTER FOR AGRICULTURAL SAFETY AND HEALTH (I-CASH).

1. There is appropriated from the general fund of the state to the state university of Iowa for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes

designated:

For supporting the operations of Iowa's center for agricultural safety and health, as part of the university's college of public health, and in cooperation with the department of agriculture and land stewardship, to anticipate, recognize, and prevent occupational illness and injury among members of the agricultural community:

..... $ 128,154

2. a. As a condition of the appropriation made in subsection 1, the state university of Iowa shall retain the director of Iowa's center for agricultural safety and health employed on the effective date of this division of this Act for at least the same number of hours for the fiscal year beginning July 1, 2026, as worked by the director during the fiscal year beginning July 1, 2025.

b. As a condition of the appropriation made in subsection 1, the state university of Iowa shall not reduce the amount allocated to support Iowa's center for agricultural safety and health from any other source due to the appropriation made in subsection 1.

3. If moneys appropriated in subsection 1 revert as required pursuant to section 8.33, the state university of Iowa shall transfer to the general fund of the state from any otherwise unencumbered or unobligated moneys from any other general fund appropriation or from any moneys available from other funding sources an amount equal to the amount appropriated in subsection 1 less any amount that reverted to the general fund of the state pursuant to section 8.33.

Sec. 16. GROUNDWATER PROTECTION FUND —— IIHR —— HYDROSCIENCE AND ENGINEERING —— IOWA WATER QUALITY INFORMATION SYSTEM (IWQIS).

1. There is appropriated from interest and earnings on moneys in the groundwater protection fund created in section 455E.11 and accounts therein, as described in section 455E.11, subsection 1, paragraph "a", to the state university of Iowa

for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

To support the Iowa water quality information system as administered by the IIHR —— hydroscience and engineering within the college of engineering of the state university of Iowa:

..... $ 300,000

2. Notwithstanding subsection 1, the amount appropriated in this section shall not exceed the total amount of interest and earnings on moneys in the groundwater protection fund and accounts therein accrued during the fiscal year beginning July 1, 2026.

Sec. 17. Section 16.153, subsection 1, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *d.* (1) There is appropriated from the fund to the state university of Iowa for the fiscal year beginning July 1, 2026, and for each fiscal year thereafter, two hundred fifty thousand dollars to be used by the Iowa geological survey as provided in subparagraph (2).

(2) The moneys appropriated in subparagraph (1) shall be used by the Iowa geological survey to map and assess the condition of this state's aquifers. The Iowa geological survey may measure the volume of the groundwater that is available for various uses, the current and predicted allocations of groundwater to support those uses, the recharge rate for the aquifers, and the development of models for budgeting this state's water resources.

(3) This paragraph is repealed July 1, 2030.

DIVISION V

ENVIRONMENT FIRST FUND —— GENERAL APPROPRIATIONS

Sec. 18. DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP. There is appropriated from the environment first fund created in section 8.57A to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so

much thereof as is necessary, to be used for the purposes designated:

1. CONSERVATION RESERVE ENHANCEMENT PROGRAM (CREP)

a. For the conservation reserve enhancement program to restore and construct wetlands for the purposes of intercepting tile line runoff, reducing nutrient loss, improving water quality, and enhancing agricultural production practices:

..... $ 1,000,000

b. Not more than 10 percent of the moneys appropriated in paragraph "a" may be used for costs of administration and implementation of soil and water conservation practices.

c. Notwithstanding section 8.57A, subsection 3, or any other provision of law to the contrary, the department may use moneys appropriated in this subsection, in combination with other appropriate environment first fund appropriations, for cost sharing to match United States department of agriculture, natural resources conservation service, wetlands reserve enhancement program (WREP) funding available to Iowa.

2. WATERSHED PROTECTION

a. For continuation of a program that provides multiobjective resource protections for flood control, water quality, erosion control, and natural resource conservation:

..... $ 900,000

b. Not more than 10 percent of the moneys appropriated in paragraph "a" may be used for costs of administration and implementation of soil and water conservation practices.

3. CONSERVATION RESERVE PROGRAM (CRP)

a. To encourage and assist farmers in enrolling in and the implementation of the federal conservation reserve program and to work with them to enhance their revegetation efforts to improve water quality and habitat:

..... $ 900,000

b. Not more than 10 percent of the moneys appropriated in paragraph "a" may be used for costs of administration and implementation of soil and water conservation practices.

H.F. 2771

4. SOIL AND WATER CONSERVATION

a. For use by the department in providing for soil and water conservation:

..... $ 8,325,000

b. (1) Of the amount appropriated in paragraph "a", for transfer to the hungry canyons account of the loess hills development and conservation fund created in section 161D.2:

..... $ 140,000

(2) Not more than 10 percent of the moneys transferred in subparagraph (1) may be used for administrative costs.

c. Of the remaining amount appropriated in paragraph "a", for use by the department in providing for soil and water conservation administration, the conservation of soil and water resources, or the support of soil and water conservation districts:

..... $ 8,185,000

d. Of the amount appropriated in paragraph "c" that the department allocates to a soil and water conservation district, the first $15,000 may be expended by the district for the purpose of providing financial incentives under section 161A.73 to establish management practices for the control of soil erosion on land that is row-cropped, including but not limited to nontill planting, ridge-till planting, and contouring strip-cropping. Of any remaining amount of that appropriation allocated by the department to a district, 30 percent may be expended by the district for that same purpose.

e. Not more than 5 percent of the moneys appropriated in paragraph "c" may be allocated for cost sharing to address complaints filed under section 161A.47.

f. Of the moneys appropriated in paragraph "c", 5 percent shall be allocated for financial incentives to establish practices to protect watersheds above publicly owned lakes of the state from soil erosion and sediment as provided in section 161A.73.

g. The department's division of soil conservation and

water quality may allocate moneys appropriated in paragraph "c" to conduct research and demonstration projects to promote conservation tillage and nonpoint source pollution control practices.

h. The allocation of moneys as financial incentives as provided in section 161A.73 may be used in combination with moneys allocated by the department of natural resources.

i. Not more than 15 percent of the moneys appropriated in paragraph "c" may be used for costs of administration and implementation of soil and water conservation practices.

5. SOIL AND WATER CONSERVATION — ADMINISTRATION

a. For use by the department for costs of administration and implementation of soil and water conservation practices:

..... $ 3,800,000

b. Of the moneys appropriated in paragraph "a", $150,000 is allocated to support field staff providing technical assistance.

Sec. 19. DEPARTMENT OF NATURAL RESOURCES. There is appropriated from the environment first fund created in section 8.57A to the department of natural resources for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. STATE PARK MAINTENANCE AND OPERATIONS

For regular maintenance and operations of state parks and staff time associated with these activities:

..... $ 6,235,000

2. GEOGRAPHIC INFORMATION SYSTEM (GIS)

To provide local watershed managers with geographic information system data for their use in developing, monitoring, and displaying results of their watershed work:

..... $ 195,000

3. WATER QUALITY MONITORING

For continuing the establishment and operation of water quality monitoring stations:

..... $ 2,955,000

4. PUBLIC WATER SUPPLY SYSTEM ACCOUNT

For deposit in the public water supply system account of the water quality protection fund created in section 455B.183A:

..... $ 500,000

5. REGULATION OF ANIMAL FEEDING OPERATIONS

For the regulation of animal feeding operations, including as provided for in chapters 459, 459A, and 459B:

..... $ 1,320,000

6. FLOODPLAIN MANAGEMENT AND DAM SAFETY

For supporting floodplain management and dam safety:

..... $ 375,000

7. AMBIENT AIR QUALITY

For the abatement, control, and prevention of ambient air pollution in this state, including measures as necessary to assure attainment and maintenance of ambient air quality standards from particulate matter:

..... $ 425,000

Sec. 20. STATE UNIVERSITY OF IOWA — IOWA GEOLOGICAL SURVEY. There is appropriated from the environment first fund created in section 8.57A to the state university of Iowa for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. IOWA GEOLOGICAL SURVEY OPERATIONS

For purposes of supporting the operations of the Iowa geological survey of the state created pursuant to section 456.1, including but not limited to providing analysis; data maintenance, collection, and compilation; investigative programs; and information for water supply development and protection:

..... $ 200,000

2. WATER RESOURCE MANAGEMENT

For purposes of supporting the Iowa geological survey in measuring, assessing, and evaluating the quantity of water

sources in this state and assisting the department of natural resources in regulating water quantity as provided in chapter 455B, subchapter III, part 4, pursuant to sections 455B.262B and 456.14:

..... $ 495,000

Sec. 21. REVERSION.

1. a. Except as provided in paragraph "b", and notwithstanding section 8.33, moneys appropriated for the fiscal year beginning July 1, 2026, in this division of this Act that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year, or until the project for which the appropriation was made is completed, whichever is earlier.

b. Notwithstanding section 8.33, moneys appropriated for the fiscal year beginning July 1, 2026, in this division of this Act to the department of agriculture and land stewardship to provide financial assistance for the establishment of permanent soil and water conservation practices that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year beginning July 1, 2029.

2. Subsection 1 does not apply to moneys transferred pursuant to this division of this Act to the loess hills development and conservation fund created in section 161D.2, which shall not revert as provided in that section.

DIVISION VI

ENVIRONMENT FIRST FUND —— SPECIAL APPROPRIATIONS

Sec. 22. WATER QUALITY INITIATIVE —— DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP.

1. There is appropriated from the environment first fund created in section 8.57A to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so

much thereof as is necessary, to be used for the purposes designated:

For deposit in the water quality initiative fund created in section 466B.45, for purposes of supporting the water quality initiative administered by the division of soil conservation and water quality as provided in section 466B.42, including salaries, support, maintenance, and miscellaneous purposes:

..... $ 2,375,000

2. a. The moneys appropriated in subsection 1 shall be used to support projects in subwatersheds as designated by the division that are part of high-priority watersheds identified by the water resources coordinating council established pursuant to section 466B.3.

b. The moneys appropriated in subsection 1 shall be used to support projects in watersheds generally, including regional watersheds, as designated by the division and high-priority watersheds identified by the water resources coordinating council established pursuant to section 466B.3.

3. In supporting projects in subwatersheds and watersheds as provided in subsection 2, all of the following apply:

a. The demonstration projects shall utilize water quality practices as described in the Iowa nutrient reduction strategy as defined in section 455B.171.

b. The division shall implement demonstration projects as provided in paragraph "a" by providing for participation by persons who hold a legal interest in agricultural land used in farming. To every extent practical, the division shall provide for collaborative participation by such persons who hold a legal interest in agricultural land located within the same subwatershed.

c. The division shall implement a demonstration project on a cost-share basis as determined by the division. However, except for edge-of-field practices, the state's share of the amount shall not exceed 50 percent of the estimated cost of establishing the practice as determined by the division or

50 percent of the actual cost of establishing the practice, whichever is less.

d. The demonstration projects shall be used to educate other persons about the feasibility and value of establishing similar water quality practices. The division shall promote field day events for purposes of allowing interested persons to establish water quality practices on their agricultural land.

e. The division shall conduct water quality evaluations within supported subwatersheds. Within a reasonable period after accumulating information from such evaluations, the division shall create an aggregated database of water quality practices. Any information identifying a person holding a legal interest in agricultural land or specific agricultural land shall be a confidential record under section 22.7.

4. The moneys appropriated in subsection 1 shall be used to support education and outreach in a manner that encourages persons who hold a legal interest in agricultural land used for farming to implement water quality practices, including the establishment of such practices in watersheds generally, and not limited to subwatersheds or high-priority watersheds.

5. The moneys appropriated in subsection 1 may be used to contract with persons to coordinate the implementation of efforts provided in this section.

6. The moneys appropriated in subsection 1 may be used by the department to support urban soil and water conservation efforts, which may include but are not limited to management practices related to bioretention, landscaping, the use of permeable or pervious pavement, and soil quality restoration. The moneys shall be allocated on a cost-share basis as provided in chapter 161A.

7. Notwithstanding any other provision of law to the contrary, the department may use moneys appropriated in subsection 1 to carry out the provisions of this section on a cost-share basis in combination with other moneys available to the department from a state or federal source.

H.F. 2771

8. Not more than 10 percent of the moneys appropriated in this section may be used to pay for the costs of administering and implementing the water quality initiative by the department's division of soil conservation and water quality as provided in section 466B.42 and this section.

DIVISION VII

RESOURCES ENHANCEMENT AND PROTECTION — OPEN SPACES

Sec. 23. REAP — IN LIEU OF GENERAL FUND APPROPRIATION. In lieu of the standing appropriation in section 455A.18, there is appropriated from the environment first fund created in section 8.57A to the Iowa resources enhancement and protection fund for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, to be allocated as provided in section 455A.19:

..... $ 12,000,000

Sec. 24. REAP — OPEN SPACES ACCOUNT — STATE PARK MAINTENANCE, OPERATIONS, AND FACILITY REFURBISHMENT. Notwithstanding section 455A.19, subsection 1, paragraph "a", subparagraph (1), of the moneys allocated to the open spaces account of the Iowa resources enhancement and protection fund, up to $1,000,000 may be used by the department of natural resources for state park maintenance, development, operations, and facility refurbishment for the fiscal year beginning July 1, 2026, and ending June 30, 2027.

DIVISION VIII

ANIMAL DISEASE PREPAREDNESS AND RESPONSE

Sec. 25. IOWA ANIMAL DISEASE PREVENTION FUND — DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP.

1. There is appropriated from the Iowa animal disease prevention fund created in section 165.18 to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. For purposes of purchasing and maintaining equipment

to further the implementation of the foreign animal disease preparedness and response strategy developed under section 163.3C:

..... $ 150,000

b. For purposes of assisting in the development of vaccines against foreign animal diseases by a company based in Iowa that develops livestock and other animal vaccines:

..... $ 100,000

c. For deposit in the foreign animal disease preparedness and response fund created in section 163.3B:

..... $ 200,000

d. For purposes of upgrading information technology resources used by the department:

..... $ 160,000

2. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 26. IOWA ANIMAL DISEASE PREVENTION FUND —— IOWA STATE UNIVERSITY. There is appropriated from the Iowa animal disease prevention fund created in section 165.18 to Iowa state university of science and technology for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

To assist the college of veterinary medicine veterinary diagnostic laboratory in installing and moving equipment into its refurbished facility:

..... $ 100,000

DIVISION IX

NOXIOUS WEEDS —— JAPANESE KNOTWEED

Sec. 27. Section 317.1A, subsection 1, paragraph a, Code 2026, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (13) Japanese knotweed (Fallopia

japonica).

EXPLANATION

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

This bill relates to and makes appropriations for FY 2026-2027 involving state government entities associated with agriculture, natural resources, and environmental protection, including the department of agriculture and land stewardship (DALS), department of natural resources (DNR), Iowa state university of science and technology (ISU), and state university of Iowa (UI).

DALS. The bill appropriates moneys from the general fund of the state (GF) to DALS for general operations, ISU's midwest grape and wine industry institute, dairy regulation, the local food and farm program, agricultural education, foreign animal disease preparedness and response, the farmers with disabilities program, loess hills development and conservation, southern Iowa development and conservation, grain regulation, the choose Iowa fund, and the choose Iowa food bank purchasing program. The bill also appropriates moneys to DALS from pari-mutuel wagering winnings for administration and enforcement of horse and dog racing, and from the renewable fuel infrastructure fund for motor fuel inspections. The bill appropriates moneys from the general fund of the state to DALS for the choose Iowa school purchasing program contingent on the enactment of legislation creating the program.

DNR. The bill appropriates moneys from the GF to DNR for general operations, floodplain management and dam safety, forestry health management, and state park operations and maintenance. The bill also appropriates moneys to DNR from the state fish and game protection fund for various activities, from the groundwater protection fund for DNR's groundwater protection activities, and from the special snowmobile fund for snowmobile programs.

ISU. The bill appropriates moneys from the GF to ISU for

the veterinary diagnostic laboratory, management of private forests, and livestock disease research. The bill also appropriates moneys from the Iowa nutrient research fund to ISU for the veterinary diagnostic laboratory.

UI. The bill appropriates moneys from the GF to UI for the center for agricultural safety and health, from the groundwater protection fund to UI for purposes of supporting the Iowa water quality information system, and from the water quality financing program fund to UI for mapping and assessing the condition of Iowa's aquifers by the Iowa geological survey.

ENVIRONMENT FIRST FUND. The bill appropriates moneys from the environment first fund (EFF) to DALS for the conservation reserve enhancement program, watershed protection, the conservation reserve program, soil and water conservation, and the water quality initiative fund; to DNR for state park maintenance and operations, the geographic information system, water quality monitoring, the public water supply system account, regulation of animal feeding operations, floodplain management and dam safety, and ambient air quality; and to UI for Iowa geological survey operations and water resource management.

RESOURCES ENHANCEMENT AND PROTECTION. For FY 2026-2027, the bill appropriates moneys from the EFF to the Iowa resources enhancement and protection (REAP) fund in lieu of the standing GF appropriation. The bill also allows certain moneys in the open spaces account of the REAP fund to be used by DNR for state park maintenance, development, operations, and facility refurbishment.

ANIMAL DISEASE PREPAREDNESS AND RESPONSE. The bill appropriates moneys from the Iowa animal disease prevention fund to DALS and ISU to support various activities relating to animal disease preparedness and response.

NOXIOUS WEEDS. The bill declares Japanese knotweed (Fallopia japonica) to be a primary noxious weed.

House File 2772 - Introduced

HOUSE FILE 2772
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 773)

A BILL FOR

An Act relating to and making appropriations for the economic development of the state, including to the economic development authority, Iowa finance authority, department of workforce development, and state board of regents and certain regents institutions, and codifying the housing renewal program.

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

TLSB 5002HV (2) 91
nls/ko

H.F. 2772

DIVISION I

FY 2026-2027 APPROPRIATIONS

Section 1. GOALS AND ACCOUNTABILITY —— ECONOMIC DEVELOPMENT.

1. For the fiscal year beginning July 1, 2026, the goals for the economic development authority shall be to expand and stimulate the state economy, increase the wealth of Iowans, and increase the population of the state.

2. To achieve the goals in subsection 1, the economic development authority shall do all of the following for the fiscal year beginning July 1, 2026:

a. Concentrate its efforts on programs and activities that result in commercially viable products and services.

b. Adopt practices and services consistent with free market, private sector philosophies.

c. Ensure economic growth and development throughout the state.

d. Work with businesses and communities to continually improve the economic development climate along with the economic well-being and quality of life for Iowans.

e. Coordinate with other state agencies to ensure that they are attentive to the needs of an entrepreneurial culture.

f. Establish a strong and aggressive marketing image to showcase Iowa's workforce, existing industry, and potential. The authority shall prioritize recruitment of new businesses, business expansion, and retention of existing Iowa businesses. In addition, the authority shall emphasize entrepreneurial development through helping entrepreneurs secure capital, and developing networks and a business climate conducive to entrepreneurs and small businesses.

g. Encourage the development of communities and quality of life to foster economic growth.

h. Prepare communities for future growth and development through development, expansion, and modernization of infrastructure.

H.F. 2772

i. Develop public-private partnerships with Iowa businesses in the tourism industry, Iowa tour groups, Iowa tourism organizations, and political subdivisions in this state to assist in the development of advertising efforts.

Sec. 2. ECONOMIC DEVELOPMENT AUTHORITY.

1. APPROPRIATION

a. There is appropriated from the general fund of the state to the economic development authority for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the purposes designated in this subsection, and for not more than the following full-time equivalent positions:

..... $ 12,903,510
..... FTEs 102.60

b. (1) For salaries, support, miscellaneous purposes, programs, marketing, administration, business development, community development, small business development, and any divisions the authority may organize.

(2) For business development operations and programs, international trade, export assistance, workforce recruitment, and the partner state program.

(3) For transfer to a fund created pursuant to section 15.313 for purposes of financing strategic infrastructure projects.

(4) For community economic development programs, tourism operations, community assistance, and the community development block grant.

(5) For achieving the goals and accountability, and fulfilling the requirements and duties required under this Act.

(6) The full-time equivalent positions authorized under this subsection are funded, in whole or in part, by the moneys appropriated under this subsection or by other moneys received by the authority, including certain federal moneys.

c. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the

H.F. 2772

close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated in this subsection until the close of the succeeding fiscal year.

2. FINANCIAL ASSISTANCE RESTRICTIONS

a. A business creating jobs through moneys appropriated in subsection 1 shall be subject to contract provisions requiring new and retained jobs to be filled by individuals who are citizens of the United States who reside within the United States, or individuals authorized to work in the United States pursuant to federal law, including legal resident aliens residing in the United States.

b. Any vendor who receives moneys appropriated in subsection 1 shall adhere to such contract provisions and provide periodic assurances as the state shall require that the jobs are filled solely by citizens of the United States who reside within the United States, or individuals authorized to work in the United States pursuant to federal law, including legal resident aliens residing in the United States.

c. A business that receives financial assistance from the authority from moneys appropriated in subsection 1 shall only employ individuals legally authorized to work in this state. In addition to all other applicable penalties provided by current law, all or a portion of the assistance received by a business which is found to knowingly employ individuals not legally authorized to work in this state is subject to recapture by the authority.

3. USES OF APPROPRIATIONS

a. From the moneys appropriated in subsection 1, the authority may provide financial assistance in the form of a grant to a community economic development entity for conducting a local workforce recruitment effort designed to recruit citizens who are former residents of the state, and former students at colleges and universities in the state, to meet the needs of local employers.

b. From the moneys appropriated in subsection 1, the

authority may provide financial assistance to early stage industry companies being established by women entrepreneurs.

c. From the moneys appropriated in subsection 1, the authority may provide financial assistance in the form of grants, loans, or forgivable loans for advanced research and commercialization projects involving value-added agriculture, advanced technology, or biotechnology.

d. The authority shall not use any moneys appropriated in subsection 1 for purposes of providing financial assistance for any program or project that involves the installation of geothermal systems for melting snow and ice from streets or sidewalks.

4. WORLD FOOD PRIZE

In lieu of the standing appropriation in section 15.368, there is appropriated from the general fund of the state to the economic development authority for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount to be used for support of the world food prize:

..... $ 500,000

5. COUNCILS OF GOVERNMENTS — ASSISTANCE

There is appropriated from the general fund of the state to the economic development authority for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount to be used for the purposes of providing financial assistance to Iowa's councils of governments:

..... $ 350,000

6. TOURISM OFFICE

a. There is appropriated from the general fund of the state to the economic development authority for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for the tourism office for the advertisement, promotion, placement, and implementation of the economic development authority's strategic plan for tourism and travel:

..... $ 1,050,000

b. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

c. The economic development authority shall submit an annual report on or before January 15 to the general assembly regarding the tourism office's activities funded with moneys appropriated under this subsection. The report must be provided in an electronic format and must include metrics and criteria that allow the general assembly to quantify and evaluate the effectiveness and economic impact of the tourism office's activities related to the advertisement, promotion, placement, and implementation of the economic development authority's strategic plan for tourism and travel.

7. CULTURAL AFFAIRS ACTIVITIES

a. There is appropriated from the general fund of the state to the economic development authority for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amount, or so much thereof as is necessary, to be used for support of the Iowa arts council:

..... $ 1,601,800

b. Of the moneys appropriated in paragraph "a", the economic development authority shall allocate $321,800 for deposit in the arts and culture enhancement fund established in section 15.436.

c. Notwithstanding section 8.33, moneys appropriated in this subsection that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 3. LIMITATIONS OF STANDING APPROPRIATIONS — FY 2026-2027. Notwithstanding the standing appropriations in the following designated sections for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the amount appropriated

from the general fund of the state pursuant to the following sections for the following purposes shall not exceed the following amounts:

1. For the arts and culture enhancement fund under section 99F.11, subsection 4, paragraph "d", subparagraph (1):
..... $ 448,403

2. For the purposes of tourism marketing under section 99F.11, subsection 4, paragraph "d", subparagraph (2):
..... $ 1,443,700

Sec. 4. FINANCIAL ASSISTANCE REPORTING — ECONOMIC DEVELOPMENT AUTHORITY. The economic development authority shall submit an annual report to the general assembly no later than November 1, 2026, that details the amount of every direct loan, forgivable loan, tax credit, tax exemption, tax refund, grant, or any other financial assistance awarded to a person during the prior fiscal year by the authority under an economic development program administered by the authority. The report must identify the county where the project associated with each such award is located.

Sec. 5. INSURANCE ECONOMIC DEVELOPMENT. From the moneys collected by the insurance division of the department of insurance and financial services in excess of the anticipated gross revenues under section 505.7, subsection 3, during the fiscal year beginning July 1, 2026, $100,000 shall be transferred to the economic development authority for insurance economic development and international insurance economic development.

Sec. 6. IOWA FINANCE AUTHORITY.

1. There is appropriated from the general fund of the state to the Iowa finance authority for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. Rent subsidy program

(1) To provide reimbursement for rent expenses to eligible

persons under the home and community-based services rent subsidy program established in section 16.55:
..... $ 873,000

(2) Of the moneys appropriated in this paragraph, not more than $35,000 may be used for administrative costs.

b. Housing renewal program

To provide housing renewal moneys to the nonprofit Iowa affiliate to award grants to eligible communities for the housing renewal program created in section 16.52, as enacted in Division II of this Act:
..... $ 550,000

2. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 7. IOWA FINANCE AUTHORITY AUDIT. The auditor of state is requested to review the audit of the Iowa finance authority performed by the auditor hired by the authority.

Sec. 8. DEPARTMENT OF WORKFORCE DEVELOPMENT. There is appropriated from the general fund of the state to the department of workforce development for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. WORKFORCE DEVELOPMENT OPERATIONS

a. For the operation of field offices and the workforce development board, and for not more than the following full-time equivalent positions:
..... $ 6,902,636
..... FTEs 157.09

b. Of the moneys appropriated in paragraph "a", the department shall allocate $150,000 to the state library for the purpose of licensing an online resource which prepares individuals to succeed in the workplace through programs which

improve job skills and vocational test-taking abilities.

2. OFFENDER REENTRY PROGRAM

a. For the development and administration of an offender reentry program to provide offenders with employment skills, and for not more than the following full-time equivalent positions:

..... $ 387,158

..... FTEs 4.00

b. The department of workforce development shall partner with the department of corrections to provide staff within the correctional facilities resources to improve offenders' abilities to find and retain productive employment.

3. STATE ACCOUNTING SYSTEM

For the payment of services provided by the department of administrative services related to the state accounting system:

..... $ 228,822

4. WORKPLACE INJURY AND SAFETY SURVEYS

For the operation of workplace safety surveys and workplace data collection and analysis, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 125,555

..... FTEs 1.90

5. VOCATIONAL REHABILITATION SERVICES DIVISION

a. For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 6,226,739

..... FTEs 233.00

For purposes of optimizing the job placement of individuals with disabilities, the division shall make its best efforts to work with community rehabilitation program providers for job placement and retention services for individuals with significant disabilities and most significant disabilities. By January 15, 2027, the division shall submit a written report to

the general assembly regarding the division's outreach efforts with community rehabilitation program providers.

b. For the entrepreneurs with disabilities program described in section 84H.4:

..... $ 138,506

6. ADULT EDUCATION AND LITERACY PROGRAMS

For distribution as grants to community colleges for the purpose of adult basic education programs for students requiring instruction in English as a second language:

..... $ 500,000

In issuing grants under this subsection, the department of workforce development shall use the same application process and criteria as are used for purposes of awarding grants to community colleges for the purpose of adult basic education programs for students requiring instruction in English as a second language using moneys that are appropriated to the department from the Iowa skilled worker and job creation fund created in section 8.57J.

7. REGISTERED APPRENTICESHIP PROGRAMS

For the funding of the registered apprenticeship programs under chapter 84F to encourage small to midsize businesses to start or grow registered apprenticeships:

..... $ 760,000

8. REVERSION

Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 9. DEPARTMENT OF WORKFORCE DEVELOPMENT —— SPECIAL EMPLOYMENT SECURITY CONTINGENCY FUND.

1. There is appropriated from the special employment security contingency fund created in section 96.13 to the department of workforce development for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following

amount, or so much thereof as is necessary, to be used for field offices:

..... $ 4,616,084

2. Any remaining additional penalty and interest revenue collected by the department of workforce development is appropriated to the department for the fiscal year beginning July 1, 2026, and ending June 30, 2027, to accomplish the mission of the department.

Sec. 10. IOWA SKILLED WORKER AND JOB CREATION FUND.

1. There is appropriated from the Iowa skilled worker and job creation fund created in section 8.57J to the following departments, agencies, and institutions for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. ECONOMIC DEVELOPMENT AUTHORITY

(1) For providing financial assistance to eligible businesses for the business incentives for growth program pursuant to chapter 15, subchapter II, part 33:

..... $ 11,700,000

(a) Of the moneys appropriated in this subparagraph (1), not more than $1,000,000 may be used for purposes of providing infrastructure grants to main street communities under the main street Iowa program.

(b) As a condition of receiving moneys appropriated in this subparagraph (1), an entity shall testify upon the request of the joint appropriations subcommittee on economic development regarding the expenditure of such moneys.

(2) For support of the manufacturing 4.0 technology investment program established in section 15.371:

..... $ 2,350,000

(3) For the empower rural Iowa program:

..... $ 700,000

b. STATE BOARD OF REGENTS AND REGENTS INSTITUTIONS

(1) STATE BOARD OF REGENTS

For capacity building infrastructure in areas related to technology commercialization, marketing and business development efforts in areas related to technology commercialization, entrepreneurship, and business growth, and infrastructure projects and programs needed to assist in implementation of activities under chapter 262B:
..... $ 3,000,000

(a) Of the moneys appropriated pursuant to this subparagraph (1), 35 percent shall be allocated for Iowa state university of science and technology, 35 percent shall be allocated for the state university of Iowa, and 30 percent shall be allocated for the university of northern Iowa.

(b) The institutions shall provide a one-to-one match of additional moneys for the activities funded with moneys appropriated under this subparagraph (1).

(c) The state board of regents shall submit a report by January 15, 2027, to the governor and the general assembly regarding the activities, projects, and programs funded with moneys appropriated under this subparagraph (1). The report must be provided in an electronic format and must include a list of metrics and criteria mutually agreed to in advance by the board of regents and the economic development authority. The metrics and criteria must allow the governor's office and the general assembly to quantify and evaluate the progress of the board of regents institutions with regard to their activities, projects, and programs in the areas of technology commercialization, entrepreneurship, regional development, and market research.

(2) IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

For small business development centers, the research park, and the center for industrial research and service, and for not more than the following full-time equivalent positions:
..... $ 2,424,302
..... FTEs 50.94

(a) Of the moneys appropriated in this subparagraph (2),

H.F. 2772

Iowa state university of science and technology shall allocate at least $735,728 for purposes of funding small business development centers. Iowa state university of science and technology may allocate the appropriated moneys to the various small business development centers in any manner necessary to achieve the purposes of this subparagraph (2).

(b) Iowa state university of science and technology shall do all of the following:

(i) Direct expenditures for research toward projects that will provide economic stimulus for Iowa.

(ii) Emphasize providing services to Iowa-based companies.

(c) It is the intent of the general assembly that the center for industrial research and service industrial incentive program focus on Iowa industrial sectors and seek contributions and in-kind donations from businesses, industrial foundations, and trade associations, and that moneys for the program shall be allocated only for projects which are matched by private sector moneys for directed contract research or for nondirected research. The match required of small businesses as defined in section 15.102 for directed contract research or for nondirected research shall be $1 for each $3 of state funds. The match required for other businesses for directed contract research or for nondirected research shall be $1 for each $1 of state funds. The match required of industrial foundations or trade associations shall be $1 for each $1 of state funds.

(d) Iowa state university of science and technology shall report annually to the general assembly the total amount of private contributions, the proportion of contributions from small businesses and other businesses, and the proportion for directed contract research and nondirected research of benefit to Iowa businesses and industrial sectors.

(3) STATE UNIVERSITY OF IOWA

(a) For the state university of Iowa research park and for university of Iowa pharmaceuticals located at the research park, including salaries, support, maintenance, equipment, and

miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 209,279

..... FTEs 6.00

The state university of Iowa shall do all of the following:

(i) Direct expenditures for research toward projects that will provide economic stimulus for Iowa.

(ii) Emphasize providing services to Iowa-based companies.

(b) For the purpose of implementing the entrepreneurship and economic growth initiative, and for not more than the following full-time equivalent positions:

..... $ 2,000,000

..... FTEs 8.00

(4) UNIVERSITY OF NORTHERN IOWA

(a) For the metal casting and foundry 4.0 centers, advance Iowa, family business center, and the institute for decision making, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 1,466,419

..... FTEs 13.00

The university of northern Iowa shall do all of the following:

(i) Direct expenditures for research toward projects that will provide economic stimulus for Iowa.

(ii) Emphasize providing services to Iowa-based companies.

(b) For the purpose of providing in-state undergraduate tuition and undergraduate mandatory fees to individuals who reside in a state contiguous to Iowa, who enroll in an undergraduate program offered by the university of northern Iowa, and who are classified as residents of this state for purposes of undergraduate tuition and undergraduate mandatory fees:

..... $ 1,000,000

(c) For the purpose of expanding the nursing program:

..... $ 600,000

(5) DUTY TO TESTIFY

As a condition of receiving moneys appropriated in this lettered paragraph "b", an entity shall testify upon the request of the joint appropriations subcommittee on economic development regarding the expenditure of such moneys.

c. DEPARTMENT OF WORKFORCE DEVELOPMENT

(1) For staffing costs related to completing workforce preparation outcome reporting in conjunction with the department of education:

..... $ 125,000

(2) For distribution to community colleges for the purposes of implementing adult education and literacy programs pursuant to section 84A.19:

..... $ 4,500,000

(a) From the moneys appropriated in this numbered subparagraph, $3,125,000 shall be allocated pursuant to the formula established in section 260C.18C.

(b) From the moneys appropriated in this numbered subparagraph, not more than $150,000 shall be used by the department of workforce development for implementation of adult education and literacy programs pursuant to section 84A.19.

(c) From the moneys appropriated in this numbered subparagraph, not more than $1,015,000 shall be distributed as grants to community colleges for the purpose of adult basic education programs for students requiring instruction in English as a second language. The department of workforce development shall establish an application process and criteria to award grants pursuant to this subparagraph division to community colleges. The criteria must be based on need for instruction in English as a second language in the region served by each community college as determined by factors including data from the latest federal decennial census and outreach efforts to determine regional needs.

(d) From the moneys appropriated in this numbered

subparagraph, $210,000 shall be transferred to the department of health and human services for purposes of administering a program to provide access to international resources to Iowans and new Iowans to provide economic and leadership development resulting in Iowa being a more welcoming place to live, work, and raise a family. The program must provide supplemental support services for international refugees to improve learning, English literacy, life skills, cultural competencies, and integration in a county with a population over 350,000 as determined by the 2020 federal decennial census. The department of health and human services shall utilize a request-for-proposals process to identify the entity best qualified to implement the program.

2. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 11. GENERAL FUND —— CERTAIN REGENTS INSTITUTIONS.

1. There is appropriated from the general fund of the state to the following institutions for the fiscal year beginning July 1, 2026, and ending June 30, 2027, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

a. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

In cooperation with the economic development authority, for support of a biosciences innovation ecosystem, to strengthen Iowa's leadership positions in the area of bio-based chemicals, digital agriculture, vaccines, and medical devices, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 2,963,995
..... FTEs 14.81

b. STATE UNIVERSITY OF IOWA

In cooperation with the economic development authority, for

support of a biosciences innovation ecosystem, to strengthen Iowa's leadership positions in the area of bio-based chemicals, digital agriculture, vaccines, and medical devices, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 1,000,000

..... FTEs 4.35

c. UNIVERSITY OF NORTHERN IOWA

For equipment and technology to expand the university's additive manufacturing capabilities related to investment castings technology and industry support, including salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... $ 394,321

..... FTEs 2.73

The university of northern Iowa shall make a good-faith effort to coordinate with private entities to seek moneys to supplement this appropriation to support the expansion of the university's additive manufacturing capabilities.

2. Notwithstanding section 8.33, moneys appropriated in subsection 1, paragraphs "a" and "b", that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

DIVISION II

HOUSING RENEWAL PROGRAM

Sec. 12. NEW SECTION. **16.52 Housing renewal program.**

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

a. "Eligible participant" includes cities, counties, consortiums of local governments, and organizations exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code.

b. "Nonprofit Iowa affiliate" means a nonprofit Iowa affiliate of a nonprofit international organization whose

primary activity is the promotion of the construction, remodeling, or rehabilitation of one-family or two-family dwellings for use by low-income families.

2. *a.* A housing renewal program fund is created in the state treasury under the control of the authority. The fund shall consist of moneys appropriated to or deposited in the fund. Moneys in the fund are appropriated to the authority to administer the housing renewal program.

b. Notwithstanding section 8.33, moneys appropriated to the housing renewal program fund that remain uncumbered or unobligated at the close of a fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

c. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the housing renewal program fund shall be credited to the fund. Payment of interest, income generated from the sale of an ownership unit pursuant to subsection 6, recaptures of financial assistance awards, and other repayments under the housing renewal program shall be retained by the nonprofit Iowa affiliate for the purpose of awarding financial assistance under the housing renewal program to eligible participants.

3. *a.* The authority shall provide moneys from the housing renewal program fund to a nonprofit Iowa affiliate that shall use the moneys to award financial assistance under the housing renewal program to eligible participants.

b. Eligible participants shall use financial assistance awarded under the housing renewal program only for purposes of the acquisition, rehabilitation, and resale of ownership units; the acquisition and demolition of blighted structures; and the redevelopment of ownership units.

4. Twenty-five percent of moneys appropriated to the housing renewal program fund shall be allocated to financial assistance awards for eligible participants located in the eighty-eight least populated counties in the state.

5. *a.* The nonprofit Iowa affiliate shall determine the criteria used to evaluate eligible participants and to award financial assistance to eligible participants selected by the nonprofit Iowa affiliate.

b. The nonprofit Iowa affiliate shall not award an eligible participant more than one hundred thousand dollars per ownership unit. The nonprofit Iowa affiliate may use up to five percent of the financial assistance awarded to an eligible participant for administrative expenses related to the housing renewal program.

c. (1) An eligible participant shall have a maximum of thirty-six months from the date a contract is executed between the nonprofit Iowa affiliate and the eligible participant for the eligible participant to complete the eligible participant's project. The eligible participant's project shall be considered complete when all financial assistance awarded to the eligible participant has been expended, and all ownership units that are covered by the contract are finished and available for sale.

(2) Unless the nonprofit Iowa affiliate authorizes additional time for good cause shown, if an eligible participant has no project activity within twelve months from the date a contract is executed between the nonprofit Iowa affiliate and the eligible participant, the financial assistance award shall be returned to the nonprofit Iowa affiliate to be used to award financial assistance under the housing renewal program to eligible participants.

d. An eligible participant shall sell each completed ownership unit to a homebuyer whose household income is equal to or less than the one hundred twenty percent area median income and who must occupy the ownership unit as the homebuyer's primary residence. The deed to the ownership unit must contain a restrictive resale requirement that prohibits the homebuyer or a subsequent owner from selling the ownership unit to a person with a household income above the one hundred

twenty percent area median income for five calendar years from the date the eligible participant sold the ownership unit to the first homebuyer whose household income is equal to or less than the one hundred twenty percent area median income.

6. The nonprofit Iowa affiliate shall use income generated from the sale of an ownership unit only for the purpose of awarding financial assistance to eligible participants under the housing renewal program.

7. The authority shall not use more than five percent of moneys appropriated to the housing renewal program fund for administration and oversight of the housing renewal program.

8. The authority, in coordination with the nonprofit Iowa affiliate, shall submit an annual report to the general assembly on or before December 31 describing the community, economic, and financial impact of the housing renewal program.

EXPLANATION

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

This bill relates to and makes appropriations for the economic development of the state, and codifies the housing renewal program.

DIVISION I —— FY 2026-2027 APPROPRIATIONS. The bill appropriates moneys for FY 2026-2027 from the general fund of the state to the economic development authority (IEDA), Iowa finance authority (IFA), department of workforce development (IWD), Iowa state university of science and technology (ISU), state university of Iowa, and university of northern Iowa.

For FY 2026-2027, the bill limits standing appropriations for the world food prize, the arts and culture enhancement fund, and tourism marketing.

The bill transfers certain moneys collected by the insurance division in excess of the anticipated gross revenues under Code section 505.7 to IEDA.

The bill appropriates moneys for FY 2026-2027 from the special employment security contingency fund to IWD. The bill

H.F. 2772

also appropriates moneys for FY 2026-2027 from the Iowa skilled worker and job creation fund to IEDA, IWD, and the state board of regents and institutions under the control of the board.

The auditor of state is requested to review the audit of IFA performed by the auditor hired by IFA.

The bill requires IEDA, the vocational rehabilitation services division of IWD, the state board of regents, and ISU to submit various reports to the general assembly.

DIVISION II —— HOUSING RENEWAL PROGRAM. The bill codifies the housing renewal program (program) created pursuant to 2022 Iowa Acts, chapter 1148, section 20, as amended by 2023 Iowa Acts, chapter 110, section 18, and 2025 Iowa Acts, chapter 155, section 14. Under the bill, payments of interest, income generated from the sale of ownership units, recaptures of financial assistance (assistance) awards, and other repayments shall be retained by, or returned to, the nonprofit Iowa affiliate for the purpose of awarding assistance under the program to eligible participants, rather than be deposited in the program fund as is the case under current law. "Nonprofit Iowa affiliate" is defined in the bill.

House File 2773 - Introduced

HOUSE FILE 2773
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 754)

A BILL FOR

An Act relating to drainage or levee districts, by exempting an application fee that may be charged to certain persons applying for an easement to install fiber optic cable, and including effective date provisions.

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

TLSB 6870HV (1) 91
da/js

H.F. 2773

Section 1. Section 468.186, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. *a.* The governing body of a drainage or levee district shall not charge an administrative fee related to the consideration, approval, or disapproval of an application for an easement to install fiber optic cable by a person whose business is primarily locally operated as a contractor or fiber optic network company.

b. The drainage district may prepare and publish a list of the names of persons described in paragraph "*a*" that will not be charged the administrative fee.

Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

EXPLANATION

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

The governing body of a drainage or levee district (e.g., a county board of supervisors or board of trustees) may approve an easement on, over, across, or beneath the land of the district. This includes an easement for a pipeline, electric transmission line, communication line, underground service line, or other similar installation (Code section 468.186(1)). This bill provides that the governing body cannot charge an administrative fee for considering, approving, or disapproving an application for an easement to install fiber optic cable by a person whose business is primarily locally operated as a contractor or fiber optic network company. The drainage district may prepare and publish a list of local contractors and fiber optic network companies that will not be charged the administrative fee. The bill takes effect upon enactment.

House File 2774 - Introduced

HOUSE FILE 2774
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 774)

A BILL FOR

An Act exempting sales and use taxes incurred for constructing a regional water trail system by a nonprofit corporation, and including effective date and retroactive applicability provisions.

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

TLSB 6945HV (1) 91
jm/jh

H.F. 2774

Section 1. Section 423.3, subsection 18, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *h.* A nonprofit corporation that is a designated exempt entity under section 423.4, subsection 1, paragraph *"a"*, subparagraph (11).

Sec. 2. Section 423.3, subsection 80, paragraph c, subparagraph (1), Code 2026, is amended to read as follows:

(1) With regard to a written construction contract with a designated exempt entity described in paragraph *"a"*, subparagraph (1), the sales price of building materials, supplies, equipment, or services is exempt from tax by this subsection only to the extent the building materials, supplies, equipment, or services are completely consumed in the performance of the construction contract with ~~the~~ a designated exempt entity, and only if the property that is the subject of the construction project becomes public property or the property of ~~the~~ a designated exempt entity.

Sec. 3. Section 423.4, subsection 1, paragraph a, Code 2026, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (11) A domestic nonprofit corporation organized under chapter 504 that has a majority of voting board members appointed by political subdivisions of the state, implements a regional recreational and dam safety plan, and constructs horizontal and vertical infrastructure on land and within rivers and watersheds as part of a regional water trail system.

Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 5. RETROACTIVE APPLICABILITY. This Act applies retroactively to January 1, 2025, to all tangible personal property or specified digital products sold, or services furnished, to a designated exempt entity described in section 423.4, subsection 1, paragraph "a", subparagraph (11), if enacted by this Act, occurring on or after that date.

Sec. 6. RETROACTIVE APPLICABILITY. This Act applies

H.F. 2774

retroactively to January 1, 2025, to building materials, supplies, equipment, or services furnished to a contractor and used in the performance of a written contract with a designated exempt entity described in section 423.4, subsection 1, paragraph "a", subparagraph (11), if enacted by this Act, occurring on or after that date.

EXPLANATION

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

This bill exempts sales and use taxes incurred by a nonprofit corporation for the construction of a regional water trail system.

The bill makes a nonprofit corporation (nonprofit) organized under Code chapter 504 a designated exempt entity, which allows the nonprofit corporation to apply to the department of revenue for the refund of the sales and use tax upon sales of building materials, supplies, and equipment, or from services furnished, by a contractor in the performance of a written contract with the nonprofit. The nonprofit is generally defined to mean an Iowa nonprofit corporation that has a majority of voting board members appointed by political subdivisions of the state, that implements a regional recreational and dam safety plan, and constructs a regional water trail system.

The bill also exempts from the sales tax the sales price of tangible personal property or specified digital products sold or of services furnished to the nonprofit.

By designating the nonprofit a designated exempt entity under the bill, construction services provided to the nonprofit also become exempt from the sales tax under Code section 423.3(80). The bill makes changes to Code section 423.3(80)(c)(1) to specify written contracts with an exempt entity for the sales tax exemption even if another designated exempt entity ultimately owns the property subject to the construction project.

By operation of Code section 423.6, an item exempt from the

H.F. 2774

imposition of the sales tax is also exempt from the use tax imposed in Code section 423.5.

The bill takes effect upon enactment and applies retroactively to January 1, 2025, to all tangible personal property or specified digital products sold, or services furnished, to the designated exempt entity occurring on or after that date.

The bill also applies retroactively to January 1, 2025, to building materials, supplies, equipment, or services furnished to a contractor and used in the performance of a written contract with the designated exempt entity occurring on or after that date.

House File 2775 - Introduced

HOUSE FILE 2775
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 761)

A BILL FOR

An Act relating to a convenience fee for recording instruments in a county by a person who is not a resident of the county.

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

TLSB 6903HV (2) 91
ms/js

H.F. 2775

Section 1. Section 321G.4, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. The owner of the snowmobile shall file an application for registration with the department through the county recorder of the county of residence in the manner established by the commission. The application shall be completed by the owner and shall be accompanied by a fee of thirty dollars and a writing fee in accordance with section 321G.27. In addition, the county recorder may charge a convenience fee in accordance with section 331.604, subsection 1, paragraph "*b*". A snowmobile shall not be registered by the county recorder until the county recorder is presented with receipts, bills of sale, or other satisfactory evidence that the sales or use tax has been paid for the purchase of the snowmobile or that the owner is exempt from paying the tax. A snowmobile that has an expired registration certificate from another state may be registered in this state upon proper application, payment of all applicable ~~registration and writing~~ fees, and payment of a penalty of five dollars.

Sec. 2. Section 321I.4, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. The owner of the all-terrain vehicle shall file an application for registration with the department through the county recorder of the county of residence, or in the case of a nonresident owner, in the county of primary use, in the manner established by the commission. The application shall be completed by the owner and shall be accompanied by a fee of fifteen dollars and a writing fee as provided in section 321I.29. In addition, the county recorder may charge a convenience fee in accordance with section 331.604, subsection 1, paragraph "*b*". An all-terrain vehicle shall not be registered by the county recorder until the county recorder is presented with receipts, bills of sale, or other satisfactory evidence that the sales or use tax has been paid for the purchase of the all-terrain vehicle or that the owner

H.F. 2775

is exempt from paying the tax. An all-terrain vehicle that has an expired registration certificate from another state may be registered in this state upon proper application, payment of all applicable ~~registration and writing~~ fees, and payment of a penalty of five dollars.

Sec. 3. Section 331.604, subsection 1, Code 2026, is amended to read as follows:

1. *a.* Except as otherwise provided by state law, paragraph *"b"* of this subsection, subsection 4, or section 331.605, the recorder shall collect a fee of five dollars for each page or fraction of a page of an instrument ~~which~~ that is filed or recorded in the recorder's office. If a page or fraction of a page contains more than one transaction, the recorder shall collect the fee for each transaction.

b. The recorder may also charge, in addition to any other fee imposed by law, a convenience fee for the filing or recording of an instrument for a person who is not a resident of the county, unless that person pays property tax to the county and provides proof of payment such as a receipt as provided in section 445.5, subsection 6, or another form of proof as determined by the county. The recorder shall not charge a convenience fee in excess of ten dollars. All moneys collected pursuant to this paragraph shall be deposited into the county recorder's records management fund and used for the purposes described in subsection 2, paragraph *"b"*.

Sec. 4. Section 462A.5, subsection 1, paragraph a, Code 2026, is amended to read as follows:

a. The owner of the vessel shall file an application for registration with the appropriate county recorder on forms provided by the commission. The application shall be completed and signed by the owner of the vessel and shall be accompanied by the appropriate fee, and the writing fee specified in section 462A.53. In addition, the county recorder may charge a convenience fee in accordance with section 331.604, subsection 1, paragraph *"b"*. Upon applying for registration, the owner

H.F. 2775

shall display a bill of sale, receipt, or other satisfactory proof of ownership as provided by the rules of the commission to the county recorder. If the county recorder is not satisfied as to the ownership of the vessel or that there are no undisclosed security interests in the vessel, the county recorder may register the vessel but shall, as a condition of issuing a registration certificate, require the applicant to follow the procedure provided in section 462A.5A. Upon receipt of the application in approved form accompanied by the required fees, the county recorder shall enter it upon the records of the recorder's office and shall issue to the applicant a pocket-size registration certificate. The certificate shall be executed and delivered to the owner. The county recorder shall maintain an electronic record of each registration certificate issued by the county recorder under this chapter. The registration certificate shall bear the number awarded to the vessel, the passenger capacity of the vessel, and the name and address of the owner. In the use of all vessels except nonpowered sailboats, nonpowered canoes, and commercial vessels, the registration certificate shall be carried either in the vessel or on the person of the operator of the vessel when in use. In the use of nonpowered sailboats, nonpowered canoes, or commercial vessels, the registration certificate may be kept on shore in accordance with rules adopted by the commission. The operator shall exhibit the certificate to a peace officer upon request or, when involved in an occurrence of any nature with another vessel or other personal property, to the owner or operator of the other vessel or personal property.

EXPLANATION

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

This bill allows a county recorder to charge, in addition to any other fee imposed by law, a convenience fee for the filing or recording of an instrument, including the filing of an

H.F. 2775

application for the registration of a snowmobile, all-terrain vehicle, or vessel, for a person who is not a resident of the county, unless that person pays property tax to the county and provides proof of payment. The recorder shall not charge a convenience fee in excess of $10. Moneys collected from the assessment of a convenience fee pursuant to the bill shall be deposited in the county's county recorder's records management fund and used for specified purposes.

House File 2776 - Introduced

HOUSE FILE 2776
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2536)
(SUCCESSOR TO HSB 211)

A BILL FOR

An Act providing for the conversion of partnerships into other forms of domestic or foreign organizations, and providing for fees.

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

TLSB 1684HZ (1) 91
da/jh

H.F. 2776

Section 1. Section 486A.901, Code 2025, is amended by striking the section and inserting in lieu thereof the following:

486A.901 Definitions.

In this article:

1. *"Converted organization"* means the organization into which a converting domestic partnership converts pursuant to this article, and continues in existence after the conversion takes effect.

2. *"Converting organization"* means a domestic partnership that converts into another organization pursuant to this article and does not continue in existence after the conversion takes effect.

3. *"Domestic"*, with respect to an organization, means formed and governed as to its internal affairs by a domestic governing statute.

4. *"Domestic governing statute"* means a statute of this state governing the formation and internal affairs of a domestic organization, including this chapter governing a partnership; chapter 488 governing a limited partnership, including a limited liability limited partnership; chapter 489 governing a limited liability company; chapter 490 governing a business corporation; chapter 504 governing a not-for-profit corporation; or chapter 633A governing a business trust.

5. *"Foreign"*, with respect to an organization, means formed and governed as to its internal affairs by the laws of another jurisdiction.

6. *"Foreign governing statute"* means a statute of another jurisdiction governing the formation and internal affairs of a foreign organization.

7. *"General partner"* means a partner in a partnership and a general partner in a limited partnership.

8. *"Governing statute"* means a domestic governing statute or foreign governing statute, including any predecessor statute.

9. *"Limited partner"* means a limited partner in a limited

partnership.

10. *"Limited partnership"* means a limited partnership formed under chapter 488.

11. *"Organization"* means a partnership; limited partnership, including a limited liability limited partnership; limited liability company; business corporation; nonprofit corporation; or business trust formed if the organization is formed under a domestic governing statute or foreign governing statute; or any other foreign organization formed under a comparable foreign governing statute.

12. *a. "Organizational document"* means a public organic document and other document or record that determines an organization's internal governance and the relations among the persons that own the organization, have an interest in the organization, or are members of the organization, as provided in its governing statute, and includes any amendment to or restatement of that document or record.

b. "Organizational document" includes but is not limited to the following:

(1) For a domestic general partnership, its partnership agreement as provided in its domestic governing statute; or for a foreign general partnership, its partnership agreement or a comparable document as provided in its foreign governing statute.

(2) For a domestic limited partnership, its certificate of limited partnership as provided in its domestic governing statute; or for a foreign limited partnership, its certificate of limited partnership or a comparable document as provided in its foreign governing statute.

(3) For a domestic limited liability company, its certificate of organization and operating agreement as provided in its domestic governing statute; or for a foreign limited liability company, its certificate of organization or articles of organization, and operating agreement, or comparable records as provided in its foreign governing statute.

(4) For a domestic business corporation, its articles of incorporation, bylaws, and other agreements among its shareholders authorized by its domestic governing statute, as provided in its domestic governing statute; or for a foreign business corporation, its articles of incorporation, bylaws, other agreements among its shareholders authorized by its foreign governing statute, or comparable documents as provided in its foreign governing statute.

(5) For a domestic nonprofit corporation, its articles of incorporation, bylaws, and other agreements among its members authorized by its domestic governing statute, as provided in its domestic governing statute; and for a foreign nonprofit corporation, its articles of incorporation, bylaws, and other agreements among its members authorized by its foreign governing statute, or comparable records as provided in its foreign governing statute.

(6) For a domestic business trust, its certificate of trust, agreement of trust, or declaration of trust; and for a foreign business trust, its certificate of trust, agreement of trust, declaration of trust, or comparable records as provided in its foreign governing statute.

13. *"Partner"* includes either a partner in a general partnership or a general or limited partner in a limited partnership.

14. *a. "Public organic document"* means a document or record the filing of which by the secretary of state is required to form an organization and includes any amendment to or restatement of that document or record.

b. "Public organic document" includes but is not limited to any of the following:

(1) For a domestic limited partnership, a certificate of limited partnership as provided in its domestic governing statute; or for a foreign limited partnership, its certificate of limited partnership or a comparable document as provided in its foreign governing statute.

(2) For a domestic limited partnership, its certificate of limited partnership as provided in its domestic governing statute; or for a foreign limited partnership, its certificate of limited partnership or a comparable document as provided in its foreign governing statute.

(3) For a domestic limited liability company, its certificate of organization as provided in its domestic governing statute; or for a foreign limited liability company, its certificate of organization or articles of organization or comparable records as provided in its foreign governing statute.

(4) For a domestic business corporation, its articles of incorporation as provided in its domestic governing statute; or for a foreign business corporation, its articles of incorporation or comparable documents as provided in its foreign governing statute.

(5) For a domestic nonprofit corporation, its articles of incorporation as provided in its domestic governing statute; and for a foreign nonprofit corporation, its articles of incorporation or comparable records as provided in its foreign governing statute.

(6) For a domestic business trust, its certificate of trust, agreement of trust, or declaration of trust; and for a foreign business trust, its certificate of trust, agreement of trust, declaration of trust, or comparable documents as provided in its foreign governing statute.

Sec. 2. Section 486A.902, Code 2025, is amended by striking the section and inserting in lieu thereof the following:

486A.902 Conversion of partnership to another type of organization.

1. A domestic partnership may be converted to another type of domestic or foreign organization pursuant to this section if all of the following apply:

a. The other organization's governing statute authorizes the conversion.

b. The conversion is not prohibited by the law of the jurisdiction that enacted the other organization's governing statute.

c. The other organization complies with its governing statute in effecting the conversion.

2. A plan of conversion setting forth the terms and conditions of the conversion of a domestic partnership to another organization must be approved by all of the partners or by a number or percentage specified for conversion in the partnership agreement.

3. A plan of conversion must be in a document and must include all of the following:

a. The name of the converting organization.

b. The name, type of organization, and jurisdiction of the governing statute of the converted organization.

c. The terms and conditions of the conversion, including the manner and basis for converting interests in the converting organization into any combination of money, interests in the converted organization, and other consideration.

d. The organizational documents of the converted organization.

e. In addition to the requirements of paragraphs "*a*" through "*d*", a plan of conversion may contain any other provision not prohibited by law.

4. After the plan of conversion is approved by the partners, the partnership shall deliver to the secretary of state for filing articles of conversion which must include all of the following:

a. A statement that the partnership has been converted into another type of organization.

b. The name, type of organization of the converting organization, and the jurisdiction of the governing statute of the converted organization.

c. The name, type of organization of the converted organization, and the jurisdiction of the governing statute of

the converted organization.

d. The date the conversion is effective under the governing statute of the converted organization.

e. A statement that the conversion was approved as required by this chapter.

f. A statement that the conversion was approved as required by the governing statute of the converted organization.

5. The conversion takes effect when the articles of conversion and any public organic document required by the converted organization's governing statute are filed or at any later date specified in the filed articles of conversion.

6. After a conversion pursuant to this chapter, a general partner of a converting general partnership remains liable as a general partner for an obligation incurred by the partnership before the conversion takes effect. A person not a partner is deemed to have notice of a partnership's participation in a conversion ninety days after the articles of conversion under this section become effective.

Sec. 3. Section 486A.904, Code 2025, is amended by striking the section and inserting in lieu thereof the following:

486A.904 Effect of conversion.

1. An organization that has been converted pursuant to this article is for all purposes the same organization that existed before the conversion.

2. When a conversion takes effect, all of the following procedures apply:

a. All property owned by the converting organization remains vested in the converted organization.

b. All debts, liabilities, and other obligations of the converting organization continue as obligations of the converted organization.

c. An action or proceeding pending by or against the converting organization may be continued as if the conversion had not occurred.

d. Except as prohibited by other law, all of the rights,

privileges, immunities, powers, and purposes of the converting organization remain vested in the converted organization.

e. Except as otherwise provided in the plan of conversion, the terms and conditions of the plan of conversion take effect.

f. Except as otherwise agreed, the conversion does not dissolve a partnership for the purposes of article 8.

3. *a.* A converted foreign organization consents to the jurisdiction of the courts of this state to enforce any obligation owed by the converting organization, if before the conversion the converting organization was subject to suit in this state on the obligation.

b. A converted foreign organization that is not authorized to transact business in this state shall appoint the secretary of state as its agent for service of process for purposes of enforcing an obligation under this subsection.

Sec. 4. Section 486A.1202, subsection 1, Code 2025, is amended by adding the following new paragraph:

NEW PARAGRAPH. *0h.* Articles of conversion..... $ 50

Sec. 5. Section 488.1101, subsection 9, paragraph c, Code 2025, is amended to read as follows:

c. For a domestic or foreign limited liability company, its ~~articles~~ certificate of organization and operating agreement, or comparable records as provided in its governing statute.

EXPLANATION

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

BACKGROUND —— GENERAL. This bill amends the "Uniform Partnership Act" (Code chapter 486A) prepared and recommended by the national conference of commissioners of uniform state laws, and providing for partnership law in Iowa. A partnership refers to a general partnership which involves an association of individuals who assume co-ownership of business assets. Generally, the general partners are responsible for collective decisionmaking, taking an equal share of business profits, and assuming full personal liability in case of a lawsuit or

creditor action. A partnership is governed by a partnership agreement which is a type of private contract entered into by the partners that describes the internal affairs of the organization, and is not required to be filed with the secretary of state.

TYPES OF ORGANIZATIONS. A partnership is often compared with other types of organizations that limit the income earned and liability incurred by investors based on their respective contributions. The organization may delegate control over the organization's affairs to one or more persons who serve in a fiduciary capacity as one or more general partners of a limited partnership (Code chapter 488), managers of a limited liability company (Code chapter 489), or board members of a business corporation (Code chapter 490) or nonprofit corporation (Code chapter 504). These types of filing organizations must be formed under what the bill refers to as a domestic governing statute or foreign governing statute that controls the organization's internal governance with certain tax consequences. A foreign organization may also include other types of organizations under a comparable foreign governing statute. A public organic document required to be filed to form a domestic organization includes a certificate of limited partnership for a domestic limited partnership, a certificate of organization for a domestic limited liability company, articles of incorporation for a domestic business corporation or not-for-profit corporation. An organizational document includes a public organic document and other documents not required to be filed, including a partnership agreement for a domestic partnership, an operating agreement for a domestic limited liability company, bylaws and shareholder agreements for a domestic business corporation, and bylaws and other member agreements for a nonprofit corporation.

BACKGROUND —— CONVERSION. The process of conversion allows a domestic organization to become another type of domestic or foreign organization. Under Code chapter 486A, the conversion

process is limited. A domestic partnership formed under Code chapter 486A may only convert to a limited partnership governed under Code chapter 488 and only pursuant to certain requirements. The terms of the conversion must be approved by the partners. After the conversion, the converted limited partnership must file a certificate of limited partnership with the secretary. A general partner which becomes a limited partner of a converted limited partnership must remain liable as a general partner for any liability for an obligation incurred by the partnership.

BILL'S PROVISIONS —— PROCESS OF CONVERSION. The bill provides for the conversion of a domestic partnership to a domestic limited partnership or any other type of domestic or foreign organization, so long as the other organization's governing statute authorizes the conversion, the conversion is not prohibited by the other organization's governing statute, and the other organization complies with its governing statute. The terms of the conversion must be set out in a plan of conversion for approval by all of the general partnership's partners or a percentage specified in its partnership agreement. The plan of conversion must include organizational documents of the converted organization. After the conversion is approved, the secretary of state must file articles of conversion with the secretary of state that includes information regarding the converting partnership and converted organization. The conversion takes effect when articles of conversion and any public organic record for the converted organization are filed, or a later date as specified in the filed articles. The bill retains a provision that holds a general partner liable for any obligation incurred by the partnership before the conversion takes effect.

BILL'S PROVISIONS —— EFFECT OF CONVERSION. When a conversion takes effect, property owned by the converting organization becomes property of the converted organization. Obligations, including debts, incurred by the converting

H.F. 2776

organization become obligations of the converted organization. Any pending legal action brought by or against the converting organization continues as if the conversion had not occurred. The converted foreign organization consents to the jurisdiction of the courts of this state to enforce any obligation owed by the converting organization. A converted foreign organization that is not authorized to transact business in this state must appoint the secretary of state as its agent for service of process.

House Amendment to
Senate File 512

S-5179

Amend Senate File 512, as passed by the Senate, as follows:

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

2. Page 1, line 3, before <Actions> by inserting <Nothing in this section shall be construed to alter the law governing when a cause of action accrues, including the discovery rule and related doctrines, as recognized by statute or common law.>

House Amendment to
Senate File 2299

S-5180

Amend Senate File 2299, as passed by the Senate, as follows:

1. Page 1, by striking lines 3 through 16 and inserting:

<NEW SUBSECTION. 10. A student's parent or guardian, if the student is a minor, or the student, if the student is eighteen years of age or older or is an emancipated minor, shall, upon the request of the school district or accredited nonpublic school through which the student is accessing the program, pay to the school district or accredited nonpublic school an amount equal to the amount the school district or accredited nonpublic school paid to a community college pursuant to the contract entered into under this section that is directly associated with the student's participation in the community college-offered class, or the class taught by a community college-employed instructor, if any one of the following applies:

a. The student failed the community college-offered class.

b. The student failed the class taught by a community college-employed instructor.

c. The student withdrew from the community college-offered class.

d. The student withdrew from the class taught by a community college-employed instructor.>

House Amendment to
Senate Amendment to
House File 2523

S-5181

Amend the Senate amendment, H-8303, to House File 2523, as passed by the House, as follows:

1. Page 1, after line 3 by inserting:

<Section 1. Section 229.2, subsection 1, Code 2026, is amended to read as follows:

1. *a.* An application for admission to a public or private hospital for observation, diagnosis, care, and treatment as a voluntary patient may be made by any person who is mentally ill or has symptoms of mental illness.

b. (1) In the case of a minor, the minor's parent, guardian, or custodian may make application for admission of the minor as a voluntary patient.

~~(1)~~ (2) Upon receipt of an application for voluntary admission of a minor, the chief medical officer shall provide separate prescreening interviews and consultations with the parent, guardian, or custodian and the minor to assess the family environment and the appropriateness of the application for admission.

~~(2) During the interview and consultation the chief medical officer shall inform the minor orally and in writing that the minor has a right to object to the admission. If the chief medical officer of the hospital to which application is made determines that the admission is appropriate but the minor objects to the admission, the parent, guardian, or custodian must petition the juvenile court for approval of the admission before the minor is actually admitted.~~

~~(3) As soon as is practicable after the filing of a petition for juvenile court approval of the admission of the minor, the juvenile court shall determine whether the minor has an attorney to represent the minor in the hospitalization proceeding, and if not, the court shall assign to the minor an attorney. If the minor is financially unable to pay for an attorney, the attorney shall be compensated by an administrative services organization at an hourly rate to be established by the administrative services organization in~~

~~substantially the same manner as provided in section 815.7.~~

~~(4) The juvenile court shall determine whether the admission is in the best interest of the minor and is consistent with the minor's rights.~~

~~(5) The juvenile court shall order hospitalization of a minor, over the minor's objections, only after a hearing in which it is shown by clear and convincing evidence that:~~

~~(a) The minor needs and will substantially benefit from treatment.~~

~~(b) No other setting which involves less restriction of the minor's liberties is feasible for the purposes of treatment.~~

~~(6) Upon approval of the admission of a minor over the minor's objections, the juvenile court shall appoint an individual to act as an advocate representing the interests of the minor in the same manner as an advocate representing the interests of patients involuntarily hospitalized pursuant to section 229.19.~~

Sec. ___. Section 229.6A, subsections 1 and 3, Code 2026, are amended to read as follows:

1. Notwithstanding section 229.11, the juvenile court has exclusive original jurisdiction in proceedings concerning a minor for whom an application is filed under section 229.6~~or for whom an application for voluntary admission is made under section 229.2, subsection 1, to which the minor objects~~. In proceedings under this chapter concerning a minor, notwithstanding section 229.11, the term "*court*", "*judge*", or "*clerk*" means the juvenile court, judge, or clerk.

3. It is the intent of this chapter that when a minor is involuntarily or voluntarily hospitalized,~~or hospitalized with juvenile court approval over the minor's objection~~ the minor's family shall be included in counseling sessions offered during the minor's stay in a hospital when feasible. Prior to the discharge of the minor, the juvenile court may, after a hearing, order that the minor's family be evaluated and receive therapy ~~ordered~~ if the juvenile court finds therapy is

necessary to facilitate the return of the minor to the family setting.>

2. Page 1, line 16, after <treatment,> by inserting <inpatient treatment,>

3. Page 1, line 21, by striking <from> and inserting <by>

4. By renumbering as necessary.

Senate File 512

S-5182

Amend the House amendment, S-5179, to Senate File 512, as passed by the Senate, as follows:

1. Page 1, after line 6 by inserting:

<___. Page 1, after line 7 by inserting:

<Sec. ___. Section 614.1, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 11A. *Sexual abuse, human trafficking, and sexual exploitation of a minor.* No time limitation shall apply to an action brought for damages for an injury suffered as a result of sexual abuse as defined in section 709.1, sexual abuse in the first degree in violation of section 709.2, sexual abuse in the second degree in violation of section 709.3, sexual abuse in the third degree in violation of section 709.4, sexual exploitation by a counselor, therapist, school employee, or adult providing training or instruction in violation of section 709.15, human trafficking in violation of section 710A.2, and sexual exploitation of a minor in violation of section 728.12. This subsection shall apply regardless of the theory of liability in the civil action, including against civil defendants who were not liable in the related criminal action, if any.

Sec. ___. Section 614.1, subsection 12, Code 2026, is amended to read as follows:

12. *Sexual ~~abuse or sexual~~ exploitation by a counselor, therapist, school employee, or adult providing training or instruction.* An action for damages for injury suffered as a result of ~~sexual abuse, as defined in section 709.1, by a counselor, therapist, school employee, or adult providing training or instruction, as defined in section 709.15, or as a result of~~ sexual exploitation by a counselor, therapist, school employee, or adult providing training or instruction as defined in section 709.15, shall be brought within five years of the date the victim was last treated by the counselor or therapist, or within five years of the date the victim was last enrolled in or attended the school.

Sec. ___. Section 669.13, subsection 1, Code 2026, is amended to read as follows:

1. Except as provided in section 614.1, subsections 11A and 12, and section 614.8, a claim or suit otherwise permitted under this chapter shall be forever barred, unless within two years after the claim accrued, the claim is made in writing and filed with the director of the department of management under this chapter. The time to begin a suit under this chapter shall be extended for a period of six months from the date of mailing of notice to the claimant by the attorney general as to the final disposition of the claim or from the date of withdrawal of the claim under section 669.5, if the time to begin suit would otherwise expire before the end of the period.

Sec. ___. Section 670.5, unnumbered paragraph 1, Code 2026, is amended to read as follows:

Except as provided in section 614.1, subsections 11A and 12, and section 614.8, a person who claims damages from any municipality or any officer, employee or agent of a municipality for or on account of any wrongful death, loss, or injury within the scope of section 670.2 or section 670.8 or under common law shall commence an action therefor within two years after the alleged wrongful death, loss, or injury.

Sec. ___. REPEAL. Section 614.8A, Code 2026, is repealed.

Sec. ___. REVIVAL.

1. Every claim or cause of action brought against any party alleging intentional or negligent acts or omissions by a person for physical, psychological, or other injury or condition suffered as a result of conduct that would constitute sexual abuse as defined in section 709.1, which is barred as of the effective date of this Act because the applicable period of limitation has expired or the plaintiff previously failed to file a petition, is hereby revived.

2. Dismissal of such a previous action, ordered before the effective date of this Act, on grounds that the action was time-barred, or for failure of a party to file a petition,

shall not be grounds for dismissal of a revival action pursuant to this section.

Sec. ___. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.>

___. Title page, line 1, by striking <actions> and inserting <actions, including civil actions brought by victims of sexual abuse, human trafficking, or sexual exploitation, and including effective date provisions>>

2. By renumbering as necessary.

_____

JANET PETERSEN

House File 960

S-5183

Amend House File 960, as passed by the House, as follows:

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

2. Page 1, line 4, after <used> by inserting <in the furnishing of telecommunications services, internet access services, or a combination of these, on a commercial basis>

3. Page 1, line 10, by striking <for a> and inserting <~~for~~ by a provider of>

4. Page 1, lines 11 and 12, by striking <in the furnishing of telecommunications services on a commercial basis> and inserting <~~in the furnishing of telecommunications services on a commercial basis~~>

_____

COMMITTEE ON WAYS AND MEANS
DAN DAWSON, CHAIRPERSON

House File 2562

S-5184

Amend House File 2562, as amended, passed, and reprinted by the House, as follows:

1. Page 1, before line 1 by inserting:

<DIVISION I

CARE FACILITY PLACEMENT>

2. Page 8, after line 11 by inserting:

<DIVISION ___

PERSONS AUTHORIZED TO CONSENT — CONTINGENT ON ENACTMENT OF LEGISLATION

Sec. ___. Section 144H.1, subsection 6, as enacted in Division I of this Act, is amended to read as follows:

6. *"Person authorized to consent"* means an individual, in the same order of priority prescribed in section 144A.7, subsection 1, paragraph *"b"*, who shall be guided by the express or implied intentions of the patient and who is reasonably available, willing, and competent to consent, refuse to consent, or withdraw consent on a patient's behalf.

Sec. ___. CONTINGENT EFFECTIVE DATE. This division of this Act takes effect only if 2026 Iowa Acts, House File 2305, or successor legislation, amends section 144A.7, subsection 1, paragraph "b", and is substantially similar to the following language:

b. If a patient does not have an attorney in fact, a guardian appointed pursuant to chapter 633, or a guardian who has obtained court approval in accordance with section 232D.401, subsection 4, paragraph "a", the decision may be made by any of the following individuals, who shall be guided by the express or implied intentions of the patient, in the following order of priority if no individual in the previous priority is reasonably available, willing, and competent to make the decision:

(1) The patient's spouse.

(2) An adult child of the patient or, if the patient has more than one adult child, the decision agreed to by a majority of the adult children who are reasonably available for

consultation with the patient's attending provider.

(3) A parent of the patient or if the patient has more than one parent, the decision agreed to by both parents if both are reasonably available for consultation with the patient's attending provider.

(4) An adult sibling of the patient or, if the patient has more than one adult sibling, the decision agreed to by a majority of the adult siblings who are reasonably available for consultation with the patient's attending provider.

(5) The decision agreed to by a majority of the patient's adult relatives, including but not limited to grandchildren, grandparents, aunts, uncles, nieces, nephews, stepchildren, stepparents, and stepsiblings who are reasonably available for consultation with the patient's attending provider.

(6) A close adult friend.>

3. Title page, line 2, after <adults> by inserting <, including effective date provisions>

4. By renumbering as necessary.

_____

MARK COSTELLO

House File 2305

S-5185

Amend House File 2305, as amended, passed, and reprinted by the House, as follows:

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

<Section 1. Section 135J.1, Code 2026, is amended to read as follows:

135J.1 Definitions.

For the purposes of this chapter unless otherwise defined:

1. *"Attending ~~physician~~ provider"* means a physician ~~licensed pursuant to chapter 148 or a physician assistant licensed pursuant to chapter 148C~~, physician assistant, or an advanced registered nurse practitioner who is licensed in this state.

2. *"Attorney in fact"* means the same as defined in section 144B.1.

~~2.~~ 3. *"Core services"* means physician services, nursing services, medical social services, counseling services, and ~~volunteer~~ services provided by volunteers. These ~~core~~ services, as well as others deemed necessary by the hospice in delivering safe and appropriate care to ~~its case load~~ the hospice's hospice patients, can be provided through either direct or indirect arrangement by the hospice.

~~3.~~ 4. *"Department"* means the department of inspections, appeals, and licensing.

5. *"Guardian"* means the same as defined in section 633.3.

~~4.~~ 6. *"Hospice patient"* ~~or "patient"~~ means ~~a diagnosed terminally ill person~~ an individual with an anticipated life expectancy of six months or less, as certified by the attending ~~physician~~ provider, who~~, alone or in conjunction with a unit of care as defined in subsection 9,~~ has voluntarily requested and received admission into ~~the~~ a hospice program. ~~If the patient is unable to request admission, a family member the may voluntarily request and receive admission on the patient's behalf.~~ An individual may make this request in conjunction with a unit of care, the individual's attorney in fact, the individual's guardian, or the majority of the guardians

if the individual has more than one guardian with equal responsibilities appointed.

~~5.~~ 7. "*Hospice patient's family*" means the immediate kin of ~~the~~ a hospice patient, including a spouse, parent, stepparent, brother, sister, stepbrother, stepsister, child, or stepchild. Additional relatives or individuals with significant personal ties to the hospice patient may be included in the hospice patient's family.

~~6.~~ 8. "*Hospice program*" means a centrally coordinated program of home and inpatient care provided directly or through an agreement under the direction of an identifiable hospice administration providing ~~palliative~~ care directed at symptom management and supportive medical and other health services to ~~terminally ill~~ hospice patients and their families. A licensed hospice program shall utilize a medically directed interdisciplinary team and provide care to meet the physical, emotional, social, spiritual, and other special needs which are experienced during the final stages of illness, dying, and bereavement. Hospice care shall be available twenty-four hours a day, seven days a week.

~~7.~~ 9. "*Interdisciplinary team*" means the hospice patient and the hospice patient's family, the attending ~~physician~~ provider, and all of the following individuals trained to serve with a licensed hospice program:

a. A licensed physician pursuant to chapter 148.

b. A licensed registered nurse pursuant to chapter 152.

c. An individual with at least a baccalaureate degree in the field of social work providing medical-social services.

d. ~~Trained hospice volunteers~~ Volunteers.

e. As deemed appropriate by the hospice, physician assistants, providers of special services including but not limited to a spiritual counselor, ~~a pharmacist~~ pharmacists, or professionals in the fields of mental health may be included on the interdisciplinary team.

~~8.~~ 10. "*Palliative care*" means specialized medical care

~~directed at managing symptoms experienced by the hospice~~ provided to a patient~~, as well as addressing related needs of the patient and family as they experience the stress of the dying process~~ who has been diagnosed by the patient's attending provider with a serious illness. Palliative care is stress and symptom management care, based on the needs of the patient rather than the patient's diagnosis, provided by an interdisciplinary team. The intent of palliative care is to enhance the quality of life for the ~~hospice~~ patient and family unit~~, and is not treatment directed at cure of the terminal illness~~. Palliative care may be provided at any stage of a patient's serious illness, regardless of the patient's age, and may be provided in conjunction with curative treatment for the serious illness.

11. *"Serious illness"* means a health condition that carries a high risk of mortality and either negatively impacts an individual's daily functioning or quality of life, or excessively strains the individual's caregivers.

12. *"Terminal condition"* means the same as defined in section 144A.2.

~~9.~~ 13. *"Unit of care"* means ~~the~~ a hospice patient and ~~the~~ a hospice patient's family within a hospice program.

~~10.~~ 14. ~~*"Volunteer services"*~~ *"Volunteer"* means ~~the services provided by individuals~~ an individual who ~~have~~ has successfully completed a training program developed by a licensed hospice program and who provides services.

Sec. 2. Section 135J.3, Code 2026, is amended to read as follows:

135J.3 Basic requirements.

A licensed hospice program shall include:

1. A planned program of hospice care, the medical components of which shall be under the direction of an attending ~~physician~~ provider.

2. Centrally administered, coordinated ~~hospice~~ core services provided in home, outpatient, or institutional

settings.

3. A mechanism that assures the rights of ~~the patient and family~~ a unit of care.

4. ~~Palliative care~~ Symptom management provided to a ~~hospice patient and family~~ unit of care under the direction of an attending ~~physician~~ provider.

5. An interdisciplinary team which develops, implements, and evaluates the hospice plan of care for ~~the patient and family~~ a unit of care.

6. Bereavement services.

7. Accessible hospice care twenty-four hours a day, seven days a week in all settings.

8. An ongoing system of quality assurance and utilization review.

Sec. 3. NEW SECTION. **135J.3A Patient incapable of making a treatment decision.**

1. *a.* A request for admission and placement in a hospice program for a patient who has a terminal condition, and who is comatose, incompetent, or otherwise physically or mentally incapable of communication, and who has not expressed their desire for palliative care or a hospice program, may be made by the patient's attorney in fact or the patient's guardian. If the patient has more than one guardian with equal responsibilities appointed, the decision agreed to by a majority of guardians. If a majority consensus is not achieved by the guardians, a court order shall be required.

b. If a patient does not have an attorney in fact or a guardian, the request may be made by an individual, in the same order of priority prescribed in section 144A.7, subsection 1, paragraph "*b*", who shall be guided by the express or implied intentions of the patient and who is reasonably available, willing, and competent to make a request.

2. This section shall not apply to a guardian appointed under chapter 232D.

Sec. 4. Section 144A.2, Code 2026, is amended to read as

follows:

144A.2 Definitions.

Except as otherwise provided, as used in this chapter:

1. *"Adult"* means an individual eighteen years of age or older.

2. *"Advanced registered nurse practitioner"* means the same as defined in section 152.1.

~~2.~~ 3. *"Attending ~~physician~~ provider"* means the ~~physician selected by, or assigned to, the patient who has primary responsibility for the treatment and care of the patient~~ same as defined in section 135J.1.

~~3.~~ 4. ~~*"Attending physician assistant" means the physician assistant selected by, or assigned to, the patient who has primary responsibility for the treatment and care of the patient*~~ *"Attorney in fact"* means the same as defined in section 144B.1.

5. *"Close adult friend"* means a friend of a patient to whom all of the following apply:

a. The individual is at least eighteen years of age.

b. The individual has shown special care and concern for the patient.

c. The individual maintains regular contact with the patient and is familiar with the patient's health, activities, and beliefs.

d. The individual has provided an affidavit to the patient's attending provider that states that the individual is willing and able to be involved in the patient's care.

~~4.~~ 6. *"Declaration"* means a document executed in accordance with the requirements of section 144A.3.

~~5.~~ 7. *"Department"* means the department of health and human services.

~~6.~~ 8. *"Emergency medical care provider"* means emergency medical care provider as defined in section 147A.1.

~~7.~~ 9. *"Health care provider"* means a person, including an emergency medical care provider, who is licensed, certified, or

otherwise authorized or permitted by the law of this state to administer health care in the ordinary course of business or in the practice of a profession.

~~8.~~ 10. *"Hospital"* means hospital as defined in section 135B.1.

~~9.~~ 11. *a. "Life-sustaining procedure"* means any medical procedure, treatment, or intervention, including resuscitation, which meets both of the following requirements:

(1) Utilizes mechanical or artificial means to sustain, restore, or supplant a spontaneous vital function.

(2) When applied to a patient in a terminal condition, would serve only to prolong the dying process.

b. "Life-sustaining procedure" does not include the provision of nutrition or hydration except when required to be provided parenterally or through intubation, or the administration of medication or performance of any medical procedure deemed necessary to provide comfort care or to alleviate pain.

~~10.~~ 12. *"Out-of-hospital do-not-resuscitate order"* means a written order signed by ~~a physician~~ an attending provider, executed in accordance with the requirements of section 144A.7A and issued consistent with this chapter, that directs the withholding or withdrawal of resuscitation when an adult patient in a terminal condition is outside the hospital.

~~11.~~ 13. *"Physician"* means a person licensed to practice medicine and surgery or osteopathic medicine and surgery in this state.

~~12.~~ 14. *"Physician assistant"* means a person licensed to practice as a physician assistant in this state.

~~13.~~ 15. *"Qualified patient"* means a patient who has executed a declaration or an out-of-hospital do-not-resuscitate order in accordance with this chapter and who has been determined by the patient's attending ~~physician~~ provider to be in a terminal condition.

~~14.~~ 16. *"Resuscitation"* means any medical intervention that

utilizes mechanical or artificial means to sustain, restore, or supplant a spontaneous vital function, including but not limited to chest compression, defibrillation, intubation, and emergency drugs intended to alter cardiac function or otherwise to sustain life.

~~15.~~ 17. *"Terminal condition"* means an incurable or irreversible condition that, without the administration of life-sustaining procedures, will, in the opinion of the attending ~~physician~~ provider, result in death within a relatively short period of time or a state of permanent unconsciousness from which, to a reasonable degree of medical certainty, there can be no recovery.

Sec. 5. Section 144A.3, subsections 3 and 5, Code 2026, are amended to read as follows:

3. It is the responsibility of the declarant to provide the declarant's attending ~~physician or health care~~ provider with the declaration. An attending ~~physician or health care~~ provider may presume, in the absence of actual notice to the contrary, that the declaration complies with this chapter and is valid.

5. A declaration executed pursuant to this chapter may, but need not, be in the following form:

DECLARATION

If I should have an incurable or irreversible condition that will result either in death within a relatively short period of time or a state of permanent unconsciousness from which, to a reasonable degree of medical certainty, there can be no recovery, it is my desire that my life not be prolonged by the administration of life-sustaining procedures. If I am unable to participate in my health care decisions, I direct my attending ~~physician~~ provider to withhold or withdraw life-sustaining procedures that merely prolong the dying process and are not necessary to my comfort or freedom from pain.

Sec. 6. Section 144A.4, Code 2026, is amended to read as

follows:

144A.4 Revocation of declaration.

1. A declaration may be revoked at any time and in any manner by which the declarant is able to communicate the declarant's intent to revoke, without regard to mental or physical condition. A revocation is only effective as to the attending ~~physician or attending physician assistant~~ provider upon communication to such ~~physician or physician assistant~~ attending provider by the declarant or by another to whom the revocation was communicated.

2. The attending ~~physician or attending physician assistant~~ provider shall make the revocation a part of the declarant's medical record.

Sec. 7. Section 144A.5, Code 2026, is amended to read as follows:

144A.5 Determination of terminal condition.

When an attending ~~physician~~ provider who has been provided with a declaration determines that the declarant is in a terminal condition, this decision must be confirmed by another physician, advanced registered nurse practitioner, or physician assistant. The attending ~~physician~~ provider must record ~~that~~ the determination in the declarant's medical record.

Sec. 8. Section 144A.6, subsection 2, Code 2026, is amended to read as follows:

2. The declaration of a qualified patient known to the attending ~~physician~~ provider to be pregnant shall not be in effect as long as the fetus could develop to the point of live birth with continued application of life-sustaining procedures. However, the provisions of this subsection do not impair any existing rights or responsibilities that any person may have in regard to the withholding or withdrawal of life-sustaining procedures.

Sec. 9. Section 144A.7, subsections 1 and 2, Code 2026, are amended to read as follows:

1. *a.* Life-sustaining procedures may be withheld or

withdrawn from a patient who is in a terminal condition and who is comatose, incompetent, or otherwise physically or mentally incapable of communication, and who has not made a declaration in accordance with ~~this chapter~~ section 144A.3 if there is consultation and written agreement for the withholding or the withdrawal of life-sustaining procedures between the attending ~~physician~~ provider, another physician, advanced registered nurse practitioner, or physician assistant, and the patient's attorney in fact, the patient's guardian appointed pursuant to chapter 633, or the patient's guardian who has obtained court approval in accordance with section 232D.401, subsection 4, paragraph "*a*". If the patient has more than one guardian with equal responsibilities appointed, the decision agreed to by a majority of the guardians. If a majority consensus is not achieved by the guardians, a court order shall be required.

b. If a patient does not have an attorney in fact, a guardian appointed pursuant to chapter 633, or a guardian who has obtained court approval in accordance with section 232D.401, subsection 4, paragraph "*a*", the decision may be made by any of the following individuals, who shall be guided by the express or implied intentions of the patient, in the following order of priority if no individual in ~~a prior class~~ the previous priority is reasonably available, willing, and competent to ~~act~~ make the decision:

~~*a.* The attorney in fact designated to make treatment decisions for the patient should such person be diagnosed as suffering from a terminal condition, if the designation is in writing and complies with chapter 144B.~~

~~*b.* The guardian of the person of the patient if one has been appointed, provided court approval is obtained in accordance with section 232D.401, subsection 4, paragraph "a", or section 633.635, subsection 3, paragraph "*b*", subparagraph (1). This paragraph does not require the appointment of a guardian in order for a treatment decision to be made under this section.~~

~~*c.*~~ (1) The patient's spouse.

~~*d.*~~ (2) An adult child of the patient or, if the patient has more than one adult child, the decision agreed to by a majority of the adult children who are reasonably available for consultation with the patient's attending provider.

~~*e.*~~ (3) A parent of the patient~~,~~ or ~~parents~~ if the patient has more than one parent, the decision agreed to by both parents if both are reasonably available for consultation with the patient's attending provider.

~~*f.*~~ (4) An adult sibling of the patient or, if the patient has more than one adult sibling, the decision agreed to by a majority of the adult siblings who are reasonably available for consultation with the patient's attending provider.

(5) The decision agreed to by a majority of the patient's adult relatives, including but not limited to grandchildren, grandparents, aunts, uncles, nieces, nephews, stepchildren, stepparents, and stepsiblings who are reasonably available for consultation with the patient's attending provider.

(6) A close adult friend.

2. When a decision is made pursuant to this section to withhold or withdraw life-sustaining procedures, there shall be a witness present at the time of the consultation with the patient's attending provider when ~~that~~ the decision is made.

Sec. 10. Section 144A.7A, subsections 1 and 3, Code 2026, are amended to read as follows:

1. If an attending ~~physician or attending physician assistant~~ provider issues an out-of-hospital do-not-resuscitate order for an adult patient under this section, the ~~physician~~ attending provider shall use the form prescribed pursuant to subsection 2, include a copy of the order in the patient's medical record, and provide a copy to the patient or an individual authorized to act on the patient's behalf.

3. The out-of-hospital do-not-resuscitate order form shall include all of the following:

a. The patient's name.

b. The patient's date of birth.

c. The name of the individual authorized to act on the patient's behalf, if applicable.

d. A statement that the patient is in a terminal condition.

e. The ~~physician's or physician assistant's~~ attending provider's signature.

f. The date the form is signed.

g. A concise statement of the nature and scope of the order.

h. Any other information necessary to provide clear and reliable instructions to a health care provider.

Sec. 11. NEW SECTION. **144A.7B Procedure in absence of out-of-hospital do-not-resuscitate order.**

1. *a.* Resuscitation may be withheld or withdrawn from a patient who has a terminal condition, and who is comatose, incompetent, or otherwise physically or mentally incapable of communication, and who has not executed an out-of-hospital do-not-resuscitate order, if there is consultation and written agreement for the withholding or the withdrawal of resuscitation between the attending provider and another physician, advanced registered nurse practitioner, or physician assistant, and the patient's attorney in fact, the patient's guardian appointed pursuant to chapter 633, or the patient's guardian who has obtained court approval in accordance with section 232D.401, subsection 4, paragraph "*a*". If the patient has more than one guardian appointed with equal responsibilities, the decision agreed to by a majority of the guardians. If a majority consensus is not achieved by the guardians, a court order shall be required.

b. If a patient does not have an attorney in fact, a guardian appointed pursuant to chapter 633, or a guardian who has obtained a court approval in accordance with section 232D.401, subsection 4, paragraph "*a*", the decision may be made by an individual, in the same order of priority prescribed in section 144A.7, subsection 1, paragraph "*b*", who shall be guided by the express or implied intentions of the patient and who is reasonably available, willing, and competent to make the

decision.

2. When a decision is made pursuant to this section to withhold or withdraw resuscitation, a witness shall be present at the time of the consultation with the patient's attending provider when the decision is made.

3. This section shall only apply to a patient located in a health care facility as that term is defined in section 135C.1, a health facility as that term is defined in section 135P.1, or a hospice facility certified by the centers for Medicare and Medicaid services of the United States department of health and human services.

Sec. 12. Section 144A.8, subsection 1, Code 2026, is amended to read as follows:

1. An attending ~~physician~~ provider who is unwilling to comply with the requirements of section 144A.5, or who is unwilling to comply with the declaration of a qualified patient in accordance with section 144A.6 or an out-of-hospital do-not-resuscitate order pursuant to section 144A.7A, or who is unwilling to comply with the provisions of section 144A.7 or 144A.7A shall take all reasonable steps to effect the transfer of the patient to another ~~physician~~ provider.

Sec. 13. Section 144B.1, Code 2026, is amended to read as follows:

144B.1 Definitions.

For purposes of this chapter, unless the context otherwise requires:

1. *"Attending provider"* means the same as defined in section 135J.1.

~~1.~~ 2. *"Attorney in fact"* means an individual who is designated by a durable power of attorney for health care as an agent to make health care decisions on behalf of a principal and has consented to act in that capacity.

~~2.~~ 3. *"Designee"* means a person named in a declaration under chapter 144C.

~~3.~~ 4. *"Durable power of attorney for health care"* means a

document authorizing an attorney in fact to make health care decisions for the principal if the principal is unable, in the judgment of the attending ~~physician or attending physician assistant~~ provider, to make health care decisions.

~~4.~~ 5. "*Health care*" means any care, treatment, service, or procedure to maintain, diagnose, or treat an individual's physical or mental condition. "*Health care*" does not include the provision of nutrition or hydration except when they are required to be provided parenterally or through intubation.

~~5.~~ 6. "*Health care decision*" means the consent, refusal of consent, or withdrawal of consent to health care.

~~6.~~ 7. "*Health care provider*" means a person who is licensed, certified, or otherwise authorized or permitted by the ~~law~~ laws of this state to administer health care in the ordinary course of business or in the practice of a profession.

~~7.~~ 8. "*Principal*" means a person age eighteen or older who has executed a durable power of attorney for health care.

Sec. 14. Section 144B.5, subsection 1, Code 2026, is amended to read as follows:

1. A durable power of attorney for health care executed pursuant to this chapter may, but need not, be in the following form:

I hereby designate ..... as my attorney in fact (my agent) and give to my agent the power to make health care decisions for me. This power exists only when I am unable, in the judgment of my attending ~~physician or attending physician assistant~~ provider, to make those health care decisions. The attorney in fact must act consistently with my desires as stated in this document or otherwise made known.

Except as otherwise specified in this document, this document gives my agent the power, where otherwise consistent with the ~~law~~ laws of this state, to consent to my ~~physician or physician assistant~~ attending provider not giving health care or stopping health care which is necessary to keep me alive.

This document gives my agent power to make health care

decisions on my behalf, including to consent, to refuse to consent, or to withdraw consent to the provision of any care, treatment, service, or procedure to maintain, diagnose, or treat a physical or mental condition. This power is subject to any statement of my desires and any limitations included in this document.

My agent has the right to examine my medical records and to consent to disclosure of such records.

Sec. 15. Section 144B.6, subsection 1, Code 2026, is amended to read as follows:

1. Unless the district court sitting in equity specifically finds that the attorney in fact is acting in a manner contrary to the wishes of the principal or the durable power of attorney for health care provides otherwise, an attorney in fact who is known to the health care provider to be available and willing to make health care decisions has priority over any other person, including a guardian appointed pursuant to chapter 633, to act for the principal in all matters of health care decisions. The attorney in fact has authority to make a particular health care decision only if the principal is unable, in the judgment of the attending ~~physician or attending physician assistant~~ provider, to make the health care decision. If the principal objects to a decision to withhold or withdraw health care, the principal shall be presumed to be able to make a decision.

Sec. 16. Section 144C.2, subsection 16, Code 2026, is amended to read as follows:

16. *"Licensed hospice program"* means a licensed hospice program as ~~defined~~ described in section 135J.1.

Sec. 17. Section 633.635, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Notwithstanding subsections 2 and 3, a guardian may make a decision for a protected person pursuant to sections 135J.3A, 144A.7, and 144A.7B without court approval.

Sec. 18. Section 633.669, subsection 1, paragraph b, Code

2026, is amended by adding the following new subparagraphs:

NEW SUBPARAGRAPH. (11) The protected person's wishes related to withholding or withdrawal of life-sustaining procedures pursuant to chapter 144A or 144D.

NEW SUBPARAGRAPH. (12) The protected person's wishes related to placement in a hospice program in the event of a terminal condition.

Sec. 19. Section 633.669, subsection 1, paragraph c, Code 2026, is amended by adding the following new subparagraphs:

NEW SUBPARAGRAPH. (9) The protected person's wishes related to withholding or withdrawal of life-sustaining procedures pursuant to chapter 144A or 144D.

NEW SUBPARAGRAPH. (10) The protected person's wishes related to placement in a hospice program in the event of a terminal condition.>

2. Title page, line 3, by striking <and>

3. Title page, line 4, by striking <care> and inserting <care, and probate court guardianship reports>

_____

MARK COSTELLO

Senate File 2491 - Introduced

SENATE FILE 2491
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2460)

A BILL FOR

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

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

TLSB 6114SV (1) 91
da/js

S.F. 2491

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

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

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

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

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

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

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

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

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

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

S.F. 2491

loan.

EXPLANATION

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

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

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

S.F. 2491

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

Senate File 2492 - Introduced

SENATE FILE 2492
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2292)
(SUCCESSOR TO SSB 3105)

A BILL FOR

An Act creating a state corporate income tax deduction for net controlled foreign corporation tested income, and including retroactive applicability provisions.

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

TLSB 5960SZ (1) 91
jm/jh

S.F. 2492

Section 1. Section 422.35, subsection 12, Code 2026, is amended to read as follows:

12. Subtract, to the extent included, ~~global intangible low-taxed~~ income under section 951A of the Internal Revenue Code.

Sec. 2. RETROACTIVE APPLICABILITY. This Act applies retroactively to January 1, 2026, for tax years beginning on or after that date.

EXPLANATION

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

This bill creates a state corporate income tax deduction for net controlled foreign corporation tested income (NCTI).

Currently, Code section 422.35(12) specifically references global intangible low-taxed income (GILTI) under section 951A of the Internal Revenue Code (IRC) for purposes of a state corporate income tax deduction allowed under that Code section. Recent federal legislation replaced GILTI with NCTI under section 951A of the IRC. NCTI is the aggregate amount of net income subject to federal tax that is earned by a taxpayer from controlled foreign corporations of the taxpayer, and is applied more broadly to foreign income than GILTI.

Since the federal legislation replaced GILTI with NCTI in the same section of the IRC (951A), the state corporate income tax deduction no longer applies because Code section 422.35(12) specifically references GILTI income under section 951A of the IRC. The bill strikes the specific reference to GILTI but continues to allow the deduction for income under section 951A of the IRC which is now recharacterized as NCTI.

Senate File 2493 - Introduced

SENATE FILE 2493
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2188)
(SUCCESSOR TO SSB 3025)

(COMPANION TO HF 2343 BY
COMMITTEE ON TRANSPORTATION)

A BILL FOR

An Act relating to the excise tax on certain ethanol blended gasoline purchased exclusively for use in an implement of husbandry used in agricultural production.

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

TLSB 5210SZ (1) 91
th/ns

S.F. 2493

Section 1. NEW SECTION. **452A.16 Exempt fuel — implements of husbandry.**

1. The excise tax under section 452A.3 shall not be imposed or collected on ethanol blended gasoline formulated with more than eighty-five percent by volume of ethanol when purchased at a terminal or refinery rack exclusively for use in an implement of husbandry used in agricultural production.

2. A person who purchases fuel on which an excise tax is not collected in accordance with subsection 1 shall substantiate the purchase with an exemption certificate provided by the department. The exemption certificate must be complete and correct according to the requirements of the director, signed by the purchaser, and retained by the supplier. A supplier shall retain exemption certificates for at least three years.

3. The department shall disallow all sales of gallonage described in this section unless proof is established by an exemption certificate.

4. If a purchaser uses or disposes of fuel that was purchased using an exemption certificate pursuant to subsection 2 in a nonexempt manner, the purchaser is solely liable for the excise tax and shall remit the tax directly to the department.

EXPLANATION

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

Under current law, the excise tax on each gallon of ethanol blended gasoline classified as E-15 or higher is based on the distribution percentage of those fuels compared to the distribution of all nonaviation gasoline motor fuel, and ranges from 24 cents to 30 cents. For motor fuel and undyed special fuel used for a variety of exempt purposes under Code section 452A.17, including in implements used in agricultural production, a person who pays the excise tax may claim a refund from the Iowa department of revenue (IDR).

This bill exempts ethanol blended gasoline formulated with more than 85 percent by volume of ethanol from imposition and

S.F. 2493

collection of the excise tax when purchased at a terminal or refinery rack exclusively for use in an implement of husbandry used in agricultural production.

The bill requires a person who purchases fuel on which an excise tax is not collected in accordance with the bill to substantiate the purchase with an exemption certificate provided by IDR. The exemption certificate must be complete and correct according to the requirements of the director of revenue, signed by the purchaser, and retained by the supplier. A supplier must retain exemption certificates for at least three years. The bill requires IDR to disallow all sales of fuel described in the bill unless proof is established by an exemption certificate. If a purchaser uses or disposes of fuel that was purchased using an exemption certificate in a nonexempt manner, the purchaser is solely liable for the excise tax and is required to remit the tax directly to IDR.

Under current law, IDR requires similar exemption certificates for tax-exempt sales of compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and electric fuel.

Senate File 2494 - Introduced

SENATE FILE 2494
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3195)

A BILL FOR

An Act regulating designated contract markets and providing penalties.

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

TLSB 6960SV (1) 91
jm/jh

S.F. 2494

Section 1. NEW SECTION. **68B.9 Prohibition on buying or selling event-driven contracts relating to legislative or governmental actions.**

A public employee, public official, or lobbyist, or an immediate family member of the public employee, public official, or lobbyist, shall not buy or sell an event-driven contract on a designated contract market relating to state or local legislative actions or other governmental actions. As used in this section, *"event-driven contract"* and *"designated contract market"* mean the same as defined in section 99H.1.

Sec. 2. Section 68B.34, Code 2026, is amended to read as follows:

68B.34 Additional penalty.

In addition to any penalty contained in any other provision of law, a person who knowingly and intentionally violates a provision of sections 68B.2A through ~~68B.8~~ 68B.9, sections 68B.22 through 68B.24, or sections 68B.35 through 68B.38 is guilty of a serious misdemeanor and may be reprimanded, suspended, or dismissed from the person's position or otherwise sanctioned.

Sec. 3. NEW SECTION. **99H.1 Definitions.**

1. *"Consumer"* means an individual who is a resident of this state.

2. *"Designated contract market"* means a digital marketplace for trading event-driven contracts that is also regulated by the federal commodity futures trading commission.

3. *"Economic indicators"* means a statistic or data point about an economic activity that allows an analyst to assess current economic performance.

4. *"Event-driven contract"* means a financial derivative traded on a designated contract market that provides a fixed binary payout based upon the occurrence or nonoccurrence of a specific future event that is contingent upon and determined solely by the definitive outcome of a verifiable specific event or external measure rather than being based upon the continuous

S.F. 2494

fluctuation of a security price, commodity value, or interest rate that may or may not correlate with traditional market prices or broad economic measures. An *"event-driven contract"* is limited to those financial derivatives that provide a fixed binary payout related to sporting activities, lotteries, elections, legislative actions, and economic indicators.

5. *"Settlement source"* means an entity from which the designated contract market obtains or sources information for the purpose of determining the outcome of an event-driven contract.

6. *"Sporting activities"* means the outcome of a sporting event, outcomes with the event, or outcomes surrounding the event.

7. *"Statewide telephone number"* means a telephone number authorized by the department of health and human services that provides gambling information.

8. *"Trade"* means a format in which a trader submits an offer to buy a position on a designated contract market at a specific price or range of prices or offers to sell a position at a specific price or range of prices, with market prices determined through the matching of the offers.

9. *"Trader"* means any person buying or selling event-driven contracts on a designated contract market.

Sec. 4. NEW SECTION. **99H.2 Age restrictions.**

1. A designated contract market shall not permit a consumer under twenty-one years of age to register or otherwise open an account, trade, or be a trader of an event-driven contract on the designated contract market.

2. If a designated contract market has inadvertently permitted a consumer under twenty-one years of age to register, trade, or otherwise become a trader, the designated contract market shall immediately suspend the account, close all positions of the account, pay out to the consumer any funds in the account, and prohibit the consumer under twenty-one years of age from trading until the consumer has attained twenty-one

years of age.

Sec. 5. NEW SECTION. **99H.3 Exclusions from trading.**

1. A designated contract market shall maintain and enforce policies to exclude certain persons from trading including the following:

a. (1) A consumer who voluntarily self-excludes from trading.

(2) A designated contract market shall establish a process to allow a consumer to voluntarily self-exclude being a trader. The process shall provide that an initial request by a consumer to be voluntarily excluded shall be for a period of five years or life and any subsequent request following any five-year period shall be for a period of five years or life. The process established shall also require a consumer requesting to be voluntarily excluded be provided information compiled by the department of health and human services on gambling treatment options. The state and any designated contract market shall not be liable to any person for any claim which may arise from this process. In addition to any other penalty provided by law, any money or thing of value that has been obtained by, or is owed to, a voluntarily excluded consumer as a result of trades made by the consumer after the consumer has been voluntarily excluded shall be forfeited by the consumer and shall be credited to the general fund of the state.

(3) If a consumer voluntarily self-excludes, the designated contract market must immediately block the access of the consumer to trade and take reasonable steps to prevent the consumer from creating new accounts.

b. Any officer, director, employee, or agent of the designated contract market, or any family member of such a person.

c. Any officer, director, employee, or agent of a source settlement provider, or any family member of such a person.

d. Any person who has insider information on a particular event-driven contract.

S.F. 2494

e. Any person prohibited pursuant to section 68B.9.

2. Any exclusion shall be enforced by the designated contract market until the purpose for the exclusion no longer applies.

Sec. 6. NEW SECTION. **99H.4 Settlement sources.**

1. A designated contract market shall maintain a comprehensive list of all settlement sources that are used to determine outcomes of the event-driven contracts and shall make the list readily accessible to consumers at all stages of the registration process.

2. Each designated contract market shall display on every section of the internet site of the designated contract market in which a trade may be made the settlement source for the settlement of the trade.

3. A designated contract market shall not settle any trade based upon proprietary or confidential information.

Sec. 7. NEW SECTION. **99H.5 Limitations on trading.**

1. Each designated contract market shall implement and adhere to responsible trading measures to protect consumers who may be at risk of at-risk trading behaviors.

2. The measures shall include all of the following:

a. Allowing a consumer to set daily, weekly, or monthly limits on the amount that can be deposited into an account or spent on trading.

b. Implementing features that allow consumers to limit the amount of time spent on the internet site of the designated contract market, including periodic notifications that remind consumers of how long the consumer has been active on the designated contract market, and the net winnings or losses during the session of trading.

c. Posting clearly the statewide telephone number and other extensive responsible gaming features including the ability to self-exclude pursuant to section 99H.3.

d. Requiring all advertisements and marketing materials to include an at-risk trading message and the statewide telephone

number.

Sec. 8. NEW SECTION. **99H.6 Advertising.**

1. Every designated contract market shall comply with the advertising standards set forth in this section.

2. Advertisements by a designated contract market shall not do the following:

a. Send push notifications to consumers which pertain to bonuses on trades the consumer has not taken a position on.

b. Depict persons under twenty-one years of age, except incidentally.

c. Target consumers under twenty-one years of age.

d. Target consumers in a manner that is calculated to reach consumers that have voluntarily self-excluded or have engaged in problem gambling.

e. Imply trading is risk-free or use similar language.

f. Imply endorsement by the state.

3. Advertisements by a designated contract market shall do the following:

a. Be truthful and not misleading.

b. Include the statewide telephone number that is visible for the entire duration of the advertisement, or in circumstances where the advertisement is auditory, the statewide telephone number shall be stated at the beginning and the end of the advertisement.

c. Provide consumers with a readily accessible way to opt out of direct marketing, upon the request of the consumer.

4. If the designated contract market offers bonuses, free credits, referral rewards, or other promotions to consumers, the terms and conditions of the offers must be described in plain language.

5. If a designated contract market uses a third party to promote the designated contract market, the designated contract market is responsible for ensuring the third party complies with the advertising requirements of this section.

Sec. 9. NEW SECTION. **99H.7 Extending credit.**

S.F. 2494

A designated contract market shall not permit a consumer to use a credit card or other credit-based product to add funds to an account of the consumer.

Sec. 10. NEW SECTION. **99H.8 Restrictions on market making.**

1. A designated contract market shall not offer an event-driven contract in this state if the designated contract market includes as a liquidity provider or market maker any entity who engages in gaming activities in the normal course of business, whether within or outside the state.

2. The prohibition in subsection 1 applies to any affiliated entities, subsidiaries, parent companies, joint ventures, partnerships, agents, employees, or any other entity acting at the direction of, or in cooperation with, or for the financial benefit of the entity acting as a liquidity provider or market maker.

Sec. 11. NEW SECTION. **99H.9 Insider trading and market manipulation.**

1. A designated contract market shall implement commercially reasonable and technically feasible measures to detect and prevent fraudulent or manipulative conduct by traders.

2. If the designated contract market detects potential manipulation by traders, the designated contract market shall notify the attorney general, and, if appropriate, law enforcement.

Sec. 12. NEW SECTION. **99H.10 Penalties —— injunction.**

1. The attorney general shall administer this chapter and enforce the provisions of this chapter.

2. Any designated contract market that violates any provision of this chapter is subject to civil penalties, not to exceed ten thousand dollars, for each violation.

3. If the attorney general determines the designated contract market engaged in a persistent course of conduct in violation of this chapter, the attorney general may impose a civil penalty not to exceed fifty thousand dollars for each

violation.

4. *a.* Whenever the attorney general believes that a designated contract market has engaged in a persistent course of conduct in violation of this chapter, the attorney general may seek injunctive relief or a temporary restraining order pending the outcome of an enforcement proceeding under this chapter. In such an action, any injunctive relief or temporary restraining order granted shall be governed by the applicable Iowa rules of civil procedure.

b. Where a designated contract market continues to operate in the state after an order has been granted under paragraph "*a*", the designated contract market shall incur a civil penalty in the amount of one million dollars for each day the designated contract market is operating in violation of the order.

5. Nothing in this section shall be construed to preclude criminal prosecution under any other law.

Sec. 13. NEW SECTION. **99H.11 Internal controls —— reporting.**

1. Prior to permitting consumers to trade on a designated contract market, the designated contract market shall provide the attorney general with a description of the internal controls implemented by the designated contract market to comply with this chapter including but not limited to age verification, measures to identify the traders, prevention of insider trading or market manipulation, ability to receive and act upon tips related to insider trading or market manipulation, standards used to monitor event-driven contracts and restrictions placed on known violators, monitoring trades within the state boundaries, prevention of unauthorized withdrawals from the account of a trader, the manner event-driven contract funds are segregated from other funds, and the protection of any personal and private information of a trader.

2. After receiving the information provided in subsection

1, the attorney general shall have thirty days to approve trading on the designated contract market by consumers, or to request additional information, and if such additional information is requested, the thirty-day time period shall begin anew.

3. If, after the approval of the internal controls in subsection 1, the designated contract market changes any of the approved internal controls, the designated contract market shall be required to submit the changes to the attorney general for review at least fifteen days prior to implementing any changes to the internal controls.

Sec. 14. NEW SECTION. **99H.12 Rules.**

The attorney general shall adopt rules pursuant to chapter 17A to administer this chapter.

EXPLANATION

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

This bill regulates designated contract markets.

The bill defines "designated contract markets" (market) to mean a digital marketplace for trading event-driven contracts that is also regulated by the federal commodity futures trading commission.

The bill defines "event-driven contracts" (contract) to mean a financial derivative traded on a designated contract market that provides a fixed binary payout based upon the occurrence or nonoccurrence of a specific future event that is contingent upon and determined solely by the definitive outcome of a verifiable specific event or external measure rather than being based upon the continuous fluctuation of a security price. An "event-driven contract" is limited under the bill to those financial derivatives that provide a fixed binary payout related to sporting activities, lotteries, elections, legislative actions, and economic indicators.

The bill requires a market to prohibit a person under 21 years of age to trade contracts on the market, and to implement

S.F. 2494

controls to identify such persons.

The bill requires a market to maintain and enforce policies to exclude certain persons from trading including allowing persons to self-exclude from trading contracts. The other persons required to be excluded from trading on the market include (1) officers, employees, and family members of the officers and employees of the market, (2) any person with inside information on a particular contract, (3) any public employee, public official, lobbyist, and family member of such persons trading contracts related to legislation or other governmental actions, and (4) officers, employees, and family members of the officers and employees of the settlement source. The bill defines "settlement source" to mean an entity from which the market obtains or sources information for the purpose of determining the outcome of a contract.

The bill requires a market to maintain a comprehensive list of all settlement sources that are used to determine outcomes of the contracts and is required to make the list readily accessible to persons.

The bill prohibits a market from settling a trade based upon proprietary or confidential information.

The bill requires each market to implement and adhere to responsible trading measures to protect persons who may be at risk of at-risk trading behaviors. The measures include (1) allowing a person to set personal limits on trading, (2) implementing features that allow persons to view the amount of time spent trading, (3) posting clearly the statewide telephone number approved by the department of health and human services related to gambling, and (4) requiring all advertisements to include an at-risk trading message and the statewide telephone number.

The bill places limitations on advertising by the markets including limiting push notifications, depictions of persons under 21 years of age, targeting certain at-risk consumers, implying trading is risk-free, and implying endorsement by the

state.

The bill requires any offers, bonuses, free credits, referral rewards, or other promotions offered to persons be described in plain language.

If a market uses a third party for advertising, the bill specifies the market is responsible for ensuring the third parties comply with the advertising requirements of the bill.

The bill prohibits a market from allowing a person to use a credit card or other credit-based product to add funds to any account with the market.

The bill prohibits a market to offer a contract if the market includes as a liquidity provider or market maker, any entity who engages in gaming activities in the normal course of business, whether within or outside the state.

A market is also required to implement commercially reasonable and technically feasible measures to detect and prevent fraudulent or manipulative conduct by traders.

The attorney general is designated to administer and enforce the provisions of the bill.

Any market that violates the bill is subject to civil penalties, not to exceed $10,000, for each violation.

If the attorney general determines the market engaged in a persistent course of conduct in violation of the bill, the attorney general may impose a civil penalty not to exceed $50,000 for each violation.

Whenever the attorney general believes that a market has engaged in a persistent course of conduct in violation of the bill, the attorney general may seek injunctive relief or a temporary restraining order.

In situations where a designated contract market continues to operate after an injunction or a temporary order has been issued, the market shall incur a civil penalty in the amount of $1 million for each day the market is operating in violation of the order.

A public employee, public official, or lobbyist who trades

S.F. 2494

state or local legislative actions or other governmental actions on the market is guilty of a serious misdemeanor, and may be dismissed from the person's position or otherwise sanctioned.

Prior to permitting persons to trade on a market in this state, the market shall provide the attorney general with a description of the internal controls implemented by the designated contract market to comply with the bill including but not limited to age verification, measures to identify the traders, prevention of insider trading or market manipulation, ability to receive and act upon tips related to insider trading or market manipulation, monitoring trades within the state boundaries, standards used to monitor event-driven contracts and restrictions placed by known violators, prevention of unauthorized withdrawals from the account of a trader, the manner contract funds are segregated from other funds, and the protection of any personal and private information of a trader.

The attorney general is required to adopt rules pursuant to Code chapter 17A to administer the bill.

Senate File 2495 - Introduced

SENATE FILE 2495
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2279)

A BILL FOR

An Act creating a maternity group home tax credit available against the individual, corporate, franchise, insurance premium, and moneys and credits taxes, and including applicability provisions.

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

TLSB 6709SV (1) 91
jm/jh

S.F. 2495

Section 1. NEW SECTION. **135E.1 Maternity group home tax credit.**

1. As used in this section unless the context otherwise requires:

a. *"Department"* means the department of revenue.

b. *"Donation"* means a voluntary cash or noncash contribution to a maternity group home made by the taxpayer during the tax year.

c. *"Maternity group home"* means the same as defined in section 414.27.

2. For tax years beginning on or after January 1, 2026, a tax credit shall be allowed against the taxes imposed in chapter 422, subchapters II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.329, equal to one hundred percent of a person's donation to a maternity group home. An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.

3. The amount of the donation for which the tax credit is claimed shall not be deductible in determining taxable income for state income tax purposes.

4. Any tax credit in excess of the person's tax liability shall not be credited to the tax liability for the following tax year. A tax credit shall not be carried back to a tax year prior to the tax year in which the person claims the tax credit, and a tax credit shall not be transferable.

5. *a.* The cumulative value of the amount of tax credits authorized pursuant to this section shall not annually exceed three million five hundred thousand dollars.

b. The maximum value of tax credits granted for donations per an organization operating a maternity group home shall not

S.F. 2495

annually exceed five hundred thousand dollars.

6. *a.* A taxpayer must submit an application to the department in a manner approved by the department for each separate and distinct donation. The application must be approved by the department in order to claim the tax credit. The application must be filed within six months following the tax year the donation was made.

b. The department shall accept and approve applications on a first-come, first-served basis until the maximum value amount of tax credits that may be claimed pursuant to subsection 5 is reached. If for a tax year the aggregate amount of tax credits applied for exceeds the maximum amount specified in subsection 5, paragraph *"a"* or *"b"*, the department shall establish a wait list when applicable. Valid applications filed by the taxpayer within six months following the tax year of the donation but not approved by the department shall be placed on a wait list in the order the applications were received and those applicants shall be given priority for having their applications approved in succeeding years. Placement on a wait list pursuant to this paragraph shall not constitute a promise binding the state. The availability of a tax credit and approval of a tax credit application pursuant to this section in a future year is contingent upon the availability of tax credits in that particular year.

7. The department may adopt rules pursuant to chapter 17A to administer this section.

Sec. 2. NEW SECTION. **422.10D Maternity group home tax credit.**

The tax imposed under this subchapter, less the credits allowed under section 422.12, shall be reduced by a maternity group home tax credit authorized pursuant to section 135E.1.

Sec. 3. Section 422.33, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 11. The tax imposed under this subchapter shall be reduced by a maternity group home tax credit

S.F. 2495

authorized pursuant to section 135E.1.

Sec. 4. Section 422.60, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 16. The tax imposed under this subchapter shall be reduced by a maternity group home tax credit authorized pursuant to section 135E.1.

Sec. 5. NEW SECTION. **432.12P Maternity group home tax credit.**

The tax imposed under this chapter shall be reduced by a maternity group home tax credit authorized pursuant to section 135E.1.

Sec. 6. Section 533.329, subsection 2, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *m.* The moneys and credits tax imposed under this section shall be reduced by a maternity group home tax credit allowed under section 135E.1.

Sec. 7. APPLICABILITY. This Act applies to tax years beginning on or after January 1, 2026.

EXPLANATION

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

This bill creates a maternity group home tax credit available against the individual, corporate, franchise, insurance premium, and moneys and credits taxes.

The bill defines "maternity group home" to mean a community-based residential home that provides room and board, personal care, supervision, training, support, and education in a family environment for women who are either pregnant or who have given birth within the preceding 24 months and live with their children, and includes overnight room accommodations and administrative and office space for those persons who provide such services.

The amount of the credit shall equal 100 percent of a person's donation to a maternity group home.

The bill specifies that the amount of the donation for which

S.F. 2495

the tax credit is claimed shall not be deductible for state income tax purposes.

A credit provided in the bill in excess of tax liability is not refundable and shall not be credited to a person's tax liability in future tax years. The tax credit shall not be carried back to a tax year prior to the tax year in which the person makes the donation, and the tax credit is also not transferable.

The aggregate amount of tax credits authorized pursuant to the bill shall not annually exceed $3.5 million.

The maximum amount of tax credits granted for donations to an organization operating a maternity group home shall not annually exceed $500,000.

The bill requires the department of revenue to administer the credit and to approve applications on a first-come, first-served basis until the maximum amount of tax credits authorized for the year has been reached. A taxpayer must submit an application to the department for each separate and distinct donation within six months following the tax year of the donation in such a manner approved by the department. The bill also requires the department to develop a wait list in the order the applications are received if applications for the credit exceed the annual maximum amounts authorized.

The department may adopt rules to administer the bill.

The bill applies to tax years beginning on or after January 1, 2026.

Senate File 2496 - Introduced

SENATE FILE 2496
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2476)

A BILL FOR

An Act relating to Iowa's urban renewal law by modifying the division of revenue for certain emergency medical services property tax levies, and including effective date and applicability provisions.

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

TLSB 6668SV (2) 91
ms/md

S.F. 2496

Section 1. Section 403.19, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. That portion of the taxes each year in excess of such amount shall be allocated to and when collected be paid into a special fund of the municipality to pay the principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, including bonds issued under the authority of section 403.9, subsection 1, incurred by the municipality to finance or refinance, in whole or in part, an urban renewal project within the area, and to provide assistance for low and moderate income family housing as provided in section 403.22. However, except as provided in paragraph "*b*", taxes for the regular and voter-approved physical plant and equipment levy of a school district imposed pursuant to section 298.2 and taxes for the instructional support program of a school district imposed pursuant to section 257.19, taxes for the payment of bonds and interest of each taxing district, taxes for emergency medical services imposed pursuant to chapter 357F, 357G, or 422D, and taxes imposed under section 346.27, subsection 22, related to joint county-city buildings shall be collected against all taxable property within the taxing district without limitation by the provisions of this subsection.

Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 3. APPLICABILITY. This Act applies to property taxes due and payable in fiscal years beginning on or after July 1, 2026.

EXPLANATION

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

This bill excludes property taxes for emergency medical services imposed pursuant to Code chapter 357F, 357G, or 422D from a division of revenue (tax increment financing) under Code section 403.19.

S.F. 2496

The bill applies to property taxes due and payable in fiscal years beginning on or after July 1, 2026. The bill takes effect upon enactment.

Senate File 2497 - Introduced

SENATE FILE 2497
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2213)

A BILL FOR

An Act providing for an assignment of assets for the benefit of creditors, exempting the related tax on the transfer of real estate, and including effective date provisions.

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

TLSB 5531SV (1) 91
da/jh

S.F. 2497

DIVISION I

PRINCIPAL PROVISIONS

Section 1. NEW SECTION. **681A.1 Title.**

This chapter may be cited as the *"Uniform Assignment for Benefit of Creditors Act"*.

Sec. 2. NEW SECTION. **681A.2 Definitions.**

As used in this chapter, unless the context otherwise requires:

1. *"Affiliate"* means any of the following:

a. A person that directly or indirectly owns, controls, or holds, with power to vote, twenty percent or more of the outstanding voting interests of another person, other than a person that holds the interests as any of the following:

(1) In a fiduciary or agency capacity without sole discretionary power to vote the interests.

(2) Solely to secure a debt, if the person has not in fact exercised the power to vote.

b. A person with twenty percent or more of the person's outstanding voting interests directly or indirectly owned, controlled, or held, with power to vote, by another person.

c. A person whose business is operated under a lease or operating agreement by another person, or a person substantially all of whose assets are controlled by the other person.

d. A person that operates the business or substantially all the assets of another person under a lease or operating agreement.

2. *a.* *"Asset"* means a legal or equitable interest in property of an assignor, regardless of the person holding or in possession, custody, or control of the property or where the property is located.

b. *"Asset"* does not include any of the following:

(1) A legal or equitable interest in property restricted from assignment if the restriction is effective under other law, unless the other law permits assignment with the consent

of another person and the person consents to the assignment in a manner permitted by the other law.

(2) If the assignor is an individual, a legal or equitable interest in property to the extent it is exempt from legal process under other law.

3. *"Assigned asset"* means an asset transferred under an assignment.

4. *"Assignee"* means a person to which assets are transferred under an assignment.

5. *"Assignment"* means a transfer by a person of all the person's assets to another person for the benefit of the transferor's creditors.

6. *"Assignment agreement"* means an agreement that transfers or provides for a transfer of all the assignor's assets.

7. *"Assignment estate"* means the assets held at a given time by the assignee under an assignment.

8. *"Assignor"* means a person whose assets are transferred under an assignment.

9. *"Claim"* means a creditor's right to payment or to an equitable remedy, regardless of whether the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured.

10. *"Cohabitant"* means each of two individuals not married to each other who live together as a couple after each has reached the age of majority or been emancipated.

11. *"Creditor"* means a person that has a claim against an assigned asset or the assignor.

12. *"Electronic"* means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

13. *"Good faith"* means honesty in fact and the observance of reasonable commercial standards of fair dealing.

14. *"Insider"* includes any of the following:

a. In the case of an individual, any of the following:

(1) A relative of the individual.

(2) A partnership or limited liability company in which the individual is a general partner or managing member.

(3) An organization of which the individual is a director, officer, or person in control.

b. In the case of an organization, any of the following:

(1) A director, officer, manager, or other person in control of or with controlling equity interest in the organization.

(2) A partnership or limited liability company in which the organization is a general partner or managing member.

(3) A general partner or managing member of the organization.

(4) A relative of a general partner, managing member, director, officer, manager, or other person in control of or with controlling equity interest in the organization.

c. An affiliate.

d. A managing agent of an organization.

15. *"Lien"* means an interest in an asset that secures payment or performance of an obligation.

16. *"Organization"* means a person other than an individual.

17. *"Perfected lien"* means a lien on any of the following:

a. Real property other than fixtures on which a bona fide purchaser of the property cannot acquire an interest superior to the interest of the lienholder.

b. Fixtures or property other than real property on which a creditor cannot acquire a lien by attachment, levy, or the like that is superior to the interest of the lienholder.

18. *a. "Person"* means an individual, estate, business or nonprofit entity, government or governmental subdivision, agency, or instrumentality, or other legal entity.

b. "Person" includes a protected series, however denominated, of an entity if the protected series is established under law that limits, or limits if conditions specified under law are satisfied, the ability of a creditor of the entity or of any other protected series of the entity to

satisfy a claim from assets of the protected series.

19. *"Proof of claim"* means a record a creditor submits to an assignee to evidence the creditor's claim.

20. *"Record"* means information that is any of the following:

a. Inscribed on a tangible medium.

b. Stored in an electronic or other medium and retrievable in perceivable form.

21. *"Relative"* means an individual related by affinity or consanguinity within the third degree or a cohabitant.

22. *"Security interest"* means a lien created by an agreement.

23. *"Send"*, in connection with a record or notification, means any of the following:

a. To deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances.

b. To cause the record or notification to be received within the time it would have been received if properly sent under paragraph *"a"*.

24. *"Sign"* means, with present intent to authenticate or adopt a record by doing any of the following:

a. To execute or adopt a tangible symbol.

b. To attach to or logically associate with the record an electronic symbol, sound, or process.

25. *a. "State"* means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any other territory or possession subject to the jurisdiction of the United States.

b. "State" includes a federally recognized Indian tribe.

26. *"Transfer"* means disposing of or parting with an asset or with an interest in an asset, regardless of whether the disposition or parting is indirect, conditional, or involuntary.

Sec. 3. NEW SECTION. **681A.3 Scope.**

S.F. 2497

This chapter applies to an assignment made by an assignor that is any of the following:

1. An organization whose principal place of business is in this state.

2. An organization whose internal affairs are governed by other law of this state.

3. An individual whose principal residence is in this state.

4. An organization wholly owned, directly or indirectly, by an assignor that satisfies subsection 1, 2, or 3.

5. An organization, if all of the following apply:

a. It is partly owned, directly or indirectly, and controlled by an assignor that satisfies subsection 1, 2, or 3.

b. It has no place of business or employees.

c. It relies on the services the organization receives from an assignor that satisfies subsection 1, 2, or 3.

Sec. 4. NEW SECTION. **681A.4 Requirements for assignee and assignment agreement.**

1. An assignee must be all of the following:

a. A person that is not a creditor, affiliate, or insider of the assignor.

b. A person that is not an affiliate or insider of a creditor of the assignor.

c. A person that does not have a claim against the assignment estate, other than a claim for fees and expenses to be paid under the assignment agreement.

d. A person that does not have a material financial interest in the outcome of the assignment, other than a claim for fees and expenses to be paid under the assignment agreement.

e. A person that does not hold an equity interest in the assignor other than a noncontrolling interest in a publicly traded company.

f. A person that is not an affiliate of a person that fails to satisfy paragraph *"a"*, *"b"*, *"c"*, *"d"*, or *"e"*.

2. A person that satisfies subsection 1 is not precluded from being an assignee merely because the person performed

services for the assignor before the assignment.

3. An assignment agreement must be in a record signed by the assignor and the assignee. The record must do all of the following:

a. State the name and address of the assignor and of the assignee.

b. Transfer or provide for a transfer of all the assignor's assets.

c. Describe the assigned assets in sufficient detail to identify the assets.

d. Provide for the distribution of the assignment estate.

e. Describe the fees to be charged by the assignee in connection with the assignment, including the basis on which they are to be calculated.

f. Include a representation by the assignor, under penalty of perjury, that the assignor is assigning all the assignor's assets.

4. If an assignee relies in good faith on the assignor's representation made under subsection 3, paragraph *"f"*, all the assignor's assets are deemed to be assigned, even if the representation is inaccurate.

Sec. 5. NEW SECTION. **681A.5 Effect of assignment — when assignment agreement effective.**

1. An assignee obtains the rights, title, and interests of the assignor in the assigned assets.

2. If the assignor is an organization, an assignee obtains the rights, title, and interests of the assignor in assets acquired after the assignment.

3. Except as provided in section 681A.10, subsection 2, paragraph *"l"*, an assignee takes each assigned asset subject to an existing interest in the asset held by another person.

4. An assignee holds the assigned assets subject to the assignee's duties under section 681A.9.

5. An assignment is subject to other law under which the assignment may be fraudulent or otherwise voidable.

6. The effective date of an assignment agreement is the date the agreement is signed by the last party to the agreement that is required to sign the agreement unless a later date is identified in the agreement as the effective date.

Sec. 6. NEW SECTION. **681A.6 Filing, recording, and title transfer requirements.**

1. In this section, *"financing statement"* has the same meaning as defined in section 554.9102, subsection 1.

2. An assignee of a legal or equitable interest in personal property may file a financing statement in the filing office of any of the following:

a. This state established for purposes of section 554.9501, subsection 1, paragraph *"b"*.

b. Any other state in which any of the following apply:

(1) The assignor would be located under section 554.9307 if the assignor were a debtor for the purpose of that section.

(2) An asset of the assignment estate may be located.

3. A financing statement filed under subsection 2 must indicate that it is filed in connection with an assignment.

4. When filing a financing statement under subsection 2, the assignee must do any of the following:

a. Attach a copy of the assignment agreement to the financing statement.

b. State on the financing statement that a copy of the assignment agreement is available on request to the assignee.

5. A financing statement filed under subsection 2 may do any of the following:

a. Designate the assignor as "debtor" and the assignee as "secured party".

b. Use the terms "assignor" and "assignee" or words of similar import.

6. The filing of a financing statement under subsection 2 is not itself a factor in determining whether an asset secures an obligation. The rights of the assignee under the assignment are not affected if the assignee does not file a financing

statement under subsection 2.

7. An assignee of a legal or equitable interest in real property shall record the assignment of the interest or notice of the assignment under the real estate recording law of the jurisdiction where the property is located.

8. An assignee shall comply with other law governing the transfer of title to an asset.

9. By signing an assignment agreement, the assignor authorizes the assignee to take the actions required by this section.

Sec. 7. NEW SECTION. **681A.7 Notification to creditors.**

1. Unless a creditor waives in a signed record the right to notification, an assignee shall send a notification of the assignment to each creditor known to the assignee within a reasonable time not to exceed thirty days after the effective date of the assignment agreement.

2. The notification must satisfy all of the following requirements:

a. Be in a record signed by the assignee.

b. Include the assignee's name, address, and other contact information reasonably necessary to communicate with the assignee.

c. Provide reasonable instructions for submitting a proof of claim using the method established by the assignee under section 681A.9, subsection 2, paragraph *"e"*.

d. Identify the date established under section 681A.9, subsection 2, paragraph *"f"*, by which each creditor whose claim is not otherwise allowed without a timely proof of claim under this chapter must submit a proof of claim.

3. An assignee shall use reasonable means to provide the information in subsection 2 to unknown creditors, including by any means the assignor regularly used to do any of the following:

a. Provide information to the assignor's creditors.

b. Communicate information about the assignor, other than

advertising, to the public.

Sec. 8. NEW SECTION. **681A.8 Duties of assignor.**

1. Subject to section 681A.23, an assignor has a duty to take all reasonable actions necessary for the assignee to administer the assignment, the assigned assets, and the assignment estate.

2. In furtherance of the duty under subsection 1, the assignor shall do all of the following:

a. Preserve and turn over to the assignee the assigned assets in the assignor's possession or control.

b. Provide to the assignee information reasonably necessary to administer the assignment, the assigned assets, and the assignment estate.

c. Sign any record reasonably necessary to transfer an assigned asset and comply with any notarization required under other law.

d. Designate, and provide the assignee with the name, address, and other contact information reasonably necessary to communicate with, an appropriate person willing and able to act as a representative on behalf of the assignor as may be reasonably necessary to administer the assignment, the assigned assets, and the assignment estate.

e. If the assignment includes a legal or equitable interest in real property or titled personal property, cooperate with the assignee in taking actions under section 681A.6.

f. On or as soon as practicable after the effective date of the assignment agreement, provide the assignee with all of the following:

(1) A list of all assets.

(2) A list of all the assignor's employees, including those whose employment is terminated in connection with the assignment.

(3) A list of all the assignor's known creditors, including, for each creditor, the creditor's address and other contact information reasonably necessary to communicate with the

creditor.

g. A verification under penalty of perjury the accuracy of the lists required under paragraph *"f"*.

h. With respect to a legal or equitable interest in property restricted from assignment, cooperate with the assignee to obtain consent from a person whose consent to assign the interest is necessary under other law.

i. Provide assistance to the assignee as required by the assignment agreement.

3. The duties in this section also apply to a representative designated under subsection 2, paragraph *"d"*.

Sec. 9. NEW SECTION. **681A.9 Duties of assignee.**

1. Subject to section 681A.23, an assignee has a fiduciary duty to the assignment estate for the benefit of creditors to do all of the following:

a. Provide a duty of loyalty, including the duty to manage the assignment in good faith.

b. Use reasonable care to maximize distributions under section 681A.15.

c. Wind up the assignment under section 681A.19 in a manner compatible with the best interests of the assignment estate and creditors.

2. Without limitation on the duties under subsection 1, and subject to section 681A.23, the assignee also has a duty to do all of the following:

a. Maintain a separate deposit account for funds related to the assignment.

b. Collect on or dispose of each assigned asset, unless the assignee determines it is more economically efficient to abandon the asset.

c. Prepare and retain appropriate business records, including a record of each receipt, disbursement, and collection on or disposition of an assigned asset.

d. Pay administrative expenses of the assignment estate, to the extent the assignment estate has sufficient unencumbered

assets.

e. Establish a method that is reasonably designed to permit a creditor to submit a proof of claim.

f. Establish a single date by which creditors whose claims are not otherwise allowed without timely proofs of claim under this chapter must submit proofs of claim, which must be one hundred twenty days after the effective date of the assignment agreement.

g. Unless a claim would receive minimal or no distribution without regard to the claim's validity or asserted priority, examine the validity and priority of claims against the assignment estate and, if necessary, consult with the representative designated by the assignor under section 681A.8, subsection 2, paragraph *"d"*.

h. At least every six months, provide to each creditor a summary of the assets, liabilities, and expenses of the assignment estate.

i. Comply with all requirements of the United States internal revenue service and state and local taxing authorities.

j. Send a notification to each creditor of the assignee's compensation and any change in the method of determining the assignee's compensation from the method provided in the assignment agreement.

k. Send a final accounting under section 681A.19, subsection 1.

l. Comply with the other requirements imposed on the assignee under this chapter.

Sec. 10. NEW SECTION. **681A.10 Powers of assignee.**

1. An assignee has the powers necessary or appropriate to perform the assignee's duties.

2. Unless the assignment agreement expressly provides otherwise, the assignee has power to do any of the following:

a. Operate an existing business that uses an assigned asset, including preservation of the asset and collection on, or the

sale, lease, license, or other disposition of, the asset.

b. Incur secured or unsecured debt and pay expenses incidental to the exercise of the power under subsection 1.

c. Assert a right, claim, cause of action, or defense the assignor could have asserted that relates to the assignment estate.

d. Engage professionals, including a professional previously engaged by the assignor, to give advice, to prosecute or defend litigation, or for other purposes as the assignee considers appropriate, and pay professionals reasonable fees for services from the assignment estate.

e. Collect on, or sell, lease, license, or otherwise dispose of, an asset of the assignment estate regardless of whether the asset is subject to a lien or other encumbrance.

f. Exercise a right to redeem an asset of the assignment estate that is subject to a mortgage, deed of trust, security interest, or other encumbrance.

g. Settle a matter involving a debtor of the assignor.

h. Prosecute or defend a litigation pending on the effective date of the assignment agreement in favor of or against the assignor in the manner and with the same effect as the assignor could have done if the assignment had not been made.

i. Recover an asset in the manner and with the same effect as the assignor could have done if the assignment had not been made.

j. Settle claims against the assignment estate.

k. Abandon an assigned asset.

l. Subject to subsections 3 and 5, avoid a transfer or the incurrence of an obligation which a creditor that has filed a proof of claim could have avoided under other law if the assignment had not been made.

m. Invest funds, subject to applicable prudent investor standards under other law.

3. The power under subsection 2, paragraph *"l"*, is exclusive to the assignee with respect to a creditor that submits a proof

of claim. A recovery by the assignee in the exercise of this power must be for the benefit of the assignment estate but may not exceed the amount, asset, or other value the creditor could have obtained by the avoidance.

4. For the purpose of exercising the assignee's power under subsection 2, paragraph *"l"*, exercising a voidable-transaction remedy, or otherwise establishing the priority of the assignee's interest, an assignee has a lien on the assignment estate and the status of all of the following:

a. A lien creditor under section 554.9102, subsection 1, paragraph *"be"*, subparagraph (2), as to an asset that is a legal or equitable interest in personal property or fixtures.

b. A bona fide purchaser as to an asset that is a legal or equitable interest in real property, other than fixtures, located in this state.

c. A bona fide purchaser under the law of another state as to an asset that is a legal or equitable interest in real property, other than fixtures, located in the other state.

5. An assignee's power under subsection 2, paragraph *"l"*, to avoid a transfer made before the effective date of the assignment agreement, under or in connection with a swap agreement, securities contract, commodity contract, forward contract, repurchase agreement, or master netting agreement, is limited to the extent a trustee would not have the power to avoid the transfer under the federal bankruptcy code, 11 U.S.C. §101 et seq., as amended.

6. An assignee shall exercise the powers under this section consistent with the assignee's fiduciary duty under section 681A.9, subsection 1.

Sec. 11. NEW SECTION. **681A.11 Allowed claim.**

1. An assignee shall allow a creditor's claim if all of the following apply:

a. The creditor submits a proof of claim in compliance with section 681A.13.

b. The assignee does not dispute the claim under section

681A.12 before final distribution.

2. An assignee may do any of the following:

a. Allow a claim, pay a known liquidated claim, or accept a notice to the assignee of a claim received by the date established by the assignee under section 681A.9, subsection 2, paragraph *"f"*, even if the creditor does not submit a proof of claim.

b. Allow and pay a claim evidenced by a late-filed proof of claim, if the assignee determines there is a reasonable basis for excusing the late filing.

3. Any unsecured portion of an allowed claim shall be valued as of the effective date of the assignment agreement.

4. A creditor's claim is allowed if the creditor succeeds in a dispute under section 681A.12, subsection 2.

5. Subject to subsection 6, after expiration of the time for submitting a proof of claim, the assignee shall create a complete list of creditors that have submitted a proof of claim in compliance with section 681A.13. For each creditor's claim, the list must state all of the following:

a. The amount of the claim, if the amount is known to the assignee.

b. Whether the claim is secured or unsecured and, if secured, describe the collateral for the claim.

6. If a class of creditors will receive no distribution on account of allowed claims, the assignee shall send a notice in a record to each creditor in that class that the creditor will receive no distribution instead of the list required in subsection 5.

7. If requested by a creditor or other party with an interest in the assignment estate, the assignee shall provide the list created under subsection 5 to the person making the request to the extent permitted by privacy laws and subject to any privacy safeguards the assignee determines in the assignee's business judgment are reasonably necessary.

Sec. 12. NEW SECTION. **681A.12 Disputed and disallowed**

claims.

1. An assignee may dispute a creditor's claim before final distribution by sending notification in a record stating the nature of the assignee's dispute to the creditor.

2. If a dispute cannot be resolved consensually, the assignee may commence a proceeding under section 681A.21 to disallow the claim. The assignee must commence the proceeding before final distribution under section 681A.15. If the proceeding is not filed before final distribution, the assignee shall allow the claim under section 681A.11.

3. An assignee shall create a dollar-for-dollar reserve for the estimated amount of the potential distribution on a disputed claim.

4. Subject to subsection 2, an assignee shall disallow a claim for reimbursement or contribution of a person that is liable with the assignor on, or that has secured, the claim, to the extent:

a. The claim against the assignment estate is disallowed.

b. The claim for reimbursement or contribution is contingent as of the time of allowance or disallowance.

c. The person asserts a right of subrogation to the rights of a creditor.

5. A claim for reimbursement or contribution of a person liable with the assignor on, or that has secured, the claim that becomes fixed after the effective date of the assignment agreement shall be determined, and shall be allowed or disallowed, subject to subsection 2, as if the claim had become fixed before the effective date of the assignment agreement.

6. An assignee may reconsider the assignee's decision to allow or disallow a claim for cause. If a reconsidered claim is allowed under section 681A.11, before the assignee makes additional payments or transfers to other creditors that are equal or junior in priority under section 681A.15 to the reconsidered claim, the creditor with the reconsidered claim shall receive a payment or transfer in an amount proportionate

in value to the payments or transfers already received by the other creditors. This subsection does not modify the assignee's right under other law to recover from a creditor an excess payment or transfer made to the creditor. If a reconsidered claim is disallowed, the assignee shall comply with subsections 2 and 3.

Sec. 13. NEW SECTION. **681A.13 Proof of claim.**

1. A proof of claim must do all of the following:

a. State the name, address, and other contact information reasonably necessary to communicate with the creditor.

b. State the amount of the claim.

c. Briefly state the nature of the claim.

d. Identify any asset of the assignment estate securing the claim.

e. Be signed by the creditor under penalty of perjury.

f. Include a copy of a record, if any, on which the claim is based.

g. Be submitted using the method established under section 681A.9, subsection 2, paragraph *"e"*.

h. Be submitted by the date established by the assignee under section 681A.9, subsection 2, paragraph *"f"*.

2. A proof of claim submitted in compliance with this section is prima facie evidence of the validity and amount of the claim.

3. The submission by a creditor of a proof of claim in compliance with this section constitutes all of the following:

a. The creditor's consent to the jurisdiction of the court under section 681A.21.

b. Assignment to the assignee of any right of the creditor to bring a voidable transaction action relating to the creditor's claim.

Sec. 14. NEW SECTION. **681A.14 Rights of transferees.**

1. An assignee's disposition of an asset does all of the following:

a. Transfers to a transferee for value all of the assignee's

rights in the asset.

b. Discharges the assignee's lien and, to the extent the assignment creates a security interest in favor of the assignee, the assignee's security interest.

c. Discharges any subordinate security interest or other lien subordinate to the assignee's lien.

2. A transferee that acts in good faith takes free of the rights and interests described in subsection 1, even if the assignee fails to comply with this chapter or the requirements of a judicial proceeding.

3. If a transferee does not take free of the rights and interests described in subsection 1, the transferee takes the asset subject to all of the following:

a. The assignee's rights in the assets of the assignment estate.

b. The assignee's lien and, if applicable, security interest.

c. Any other security interest or other lien.

4. Unless otherwise provided in a record, any warranty arising by operation of other law is disclaimed to the extent permitted by other law.

5. If a subordinate security interest or other lien is discharged under this section, the assignee may file a record with the official or office responsible for maintaining an official filing, recording, registration, or certificate-of-title system covering the asset secured by the security interest or other lien. The record must state that the security interest or other lien is discharged as a subordinate security interest or other lien in connection with a disposition under an assignment for the benefit of creditors of the assignor whose asset is subject to the security interest or other lien.

Sec. 15. NEW SECTION. **681A.15 Distributions.**

1. In this section, *"protected secured creditor"* means a secured creditor, if all of the following apply to the secured

creditor's lien:

a. It is a perfected lien.

b. It cannot be avoided by the assignee under section 681A.10, subsection 2, paragraph "*1*".

c. It is not subordinate to the assignee's lien.

2. Except as provided in section 681A.16, the assignee shall pay claims from the assignment estate allowed under section 681A.11 in the order of priority stated in this section.

3. Unless otherwise agreed between the assignee and a protected secured creditor, before distributions under subsections 4, 5, 6, and 7, and in accordance with the priorities of creditors with liens under other law, the protected secured creditor shall receive the asset or the proceeds from the collection on or disposition of the asset to the extent of the value of the protected secured creditor's interest in the asset, less the assignee's reasonable and necessary expenses of preserving or disposing of the asset to the extent the expenses benefit the protected secured creditor and are incurred with the protected secured creditor's consent or acquiescence. The protected secured creditor has an unsecured claim under subsection 7, paragraph "*b*", for the amount of the claim that remains after deducting the amount or value of an asset the protected secured creditor receives under this subsection. To the extent a claim is secured by an asset the value of which, after the deductions provided under this subsection, is greater than the amount of the claim, the protected secured creditor may receive interest on the claim and any reasonable fees, costs, or charges provided for under the agreement or other law under which the claim arose.

4. After the distributions under subsection 3, the assignee shall pay the necessary costs of the administration of the assignment estate. The costs include all of the following:

a. Fees and reimbursements of the expenses of the assignee and any professionals engaged by the assignee.

b. Post-assignment taxes incurred by the assignee.

c. Post-assignment rent incurred by the assignee in occupying premises on which assets of the assignment estate are located or the business of the assignor is conducted.

d. Post-assignment lease payments incurred by the assignee in renting personal property used in the business of the assignor.

e. Amounts required to be paid under the assignment agreement for expenses of winding up the assignment under section 681A.19.

5. After the distributions under subsections 3 and 4, the assignee shall pay claims entitled to priority under federal law including under 31 U.S.C. §3713, as amended, from the assignment estate.

6. After the distributions under subsections 3, 4, and 5, the assignee shall pay claims from the assignment estate for wages, salaries, or commissions earned not more than one hundred eighty days before the earlier of the effective date of the assignment agreement or the cessation of the assignor's business. Payment shall be limited to the greater of the following:

a. The amount of the claim allowed as a priority claim ahead of claims of other unsecured creditors under the federal bankruptcy code, 11 U.S.C. §101 et seq., as amended.

b. The amount allowed as a priority claim ahead of claims of other unsecured creditors under applicable nonbankruptcy law.

7. After the distributions under subsections 3, 4, 5, and 6, each creditor shall receive a distribution of the assets of the assignment estate in the following order of priority:

a. Unsecured claims entitled to priority ahead of claims of other unsecured creditors under other law.

b. Unsecured claims not entitled to priority.

8. If the assets available for distribution to claims with equal priority under subsection 7 are insufficient to pay the total amount of the claims with that priority, each creditor with a claim with that priority shall receive a pro rata

distribution of the available assets based on the proportion the amount of the creditor's claim bears to the total amount of the claims with that priority.

9. If the claims entitled to the distribution under subsections 3, 4, 5, 6, and 7 are paid in full, the residue shall be distributed to allowed claims evidenced by a late-filed proof of claim, other than a late-filed claim allowed by the assignee under section 681A.11, subsection 2, paragraph "*b*", and, after the allowed claims evidenced by a late-filed proof of claim have been paid in full, as provided in the assignment agreement.

10. An assignee may make interim distributions after considering future expenses and the reserves for disputed claims established under section 681A.12, subsection 3.

Sec. 16. NEW SECTION. **681A.16 Claim subordination.**

1. A subordination agreement is enforceable under this chapter to the same extent the agreement is enforceable under other law.

2. Subject to subsection 3, all of the following claims are subordinate to a claim or interest that is senior or equal in priority to a claim or interest represented by a security or other equity interest in the assignor or an affiliate of the assignor:

a. A claim arising from rescission of a purchase or sale of the security or other equity interest.

b. A claim for damages arising from the purchase or sale of the security or other equity interest.

c. A claim for reimbursement or contribution allowed on account of the rescission or damage claim.

3. If the security is common stock or another common equity interest, a claim subject to subordination under subsection 2 has the same priority as common stock or another common equity interest.

Sec. 17. NEW SECTION. **681A.17 Liability.**

1. An assignor is not personally liable for an act or

omission by the assignee.

2. An assignee is not personally liable for an act or omission by the assignor.

3. A representative designated by an assignor under section 681A.8, subsection 2, paragraph *"d"*, is exculpated to the same extent as a person acting on behalf of the assignor under other law had there been no assignment, except for an act or omission resulting from the representative's gross negligence or willful misconduct.

4. A term of an assignment agreement relieving the assignee of liability is unenforceable to the extent the agreement relieves the assignee of liability for an act or omission committed in bad faith or with reckless indifference to the purposes of the assignment or the interests of the creditors of the assignment estate.

5. Subject to subsection 6, an assignee is personally liable for breach of a fiduciary duty under section 681A.9, subsection 1. If the assignee is liable all of the following apply:

a. The assignee is personally liable to a creditor for an individualized harm to the creditor if the harm is not shared by all creditors or a class of creditors.

b. The assignee is personally liable to the assignment estate for a harm shared by all creditors or a class of creditors.

6. An assignee is not liable if, in the performance of the assignee's duties and exercise of the assignee's powers, the assignee relies in good faith on any of the following:

a. A record of the assignor.

b. Information, an opinion, a report, or a statement presented to the assignee by the assignor's officer or employee, a committee of the assignor's board of directors, an independent director or manager of the assignor, or another representative of the assignor.

c. Information, an opinion, a report, or a statement presented to the assignee by another person that has been

selected with reasonable care by or on behalf of the assignee as to a matter the assignee reasonably believes is within the other person's professional or expert competence.

Sec. 18. NEW SECTION. **681A.18 Assignee removal — successor assignee.**

1. The assignor or a creditor may request the district court to remove the assignee, if the assignor or creditor has a reasonable belief grounds for removal exist under subsection 2.

2. After a request under subsection 1 or on the district court's initiative in an action pending before the court under section 681A.21, the court may remove an assignee based on any of the following:

a. For cause, including the assignee's fraud, dishonesty, incompetence, gross mismanagement, or failure to comply with this chapter.

b. If removal of the assignee best serves the interests of the creditors.

3. After an assignee resigns, or is removed, dies, or becomes incapacitated, a successor assignee provided for in the assignment agreement becomes the assignee, unless the successor assignee is not eligible to be an assignee under section 681A.4, subsection 1, or is subject to removal under subsection 2. A court shall appoint a successor assignee if any of the following apply:

a. The assignment agreement does not provide for a successor assignee.

b. The successor assignee provided for in the assignment agreement is ineligible to be an assignee under section 681A.4, subsection 1, or is subject to removal under subsection 2.

4. Subject to section 681A.17, an assignee that resigns, or is removed, dies, or becomes incapacitated, is discharged from the assignee's duties under this chapter when the assignee, or a representative of a deceased or incapacitated assignee does all of the following:

a. Accounts for and turns over to the successor assignee all

assets of the assignment estate.

b. Submits to creditors a report summarizing the receipts and disbursements made during the service of the assignee.

5. Subject to an applicable privilege, a court may order an attorney, accountant, or other person that has information in a record relating to the assignment estate or the assignor's financial affairs to turn over or disclose the record to the successor assignee.

Sec. 19. NEW SECTION. **681A.19 Winding up.**

1. On completion of an assignee's duties, the assignee shall send a creditor whose claim is allowed under section 681A.11, and not satisfied in full, a final accounting sufficient to inform the creditor of all material aspects of the assignment, including all of the following:

a. A description of the actions taken by the assignee under the assignment.

b. A summary of the assets received by the assignee at the commencement of the assignment and the assets received by the assignee during the assignment.

c. A summary of disbursements made by the assignee during the assignment for the purpose of administering the assignment estate, including the fees charged by the assignee, and payments to professionals, for rent, and for business purchases.

d. A summary of collections and dispositions of assets by the assignee.

e. A summary of distributions made or proposed to be made by the assignee for creditor claims.

f. A description of additional work to be done by the assignee to complete the administration of the assignment estate and the distributions under section 681A.15.

g. Other information considered reasonably necessary by the assignee.

2. Except as otherwise provided in the final accounting or if the assignee has not fulfilled the assignee's duties under

this chapter, the assignee is discharged from the assignee's duties under this chapter when the assignee sends the final accounting and distributes all the assets of the assignment estate.

3. If the final accounting describes additional work under subsection 1, paragraph "f", the assignee shall exercise the powers appropriate to complete the work.

Sec. 20. NEW SECTION. **681A.20 Interstate matters.**

1. Subject to subsection 2, an assignment made under the law of another state must be recognized and enforced on an issue if the result for the issue would be substantially similar to the result for the issue if the assignment had been made under this chapter.

2. If a claim for wages, salaries, or commissions or a claim of a governmental unit exists in another state, for the purpose of determining the priority of the claim under section 681A.15, subsection 6, paragraph "b", the assignee shall use the amount asserted or determined under the law of the other state.

3. If an assignee determines that a creditor should receive the treatment the creditor would receive under an assignment made under the law of another state, the assignee may treat the creditor as the creditor would be treated in the other state.

Sec. 21. NEW SECTION. **681A.21 Court action.**

1. A district court may hear and resolve a matter involving the administration of an assignment or the exercise of an assignee's powers and duties, including a request for instructions or approval or to declare rights.

2. Without limiting the rights of the assignee or a creditor or other interested person to request the court to hear or resolve a matter under subsection 1, on request of the assignee, the court may issue an order relating to the administration of the assignment or the exercise of the assignee's powers and duties, including an order for disposition of an asset or the incurrence of an obligation.

3. Acceptance of the assignment by the assignee constitutes

the assignee's consent to the jurisdiction of the court.

Sec. 22. NEW SECTION. **681A.22 Ancillary assignee.**

1. Subject to other law of this state governing a person from another state serving as a fiduciary in this state, the district court may appoint a person serving as an assignee in an assignment in another state, or the person's nominee, as an ancillary assignee relating to assigned assets located in this state or subject to the jurisdiction of a court in this state, if all of the following apply:

a. The person or nominee would be eligible to serve as an assignee under section 681A.4.

b. The appointment furthers the person's possession, custody, control, or disposition of an assigned asset under the assignment in the other state.

2. The court may issue an order that implements an order entered in another state appointing or directing an assignee or otherwise concerning an assignment in the other state.

3. Unless the court orders otherwise, an ancillary assignee appointed under subsection 1 has the rights, powers, and duties of an assignee appointed under this chapter.

4. A person in possession, custody, or control of an assigned asset in this state, other than a creditor holding a lien or a right of setoff or recoupment relating to the asset, shall, on notification in a record by an ancillary assignee appointed under subsection 1, turn over the asset to the ancillary assignee.

Sec. 23. NEW SECTION. **681A.23 Provisions variable by agreement.**

1. Except as provided in this section and section 681A.10, subsection 2, the provisions of this chapter shall not be varied by agreement.

2. The duties under section 681A.8, subsection 1, and section 681A.9, subsection 1, shall not be disclaimed by agreement. An assignor and the assignee may determine by agreement the standards measuring the fulfillment of the

duties of the assignor under section 681A.8 and the assignee under section 681A.9 if the standards are not manifestly unreasonable.

3. Except as provided in section 681A.17, subsection 4, the assignment agreement may limit the assignee's liability under section 681A.17 and may require the assignee be indemnified by the assignment estate.

4. Except as provided under section 681A.7, subsection 1, whenever this chapter requires an action to be taken within a reasonable time, a time not manifestly unreasonable may be fixed by agreement.

5. The assignment agreement may provide for duties of the assignee in addition to those in this chapter.

Sec. 24. NEW SECTION. **681A.24 Uniformity of application and construction.**

In applying and construing this uniform act, a court shall consider the promotion of uniformity of the law among states that enact it.

Sec. 25. NEW SECTION. **681A.25 Relation to Electronic Signatures in Global and National Commerce Act.**

This chapter modifies, limits, or supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §7001 et seq., as amended, but does not modify, limit, or supersede 15 U.S.C. §7001(c), or authorize electronic delivery of any of the notices described in 15 U.S.C. §7003(b).

Sec. 26. NEW SECTION. **681A.26 Transitional provision.**

This chapter applies to an assignment made on or after the effective date of this Act.

Sec. 27. REPEAL. Chapter 681, Code 2026, is repealed.

DIVISION II

COORDINATING PROVISIONS

PART A

FRANCHISES

Sec. 28. Section 523H.7, subsection 3, paragraph b, Code 2026, is amended to read as follows:

b. All or a substantial part of the assets of the franchise or the business to which the franchisee relates are assigned to or for the benefit of any creditor which is subject to chapter ~~681~~ 681A. An assignment for the benefit of any creditor pursuant to this paragraph does not include the granting of a security interest in the normal course of business.

Sec. 29. Section 537A.10, subsection 7, paragraph c, subparagraph (2), Code 2026, is amended to read as follows:

(2) All or a substantial part of the assets of the franchise or the business to which the franchisee relates are assigned to or for the benefit of any creditor which is subject to chapter ~~681~~ 681A. An assignment for the benefit of any creditor pursuant to this subparagraph does not include the granting of a security interest in the normal course of business.

PART B

JUDICIAL ADMINISTRATION

Sec. 30. Section 602.8102, subsection 122, Code 2026, is amended to read as follows:

122. Carry out duties relating to the assignment of property for the benefit of creditors as provided in chapter ~~681~~ 681A.

PART C

TRANSFER TAX

Sec. 31. Section 428A.2, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 23. The transfer of property from an assignor to an assignee pursuant to an assignment agreement under chapter 681A.

DIVISION III

EFFECTIVE DATE

Sec. 32. EFFECTIVE DATE. This Act takes effect January 1, 2027.

EXPLANATION

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

GENERAL. This bill is based on the "Uniform Assignment

S.F. 2497

for Benefit of Creditors Act" approved and recommended by the uniform law commission in 2025 for enactment by all states. The bill repeals Code chapter 681 which governs the same subject.

BACKGROUND. An assignment for the benefit of creditors (commonly referred to as "ABC") allows one party to facilitate the liquidation of the person's assets by transferring the assets to a disinterested party who acts as a fiduciary supervising the distribution of the assets to pay creditor claims. The process is governed under state law as an alternative to a federal bankruptcy proceeding.

DIVISION I — BILL'S PRINCIPAL PROVISIONS — TERMINOLOGY. Under the bill, the person seeking to liquidate assets is referred to as an assignor and the fiduciary is referred to as the assignee. The assignor and assignee act in accordance with an assignment agreement entered into by the parties. Therefore, the liquidation is governed by agreement rather than by court order. An assigned asset refers to an asset transferred under an assignment agreement. An assigned asset includes any legal or equitable interest in the property of an assignor, regardless of whether the assignor is in possession or control of the property. The transferred assets covered under the assignment agreement becomes part of an assignment estate administered by the assignee for the benefit of creditors. A creditor's proof of claim refers to a record required to be submitted to an assignee by a creditor that evidences the creditor's claim to an assigned asset. A person is considered a protected secured creditor if the person holds a perfected lien that cannot be avoided by the assignee and is superior to the assignee's lien.

DIVISION I — BILL'S PRINCIPAL PROVISIONS — POWERS AND DUTIES OF THE ASSIGNOR, ASSIGNEE, AND CREDITORS. The assignor has the duty to cooperate with the assignee to assist in administering the assignment estate. The assignor must provide the assignee a list of the assigned assets, together with

creditor and employee information. The assignee must notify creditors known to the assignee of the assignment. An assigned asset is subject to any existing lien or security interest that is not capable of being avoided by the assignee. A transfer of assets is presumably governed under the "Uniform Voidable Transactions Act" (Code chapter 684). Unless the assignment agreement otherwise provides, the assignee has the same rights and duties over the assigned assets as did the assignor prior to the assignment (e.g., to operate the assignor's business, incur debt, pay expenses, and assert or defend claims related to administering the assigned estate). The assignee may also avoid certain claims that the assignor could have avoided if there had not been an assignment agreement. The assignee is deemed to be a lien creditor against the assigned assets consisting of personal property and fixtures and a bona fide purchaser of assigned assets consisting of nonfixture real estate. The assignor or a creditor may petition the district court to remove an assignee based on the best interests of the creditors (e.g., evidence of fraud, dishonesty, incompetence, or gross mismanagement).

DIVISION I —— BILL'S PRINCIPAL PROVISIONS —— DISTRIBUTIONS TO CREDITORS AND WINDING UP THE ASSIGNMENT ESTATE. A creditor must file proof of a claim with the assignee as required by the assignee. The assigned assets in the assignment estate are distributed to creditors whose proof of a claim is accepted by the assignee in accordance with scheduled priorities including by class of creditors. The creditor's priority is established by law outside the Code chapter (e.g., Code chapter 554, article 9). A creditor holding priority status includes protected secured creditors and the assignee who has a lien on the assignment estate for payment of the assignee's fees and expenses. If there are not sufficient moneys to pay creditors with equal priority in full, the assignee must distribute the moneys to those creditors on a pro rata basis. The assignee may also establish reserve moneys for disputed claims to be

S.F. 2497

determined in district court, and for winding up the assignment estate. After the assignee has distributed all of the assets of the assignment estate to creditors, the assignee must send a final accounting to the creditors. The assignee is then discharged from the assignee's duties.

DIVISION II — BILL'S COORDINATING AMENDMENTS. The bill amends several Code provisions that refer to Code chapter 681, including provisions governing franchises, including the termination of a franchise under an ABC process (Code section 523H.7(3)(b) and Code section 537A.10(7)(c)). The bill replaces those references with references to Code chapter 681A. The bill similarly revises a reference from Code chapter 681 to 681A in a provision requiring the clerk of court to carry out duties relating to the assignment of property for the benefit of creditors (Code section 602.8102(122)). The bill provides that an assignment does not trigger the real estate transfer tax otherwise imposed on the transfer of real property (Code section 428A.2). Under current law, there is no similar exemption.

DIVISION III — BILL'S EFFECTIVE DATE. The bill takes effect January 1, 2027.

Senate File 2498 - Introduced

SENATE FILE 2498
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3181)

A BILL FOR

An Act relating to nuclear electric generation facilities by creating sales and use tax exemptions and refunds, making appropriations to the state board of regents for establishing and maintaining a nuclear energy workforce, and providing penalties.

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

TLSB 6847SV (3) 91
jm/jh

S.F. 2498

Section 1. NEW SECTION. **262.101 Nuclear energy workforce fund — appropriation — report.**

1. A nuclear energy workforce fund is established in the office of the treasurer of state under the control of the state board of regents. The fund consists of the contributions made to the fund pursuant to section 423.3, subsection 111, and any other appropriations made to the fund. Moneys in the fund shall be separate from the general fund of the state and shall not be considered part of the general fund of the state. Moneys in the fund shall be used only as specified in this section and shall be appropriated only for the uses specified. Moneys in the fund are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered, except as provided in this section. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the fund shall be credited to the fund.

2. Moneys in the fund are appropriated to the board for the purpose of establishing and maintaining programs and equipment at one or more institutions of higher education governed by the board that support nuclear energy workforce programs.

3. Beginning January 15, 2028, and each January 15 thereafter, the board shall submit a report to the general assembly regarding the progress and implementation of the nuclear energy workforce programs established at the institutions governed by the board. The reports shall include but are not limited to the numbers of students and educators participating in the programs and the allocation of funds appropriated for the programs.

Sec. 2. Section 423.3, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 111. *a.* (1) To the extent permissible in the agreement under paragraph *"d"*, the sales price of tangible personal property or specified digital products sold, or of services furnished to a nuclear electric generation facility.

S.F. 2498

(2) The tangible personal property, specified digital products, and services furnished shall be directly and primarily used before, during, or after the site preparation, construction, reconstruction, replacement, alteration, repair, safe storage, maintenance, or restarting after decommissioning of the nuclear electric generation facility.

b. This exemption does not apply to motor vehicles subject to registration under chapter 321.

c. This subsection shall not be construed to limit any other exemptions applicable under this chapter.

d. (1) As a condition of receiving the exemption under this subsection, and prior to being eligible to receive the exemption, the nuclear electric generation facility shall enter into an agreement with the state board of regents and the economic development authority that provides a minimum contribution for establishing and maintaining programs and equipment at one or more institutions of higher education governed by the board that support a nuclear energy workforce. The agreement shall, at a minimum, require the nuclear electric generation facility to annually contribute at least fifteen percent of the aggregate value of the sales and use tax exemption and refund disclosed in the annual report to the department pursuant to paragraph "*e*" for the previous calendar year. The contribution shall be made to the department and deposited into the nuclear energy workforce fund created in section 262.101.

(2) The agreement shall establish the date when eligibility for the exemption begins including whether and to what extent the exemption applies to any tangible personal property or specified digital products sold or to services furnished prior to the agreement date.

e. (1) The nuclear electric generation facility shall register with the department. The registration must include all of the following:

(a) An executed copy of the agreement in paragraph "*d*".

(b) Any information the department requires.

(2) To maintain its registration, the nuclear electric generation facility shall file an annual report with the department beginning January 31, 2027, and by each January 31 thereafter, that contains all of the following information:

(a) The aggregate sales price amount of exempt tangible personal property or digital products sold and services furnished from the previous calendar year under this subsection, including tangible personal property, specified digital products, and services that are also exempt under another subsection of this section.

(b) The aggregate sales price amount of building materials, supplies, equipment, and services subject to a refund claim the department approved during the previous calendar year under section 423.4, subsection 12.

(c) Evidence the nuclear electric generation facility made the contribution required by the agreement in paragraph *"d"*.

(d) Any other information required by the department.

(3) The nuclear electric generation facility shall repay the aggregate amount of the sales and use tax exemptions and refunds claimed in the calendar year for which the nuclear electric generation facility did not make the required contribution. Any repayment shall be considered a tax payment due and payable to the department by the nuclear electric generation facility, and the failure to make the repayment may be treated by the department in the same manner as a failure to pay the tax shown due, or required to be shown due, with the filing of a return or deposit form.

(4) A nuclear electric generation facility that is not registered with the department is not eligible to receive an exemption under this subsection or a refund under section 423.4, subsection 12.

f. The department may adopt rules pursuant to chapter 17A to administer this subsection.

g. For purposes of this subsection, *"nuclear electric*

generation facility" means a facility located in this state that uses nuclear fission, fusion, or other nuclear processes to generate electricity for sale or for use in the transmission or distribution grid and is licensed by the federal nuclear regulatory commission. A *"nuclear electric generation facility"* includes facilities undergoing restart after a decommissioning period and facilities in advanced stages of development or obtaining federal licensing from the federal nuclear regulatory commission. A *"nuclear electric generation facility"* includes all of the following:

(1) Nuclear reactors, reactor fuel cores, reactor vessels, steam generators, heat exchangers, turbine systems, control rods, instrumentation, cooling systems, fuel handling and storage systems, radiation shielding, radiation sources and other primary nuclear generation components, and spent fuel storage.

(2) Structures and buildings housing nuclear generation systems, including containment buildings, auxiliary buildings, cooling towers, water intake or discharge structures, and on-site storage facilities directly related to nuclear operations.

(3) Electrical generation and transformation equipment, including turbines, generators, switchgear, transformers, inverters, transmission structures, conductors, substations, and associated power conditioning and control equipment.

(4) Equipment and systems used for safety, security, radiation monitoring, emergency power, operator training, maintenance training, safety-related equipment storage, and warehousing.

(5) Environmental protection required for operation of the facility.

(6) System materials, components, equipment, storage, structures, and buildings associated with integrated systems that enhance the flexibility of the system in delivering energy to the electrical grid, including but not limited to the

S.F. 2498

following:

(a) Systems that store and utilize thermal energy or electrical energy from the nuclear electric generation facility prior to delivering energy to the grid.

(b) Energy storage systems that utilize a transmission system interconnection to the same physical substation as the nuclear electric generation facility.

(7) Materials, supplies, and components permanently incorporated into or consumed in the construction, repair, or maintenance of a nuclear electric generation facility.

(8) Digital control systems, software, cybersecurity, infrastructure, and physical security systems and equipment used in the safe and compliant operation of the nuclear electric generation facility.

(9) Equipment, materials, systems, and services required to restart operations at a previously operational nuclear electric generation facility that has ceased commercial operation, including but not limited to refurbishment, modernization. regulatory compliance upgrades, and relicensing activities.

Sec. 3. Section 423.4, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 12. *a.* A nuclear electric generation facility, as defined in section 423.3, subsection 111, may apply to the department for the refund of sales or use tax upon the sales price of all sales of building materials, supplies, equipment, or from service furnished to a contractor, used in the performance of a written contract with the nuclear electric generation facility if all of the following apply:

(1) The building materials, supplies, equipment, or services are completely consumed in the performance of a construction project with the nuclear electric generation facility.

(2) The property that is the subject of the construction project becomes public property or the property of the nuclear electric generation facility.

b. A contractor shall state under oath, on forms provided by the department, the amount of such sales and building materials, supplies, or equipment, or services furnished and used in the performance of such contract, and upon which sales or use tax has been paid, and shall file such forms with the nuclear electric generation facility which has made any written contract for performance by the contractor. The forms shall be filed by the contractor with the nuclear electric generation facility before final settlement is made.

c. A nuclear electric generation facility shall, not more than one year after the final settlement has been made, apply to the department for any refund of the amount of the sales or use tax which shall have been paid upon any building materials, supplies, equipment, or services furnished, the application to be made in the manner and upon forms to be provided by the department, and the department shall forthwith audit the claim and, if approved, issue a warrant to the nuclear electric generation facility in the amount of the sales or use tax which has been paid to the state of Iowa under the contract. The nuclear electric generation facility shall be registered with the department as required under section 423.3, subsection lll, at the time the nuclear electric generation facility applies for refund under this subsection.

d. Refunds authorized under this subsection shall accrue interest in accordance with section 421.60, subsection 2, paragraph *"e"*.

e. Any contractor who willfully makes a false report of tax paid under the provisions of this subsection is guilty of a simple misdemeanor and in addition shall be liable for the payment of the tax and any applicable penalty and interest.

EXPLANATION

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

This bill makes certain sales and use tax exemptions relating to nuclear electric generation facilities contingent

upon making contributions to institutions of higher education (regents institution) governed by the state board of regents (board).

NUCLEAR ELECTRIC GENERATION FACILITY —— EXEMPTION. To the extent permissible under an agreement required by the bill, tangible personal property or specified digital products sold and services furnished are exempted from the state sales and use tax (exemption) before, during, or after the site preparation, construction, reconstruction, replacement, alteration, repair, safe storage, maintenance, or the restarting after decommissioning of a nuclear electric generation facility. The tangible personal property, specified digital products, and services exempted are required to be directly and primarily used for these purposes.

The bill defines "nuclear electric generation facility" (facility) to mean a facility located in this state that uses nuclear fission, fusion, or other nuclear processes to generate electricity for sale or for use in the transmission or distribution grid and is licensed by the federal nuclear regulatory commission. The definition of facility in the bill is comprehensive and includes but is not limited to nuclear reactors, storage facilities, equipment, electrical generation, and other structures.

AGREEMENT BY FACILITY. As a condition of receiving the exemption created in the bill, a facility is required to enter into an agreement with the board and the economic development authority (authority) that requires the facility to make a minimum contribution for establishing and maintaining programs and equipment at one or more regents institutions governed by the board that support nuclear energy workforce programs. The agreement shall, at a minimum, require the facility to contribute at least 15 percent of the aggregate value of the exemption received pursuant to the bill for the purpose of establishing and maintaining programs and equipment at a regents institution that supports nuclear energy workforce

programs.

The agreement with the authority shall establish the date the exemption begins, including whether and to what extent the exemption applies to any tangible personal property or specified digital products sold, or services furnished prior to the agreement date.

Beginning January 15, 2028, and each January 15 thereafter, the bill requires the board to submit a report to the general assembly regarding the progress and implementation of the nuclear energy workforce programs.

REPORTING BY FACILITY. The bill requires a facility to register with the department. Beginning January 31, 2027, and each January 31 thereafter, a facility receiving an exemption is required to file an annual report with the department of revenue (DOR). The annual report shall provide the aggregate sales price amount of tangible personal property, specified digital products, and services that received an exemption in the previous calendar year.

The bill requires DOR to calculate the aggregate value of the exemption based upon the aggregate sales price amounts disclosed in the annual report, and provide the aggregate value of the exemption to the authority, for purposes of calculating the 15 percent contribution for establishing and maintaining programs and equipment at a regents institution that supports nuclear energy workforce programs.

SALES AND USE TAX REFUNDS. The bill permits a facility to apply to DOR for the refund of sales or tax upon the sales price of all sales of building materials, supplies, equipment, or from services furnished to a contractor, used in the performance of a written contract with the facility, if certain circumstances apply. Any contractor who willfully makes a false report of taxes paid for purposes of obtaining a sales or use tax refund under the bill commits a simple misdemeanor.

Senate File 2499 - Introduced

SENATE FILE 2499
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2446)
(SUCCESSOR TO SSB 3179)

(COMPANION TO HF 2766)

A BILL FOR

An Act relating to captive insurance companies and life captive reinsurance companies, and including civil penalties.

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

TLSB 5452SZ (2) 91
nls/ko

S.F. 2499

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

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

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

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

(2) The commissioner of insurance of another state.

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

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

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

S.F. 2499

the commissioner of insurance and any of the following:

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

(2) The commissioner of insurance of another state.

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

1. The secretary of state, upon a corporation complying with this section and upon the filing of articles of incorporation and upon receipt of the fees as provided in this chapter, shall issue an acknowledgment of receipt of document as of the date of the filing of the articles of incorporation with the secretary of state. The acknowledgment of receipt of document shall state on its face that it is issued in accordance with this section. The secretary of state shall then notify the appropriate officer of the state or country of the corporation's last domicile that the corporation is now a domestic corporation domiciled in this state. This section applies to life insurance companies, ~~and~~ to insurance companies doing business under chapter 515, and to captive companies doing business under chapter 521J.

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

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

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

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

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

S.F. 2499

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

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

9. "*Captive risk retention group*" means a captive insurance risk retention group formed under this ~~chapter~~ subchapter and that is subject to chapter 515E.

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

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

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

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

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

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

S.F. 2499

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

applicable.

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

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

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

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

(3) A copy of each participant contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and market risk associated with the marketable securities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

521J.7 Reports.

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

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

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

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

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

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

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

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

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

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

the commissioner.

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

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

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

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

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

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

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

a. Except for captive risk retention groups as provided

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

521J.18 Sponsors —— qualifications.

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 37. NEW SECTION. **521J.27 Redomestication — premium tax year waiver.**

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

2. A foreign or alien captive company that redomesticates

under this subchapter shall report to the commissioner all premium taxes annually due under section 432.1A, may elect to forgo payment of the premium taxes in either the calendar year in which the foreign or alien captive company first domesticates into the state, or the immediately succeeding calendar year. A foreign or alien captive company that makes such election that subsequently surrenders the foreign or alien captive company's license or redomesticates to another jurisdiction within five years from the date of redomestication into the state shall immediately pay to the commissioner a tax in an amount equal to the foregone premium tax plus ten percent per annum from the date the foregone premium tax would have originally been due.

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

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

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

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

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

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

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

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

6. *a. "Insurance securitization"* or *"securitization"* means

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

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

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

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

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

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

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

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

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

12. *"Parent"* means a person that owns an organizing company, either directly or indirectly through one or more intermediaries.

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

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

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

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

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

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

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

1. A life captive reinsurance company issued a certificate of authority shall only reinsure the risks of a ceding insurer and shall not otherwise engage in the business of insurance. A life captive reinsurance company may purchase retrocession to

cede the risks assumed under a reinsurance contract, subject to prior approval of the commissioner.

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

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

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

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

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

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

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

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

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

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

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

(i) A statement that the proposed organization and operation of the life captive reinsurance company complies with this section.

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

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

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

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

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

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

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

(i) A legal opinion, in a form and manner approved by the commissioner, that the offer and sale of life captive reinsurance company securities comply with all applicable registration requirements or applicable exemptions or exceptions to such requirements under state and federal

securities laws. The legal opinion shall not be required as part of the life captive reinsurance company's initial application for a certificate of authority if the life captive reinsurance company includes a statement in the company's plan of operation that the legal opinion will be submitted to the commissioner prior to the offer or sale of a captive reinsurance security.

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

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

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

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

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

c. If there is a subsequent material change in the information provided to the commissioner under paragraph *"a"*, the life captive reinsurance company shall inform the commissioner within thirty calendar days of the date of the material change and shall submit appropriate documentation as requested by the commissioner for approval. The life captive reinsurance company shall not write any insurance business

until on or after the date on which the commissioner approves the supporting documentation.

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

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

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

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

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

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

b. In conjunction with the issuance of the certificate

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

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

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

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

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

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

documentation detailing the process by which the qualified actuary arrived at the conclusions in the certification in preparation for an examination conducted pursuant to section 521J.110.

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

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

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

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

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

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

2. The source and form of the life captive reinsurance company's capital and surplus minimums as required under 521J.105.

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

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

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

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

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

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

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

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

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

3. A life captive reinsurance company's organizational documents must limit the life captive reinsurance company's

authority to transact the business of reinsurance to only reinsure the risks of a ceding insurer.

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

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

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

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

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

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

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

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

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

1. A life captive reinsurance company shall provide the commissioner with a copy of documentation of an insurance securitization no later than forty-five calendar days before

the closing on the transaction for the securitization.

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

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

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

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

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

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

8. A life captive reinsurance company shall file with the

commissioner all of the following:

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

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

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

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

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

c. Completed quarterly and annual financial statement blanks as are required by the NAIC for traditional life insurance companies, including any supplements or interrogatories required by the NAIC, in accordance with the NAIC statutory accounting principles. The commissioner may require, approve, or accept any appropriate or necessary modifications of the NAIC statutory accounting principles based on the type of

insurance and kind of insurers included in the life captive reinsurance company's report. The quarterly filings shall be filed with the commissioner on or before May 15 for the first quarter, August 15 for the second quarter, and November 15 for the third quarter for the current calendar year. The annual statement shall be filed with the commissioner on or before March 1 of each year for the immediately preceding calendar year.

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

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

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

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

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

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

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

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

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

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

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

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

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

a. Insolvency or impairment of capital or surplus.

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

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

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

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

f. Use of methods that render the life captive reinsurance company's operation detrimental, or the company's condition unsound, with respect to the company's policyholders or to the public.

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

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

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

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

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

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

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

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

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

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

1. A life captive reinsurance company's investment program

shall take into account the safety of the company's assets, investment yield and return, stability in the value of the investment, and liquidity necessary to meet the company's expected business needs and investment diversification. The assets of a life captive reinsurance company shall be preserved and administered by or on behalf of the life captive reinsurance company to satisfy the liabilities and obligations of the life captive reinsurance company incident to the reinsurance contract between the life captive reinsurance company and the parent or ceding insurer, any insurance securitizations, and other related agreements. For the purposes of this section, assets do not include letters of credit and guaranties of a parent.

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

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

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

c. Convertible bonds.

d. Preferred or common stock.

e. Private equity or hedge funds.

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

b. For purposes of this subsection, *"life captive reinsurance company securitization"* means the security-offering memorandum or other document issued to prospective investors regarding the offer and sale of a surplus note or other security.

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

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

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

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

1. A life captive reinsurance company may reinsure,

pursuant to a reinsurance contract, only the risks of a ceding insurer.

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

a. Proceeds from a securitization.

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

c. Letters of credit.

d. Guaranties of a parent.

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

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

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

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

b. Entering into guaranty trust, guaranteed investment contract, swap, or other derivative, tax, administration,

services reimbursement, or fiscal agent transactions.

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

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

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

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

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

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

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

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

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

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

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

commissioner by rule.

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

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

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

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

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

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

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

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

statements; and can confirm the life captive reinsurance company's compliance with this subchapter.

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

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

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

a. Dissolve the life captive reinsurance company.

b. Sell, exchange, lease, mortgage, assign, pledge, or otherwise transfer or grant a security interest in over thirty percent of the assets of the life captive reinsurance company.

c. Incur material indebtedness.

d. Make a material loan or other material extension of credit.

e. Make a material payment out of capital and surplus other than dividends or distributions paid in accordance with this subchapter.

f. Conduct a merger or consolidation to which the life captive reinsurance company is a constituent party.

g. Transfer to or redomesticate in a different jurisdiction.

h. Terminate all or a part of the life captive reinsurance company's business.

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

the life captive reinsurance company or any other person to fulfill the company's or person's obligations.

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

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

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

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

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

EXPLANATION

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

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

Under the bill, a tax return on gross premiums filed by an insurance company or a captive company shall not be subject to inspection under Code chapter 22, and it shall be unlawful

S.F. 2499

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

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

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

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

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

S.F. 2499

Prior to receiving a certificate of authority, current law requires a captive company to file with the commissioner a certified copy of the business entity's organizational document. The bill eliminates the requirement that the copy be certified.

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

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

Current law requires that each captive company, individual series of members of a limited liability company, and protected cell pay an initial registration fee, and an annual renewal registration fee, of $300. The bill requires each captive company, individual series of members of a limited liability company, and protected cell pay an annual renewal registration fee of $300.

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

S.F. 2499

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

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

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

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

S.F. 2499

The bill eliminates the requirement under current law that all reports filed pursuant to Code section 521J.7 (reports) be considered confidential and not a public record.

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

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

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

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

For taxes due pursuant to Code section 432.1A (tax on premiums —— captive companies), a foreign or alien captive company that redomesticates into the state shall only be liable for taxes on premiums paid to the captive company after redomestication and shall report to the commissioner all premium taxes due. In either the captive company's first or

second year of operation after domesticating into the state, the company may elect to forego payment of the premium taxes. If the company that makes such election subsequently surrenders the company's license or redomesticates to another jurisdiction within five years, the company shall immediately pay to the commissioner a tax in an amount equal to the foregone premium tax plus 10 percent per annum from the date the foregone premium tax would have been originally due.

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

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

defined by the bill.

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

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

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

An LCRC must have a plan of operation approved by its board of directors, and, prior to assuming risks under a reinsurance contract, shall submit the plan of operation to the commissioner for approval. The commissioner may approve the plan of operation upon finding that the plan meets the requirements of the bill, and may require amendments to the plan as necessary. Any change in the LCRC's plan of operation shall require prior approval of the commissioner. The plan of

operation must include all of the information detailed in the bill.

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

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

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

The commissioner may examine each LCRC's compliance with the bill, and may examine the affairs, transactions, accounts, records, and assets of each LCRC as necessary, but not less frequently than every five years. Upon the completion of an examination, or at regular intervals, the commissioner shall prepare an account of the costs incurred in performing and

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

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

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

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

S.F. 2499

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

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

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

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

An LCRC domiciled in the state may apply to the commissioner for a certificate of dormancy, which shall be valid for five

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

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

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

An LCRC security shall not be subject to regulation as an insurance or reinsurance contract. An investor in, or holder of, the security shall not be considered to transact in the business of insurance solely based on such interest. An underwriter's placement agents, selling agents, partners,

S.F. 2499

commissioners, officers, members, managers, employees, agents, representatives, and advisors involved in an insurance securitization shall not be considered to be insurance producers or brokers or to be conducting business as an insurance company, a reinsurance company, or an insurance agency, brokerage, intermediary, advisory, or consulting business, solely by virtue of their underwriting activities in connection with a securitization.

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

Senate File 2500 - Introduced

SENATE FILE 2500
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2431)
(SUCCESSOR TO SSB 3009)

A BILL FOR

An Act relating to the appointment and duties of township officers and township budgets, and including effective date and applicability provisions.

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

TLSB 5918SZ (2) 91
js/jh

S.F. 2500

Section 1. Section 39.3, subsection 7, Code 2026, is amended to read as follows:

7. *"General election"* means the biennial election for national or state officers, members of Congress and of the general assembly, county ~~and township~~ officers, and for the choice of other officers or the decision of questions as provided by law.

Sec. 2. Section 39.21, subsection 4, Code 2026, is amended by striking the subsection.

Sec. 3. Section 39.27, Code 2026, is amended to read as follows:

39.27 Qualifications for public office.

Any person elected to an office under the laws of this state shall be an eligible elector. At the time an elected official takes office the official shall be a resident of the state, district, county, ~~township,~~ city, or ward by or for which the person was elected, or in which the duties of the office are to be exercised. An elected official shall continue to be a resident of the state, district, county, ~~township,~~ city, or ward by or for which the person was elected, or in which the duties of the office are to be exercised for the duration of the term of office. This section shall not apply to United States senators or representatives in Congress or to members of the general assembly.

Sec. 4. Section 49.41, subsection 2, paragraph b, Code 2026, is amended to read as follows:

b. When the state commissioner receives notice from the county commissioner that a candidate for a state or federal office has also been nominated for a county ~~or township~~ office, the state commissioner shall amend the certificate issued pursuant to section 43.73 and notify the commissioners of any other counties to whom the candidate's name was originally certified and instruct them to remove the candidate's name from the ballot in those counties.

Sec. 5. Section 49.41, subsection 4, Code 2026, is amended

S.F. 2500

by striking the subsection.

Sec. 6. Section 50.7, Code 2026, is amended to read as follows:

50.7 Error on county office ~~— township office~~.

If, in case of such excess, the vote of the precinct where the error occurred would change the result as to a county office if the person appearing to be elected were deprived of so many votes, then the election shall be set aside as to that person in that precinct, and a new election ordered therein; but no person who was not a registered voter in that precinct at the time of the general election shall be allowed to vote at such special election. If the error occurs in relation to an office of a city, school district, ~~township,~~ or of any special district whose elections may be conducted under this chapter, the governing body of the political subdivision involved may order a new election or not, in their discretion.

Sec. 7. Section 64.1A, subsection 5, Code 2026, is amended to read as follows:

5. Township trustees and clerks.

Sec. 8. Section 64.2, subsection 1, Code 2026, is amended to read as follows:

1. All other public officers, except as otherwise specially provided, shall give bond with the conditions, in substance, as follows:

That as ..... (naming the office), in ..... (city, ~~township,~~ county, or state of Iowa), the officer will render a true account of the office and of the officer's doings therein to the proper authority, when required thereby or by law; that the officer will promptly pay over to the officer or person entitled thereto all moneys which may come into the officer's hands by virtue of the office; that the officer will promptly account for all balances of money remaining in the officer's hands at the termination of the office; that the officer will exercise all reasonable diligence and care in the preservation and lawful disposal of all money, books, papers,

securities, or other property appertaining to that office, and deliver them to the officer's successor, or to any other person authorized to receive the same; and that the officer will faithfully and impartially, without fear, favor, fraud, or oppression, discharge all duties now or hereafter required of the office by law.

Sec. 9. Section 64.3, subsection 3, Code 2026, is amended to read as follows:

3. The reasonable expenses of an insurance policy obtained pursuant to this section in lieu of a bond, for which the reasonable expenses of such bond would be paid for by the county ~~or township~~ pursuant to section 64.11~~, 64.12,~~ or 64.15, shall be paid by the county ~~or township, as applicable~~.

Sec. 10. Section 64.19, subsection 2, Code 2026, is amended to read as follows:

2. By the board of supervisors, in case of county officers~~, township clerks,~~ and assessors.

Sec. 11. Section 64.19, subsection 4, Code 2026, is amended by striking the subsection.

Sec. 12. Section 64.24, subsection 1, paragraph a, subparagraph (2), Code 2026, is amended to read as follows:

(2) In the record kept by the county auditor, the official bonds of all county officers, elective or appointive~~, and township clerks~~.

Sec. 13. Section 65.3, Code 2026, is amended to read as follows:

65.3 Effect.

If a requisition made under either section 65.1A or ~~section~~ 65.2 ~~be~~ is complied with, both the old and the new security shall be in force; if not, the office shall become and be declared vacant, and the fact shall be certified to the proper officer~~,~~ to be recorded in the election book ~~or township record~~.

Sec. 14. Section 69.8, subsection 5, Code 2026, is amended by striking the subsection and inserting in lieu thereof the

following:

5. *Appointed township officers.* When a vacancy occurs in the office of township trustee or township clerk, the vacancy shall be filled by appointment by the board of supervisors pursuant to section 359.11.

Sec. 15. Section 85.61, subsection 3, paragraph a, Code 2026, is amended to read as follows:

a. A person, firm, association, or corporation, state, county, municipal corporation, school corporation, area education agency, ~~township as an employer of volunteer fire fighters and emergency medical care providers only,~~ benefited fire district, and the legal representatives of a deceased employer.

Sec. 16. Section 97B.1A, subsection 8, paragraph a, subparagraph (1), Code 2026, is amended to read as follows:

(1) Elective officials in positions for which the compensation is on a fee basis, elective officials of school districts, ~~elective officials of townships,~~ and elective officials of other political subdivisions who are in part-time positions. An elective official covered under this section may terminate membership under this chapter by informing the system in writing of the expiration of the member's term of office or by informing the system of the member's intent to terminate membership for employment as an elective official and establishing that the member has a bona fide termination of employment from all employment covered under this chapter other than as an elective official and that the member has filed a completed application for benefits form with the system. A county attorney is an employee for purposes of this chapter whether that county attorney is employed on a full-time or part-time basis.

Sec. 17. Section 97C.2, subsection 1, Code 2026, is amended to read as follows:

1. The term "*employee*" includes elective and appointive officials of the state or any political subdivision thereof,

except elective officials in positions, the compensation for which is on a fee basis, elective officials of school districts, ~~elective officials of townships,~~ and elective officials of other political subdivisions who are in part-time positions. However, a member of a county board of supervisors or a county attorney shall not be deemed to be an elective official in a part-time position, but every member of a county board of supervisors and every county attorney shall be deemed to be an employee under this chapter and is eligible to receive the benefits provided by this chapter to which the member may be entitled as an employee.

Sec. 18. Section 165.35, Code 2026, is amended to read as follows:

165.35 ~~Township~~ County animal board of health.

The ~~township trustees in such~~ fence viewers appointed pursuant to section 359A.2A in each county are hereby constituted the animal board of health in their respective ~~townships~~ counties and they shall by April 1 of each year, and at such other times as they shall deem advisable, make a survey and report to the department all breeding cattle brought from outside of the county into each township in their respective ~~townships from outside of the county~~ counties.

Sec. 19. Section 169C.6, subsection 3, Code 2026, is amended to read as follows:

3. If the fence is not erected or maintained as required in section 359A.6, and upon the written request of the board of township trustees, the board of supervisors of the county where the fence is to be erected or maintained shall act in the same manner as the ~~board of township trustees~~ fence viewers under that section, including by erecting or maintaining the fence, ordering payment from a defaulted party, and certifying an amount due to the county treasurer in the same manner as in section 359A.6. The amount due shall include the total costs required to erect or maintain the fence and a penalty equal to five percent of the total costs. The amount shall be placed

upon the county system and collected in the same manner as ordinary taxes. Upon certification to the county treasurer, the amount assessed shall be a lien on the parcel until paid.

Sec. 20. Section 327G.4, subsection 1, paragraph e, Code 2026, is amended to read as follows:

e. Any other type ~~which~~ that the fence viewers of ~~any township~~ the county through which ~~it~~ the fence passes may determine as efficient as any of the above types.

Sec. 21. Section 331.248, subsection 4, paragraph a, subparagraph (5), Code 2026, is amended to read as follows:

(5) Provide for a method for the governing body or another office to exercise the powers and duties of the township trustees, in lieu of their ~~election or~~ appointment.

Sec. 22. Section 331.322, subsection 14, Code 2026, is amended by striking the subsection.

Sec. 23. Section 331.324, subsection 1, paragraph o, Code 2026, is amended to read as follows:

o. Fix, if not otherwise fixed by state law, and pay the compensation for services of county ~~and township officers and~~ employees ~~if not otherwise fixed by state law~~ and township trustees and clerks.

Sec. 24. Section 331.324, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 7. An individual performing services for a township is an employee of the county and not of the township.

Sec. 25. Section 331.502, subsection 5, Code 2026, is amended to read as follows:

5. Have custody of the official bonds of county ~~and township~~ officers as provided in section 64.23.

Sec. 26. Section 331.512, subsection 1, paragraph i, Code 2026, is amended to read as follows:

i. The levy of taxes certified by the board of trustees of a township as provided in ~~chapters~~ chapter 359 ~~and 360~~.

Sec. 27. Section 331.901, subsection 5, Code 2026, is amended to read as follows:

5. A county or township officer or county employee shall not appropriate, give, or loan public funds to or in favor of an institution, school, association, or object that is under ecclesiastical or sectarian management or control unless the public funds are to be utilized for a project or program that benefits the public and does not require any religious or sectarian services, educational programs, or participation requirements.

Sec. 28. Section 359.11, Code 2026, is amended by striking the section and inserting in lieu thereof the following:

359.11 Trustees and clerk to be appointed —— training.

1. *a.* (1) Prior to January 1, 2027, the board of supervisors of a county with a population of less than fourteen thousand four hundred eighty-four according to the 2020 federal decennial census shall appoint three registered voters of each township to serve on the board of trustees in each township, whose terms shall begin January 1, 2027. The initial terms of the board of trustees shall be staggered. One appointee under this subparagraph shall serve a term of one year, one appointee under this subparagraph shall serve a term of two years, and one appointee under this subparagraph shall serve a term of three years. This subparagraph is repealed January 1, 2031.

(2) Prior to January 1, 2029, the board of supervisors of a county with a population of not less than fourteen thousand four hundred eighty-four but not more than fifty-two thousand four hundred three according to the 2020 federal decennial census shall appoint three registered voters of each township to serve on the board of trustees in each township, whose terms shall begin January 1, 2029. The initial terms of the board of trustees shall be staggered. One appointee under this subparagraph shall serve a term of one year, one appointee under this subparagraph shall serve a term of two years, and one appointee under this subparagraph shall serve a term of three years. This subparagraph is repealed January 1, 2033.

(3) Prior to January 1, 2031, the board of supervisors of a

S.F. 2500

county with a population of more than fifty-two thousand four hundred three according to the 2020 federal decennial census shall appoint three registered voters of each township to serve on the board of trustees in each township, whose terms shall begin January 1, 2031. The initial terms of the board of trustees shall be staggered. One appointee under this subparagraph shall serve a term of one year, one appointee under this subparagraph shall serve a term of two years, and one appointee under this subparagraph shall serve a term of three years. This subparagraph is repealed January 1, 2035.

b. A board of trustees in each township shall consist of three registered voters of the township appointed by the board of supervisors to serve three-year terms staggered so that one term expires on January 1 of each year. Prior to the expiration of the term of an appointee to the board of trustees, the board of supervisors shall appoint a registered voter of the township to serve a term of three years beginning January 1.

2. The board of supervisors shall appoint a township clerk to serve a term of four years beginning January 1.

3. The board of supervisors may remove a person appointed under this section at any time for neglect of duty or maladministration. A vacancy on the board of trustees or of the position of township clerk shall be filled for the unexpired portion of the regular term in the same manner as regular appointments are made.

4. Prior to an appointee's initial term as a township trustee or township clerk, the appointee shall attend training on township budgets and responsibilities. The training shall be offered by the county agriculture extension council created pursuant to section 176A.5. If multiple county agricultural extension councils exist in the same county, the county agricultural extension councils shall coordinate to offer the required training. County agricultural extension councils may collaborate with the department management

and organizations representing county and city governments in producing the content for and presenting the required training. The county agricultural extension council shall notify the board of supervisors when an appointee has attended the required training. If an appointee fails to attend the required training, the board of supervisors shall make a new appointment for the position and the new appointee shall attend the required training prior to taking office.

Sec. 29. Section 359.17, subsection 1, Code 2026, is amended to read as follows:

1. The board of township trustees in each township shall consist of three registered voters of the township to be appointed as provided in section 359.11. ~~However, in townships with a taxable valuation for property tax purposes of two hundred fifty million dollars or more, the board of township trustees shall consist of five registered voters of the township.~~ The trustees shall ~~act as fence viewers as provided in chapter 359A and shall~~ perform ~~other~~ duties assigned to them by law. The board of trustees shall meet not less than two times a year. At least one of the meetings shall be scheduled to meet the requirements of section 359.49.

Sec. 30. Section 359.49, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. Prior to adoption and certification of the budget proposed pursuant to this section, the board of trustees shall provide the proposed budget to the board of supervisors. The board of supervisors shall have the option to approve or reject the proposed budget. The board of supervisors shall approve or reject the proposed budget with recommended changes in a timely manner so as to not delay the duties of the board of trustees to adopt a budget and certify taxes by the deadlines provided in this section.

Sec. 31. Section 359.50, subsection 1, Code 2026, is amended to read as follows:

1. A township budget as finally adopted for the following

fiscal year becomes effective July 1. A township budget for the current fiscal year may be amended, with the approval of the board of supervisors, for any of the following purposes:

a. To permit the expenditure of unexpended, unencumbered cash balances on hand at the end of the preceding fiscal year ~~which~~ that had not been anticipated in the budget.

b. To permit the expenditure of amounts anticipated to be available from sources other than property taxation, and ~~which~~ that had not been anticipated in the budget.

Sec. 32. Section 359.51, Code 2026, is amended to read as follows:

359.51 Separate accounts.

A township shall keep separate accounts corresponding to the items in the township's adopted or amended budget. A township shall keep accounts ~~which~~ that provide an accurate and detailed statement of all public funds collected, received, or expended for any township purpose, by any township officer, county employee under the authority of the township, or other person, and ~~which~~ that show the receipt, use, and disposition of all township property.

Sec. 33. NEW SECTION. **359.51A Annual reports.**

By December 31, 2027, and by December 31 of each year thereafter, each board of township trustees shall provide to the department of management, on a form provided by the department of management, a report outlining the township's finances, accounts, beginning and ending balances, taxes collected, and other information the department of management deems relevant.

Sec. 34. Section 359A.2A, subsections 1 and 4, Code 2026, are amended to read as follows:

1. ~~The trustees of the township where a controversy arises under this chapter shall serve as fence viewers~~ Each year, the county board of supervisors shall appoint five or seven township trustees from the county to serve as fence viewers for the calendar year. If a fence viewer no longer serves as

a township trustee, the fence viewer's term shall immediately terminate and the county board of supervisors shall appoint a township trustee from the county to serve the unexpired portion of the term. No two appointees shall be a resident of the same township. The fence viewers shall have authority to hear and decide all questions related to matters that are part of the controversy as provided in this chapter.

4. Upon the disqualification of ~~the~~ a fence viewer, the ~~remaining trustees~~ county board of supervisors shall appoint a qualified substitute fence viewer to decide each question related to a matter in controversy. If a ~~trustee~~ fence viewer is not remaining, the ~~township clerk~~ county board of supervisors shall appoint three qualified substitute fence viewers to decide each question related to a matter in controversy. However, this subsection does not apply if the ~~township clerk~~ board of supervisors selects a fence viewer as provided in section 359A.14.

Sec. 35. Section 359A.2A, subsection 2, paragraph b, Code 2026, is amended to read as follows:

b. A fence viewer who has a conflict of interest in deciding a question related to a matter that is part of the controversy is disqualified from participating in the matter. ~~The disqualification shall be made by the election of the fence viewer or unanimous vote of the fence viewers who do not have a conflict of interest in the matter. However, if three or more fence viewers do not have a conflict of interest in the matter, the disqualification shall be made by a majority vote of those fence viewers.~~

Sec. 36. Section 359A.6, Code 2026, is amended to read as follows:

359A.6 Default —— costs and fees collected.

If the erecting, rebuilding, or repairing of a fence is not completed within thirty days from and after the time fixed in the order issued under section 359A.4, the ~~board of township trustees acting as fence viewers~~ county board of supervisors

shall cause the fence to be erected, rebuilt, and repaired, and the value thereof may be fixed by the fence viewers. The board of supervisors shall determine fees of the fence viewers. Unless the sum so fixed, together with all fees of the fence viewers caused by the default, is paid to the county treasurer, within ten days after the full amount due is ascertained, or when ordered to pay for an existing fence, and the value thereof is fixed by the fence viewers, and the sum, together with the fees of the fence viewers, remains unpaid by the party in default for ten days, the fence viewers shall certify to the county treasurer the full amount due from the party or parties in default, including all fees and costs assessed by the fence viewers, together with a description of the real estate owned by the party or parties in default along or upon which the said fence exists. The county treasurer shall enter the full amount due upon the county system, and the amount shall be collected in the same manner as ordinary taxes. Upon certification to the county treasurer, the amount assessed shall be a lien on the parcel until paid.

Sec. 37. Section 359A.8, Code 2026, is amended to read as follows:

359A.8 Orders.

All orders and decisions made by the fence viewers shall be in writing, signed by at least two of them, and filed with the township clerk. The township clerk shall not collect fees under this section.

Sec. 38. Section 359A.14, Code 2026, is amended to read as follows:

359A.14 Lands in different ~~townships~~ counties.

When the adjoining lands are situated in different ~~townships in the same or different~~ counties, the ~~clerk of the township~~ board of supervisors of the county of the owner making the application shall select ~~two trustees of the clerk's township as~~ three fence viewers from its county, and the ~~clerk of the other township one~~ board of supervisors of the other county

shall select two fence viewers from that ~~clerk's township~~ county, who shall possess, in such case, all the powers given to fence viewers in this chapter, but all orders, notices, and valuations and taxation of costs made by them must be recorded ~~in both townships and~~ in the office of the recorder of deeds of each county.

Sec. 39. REPEAL. Sections 39.22, 64.12, 359.10, 359.12, 359.13, 359.46, and 359.47, Code 2026, are repealed.

Sec. 40. REPEAL. Chapter 360, Code 2026, is repealed.

Sec. 41. TRANSITION —— ELECTED TOWNSHIP OFFICIALS.

1. The term of all elected township officials in all townships in a county with a population of less than fourteen thousand four hundred eighty-four according to the 2020 federal decennial census shall terminate on January 1, 2027. A person serving as a township trustee or township clerk pursuant to chapter 359, Code 2026, may continue serving in that role until January 1, 2027.

2. The term of all elected township officials in all townships in a county with a population of not less than fourteen thousand four hundred eighty-four but not more than fifty-two thousand four hundred three according to the 2020 federal decennial census shall terminate on January 1, 2029. A person serving as a township trustee or township clerk pursuant to chapter 359, Code 2026, may continue serving in that role until January 1, 2029.

3. The term of all elected township officials in all townships in a county with a population of more than fifty-two thousand four hundred three according to the 2020 federal decennial census shall terminate on January 1, 2031. A person serving as a township trustee or township clerk pursuant to chapter 359, Code 2026, may continue serving in that role until January 1, 2031.

Sec. 42. TRANSITION —— TOWNSHIP EMPLOYEES.

1. All employees of a township in a county with a population of less than fourteen thousand four hundred eighty-four

according to the 2020 federal decennial census shall be considered employees of the county in which the township is located as of July 1, 2027, without incurring any loss in salary, benefits, or accrued years of service.

2. All employees of a township in a county with a population of not less than fourteen thousand four hundred eighty-four but not more than fifty-two thousand four hundred three according to the 2020 federal decennial census shall be considered employees of the county in which the township is located as of July 1, 2029, without incurring any loss in salary, benefits, or accrued years of service.

3. All employees of a township in a county with a population of more than fifty-two thousand four hundred three according to the 2020 federal decennial census shall be considered employees of the county in which the township is located as of July 1, 2031, without incurring any loss in salary, benefits, or accrued years of service.

Sec. 43. EFFECTIVE DATE. Except as otherwise provided in this Act, this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 44. EFFECTIVE DATE. The following take effect January 1, 2027:

1. The section of this Act amending section 97B.1A, subsection 8, paragraph "a".

2. The section of this Act amending section 97C.2, subsection 1.

Sec. 45. EFFECTIVE DATE. The following take effect July 1, 2027:

1. The section of this Act amending section 85.61, subsection 3, paragraph "a".

2. The section of this Act striking section 331.322, subsection 14.

3. The section of this Act amending section 331.324, subsection 1, paragraph "o".

4. The section of this Act enacting section 331.324,

subsection 7.

5. The section of this Act amending section 331.901, subsection 5.

6. The section of this Act amending section 359.51.

7. The portion of the section of this Act repealing sections 359.46 and 359.47.

Sec. 46. APPLICABILITY.

1. The following apply July 1, 2026, to the adoption, certification, and amendment of township budgets for fiscal years beginning on and after July 1, 2027, for townships located in a county with a population of less than fourteen thousand four hundred eighty-four according to the 2020 federal decennial census:

a. The section of this Act enacting section 359.49, subsection 1A.

b. The section of this Act amending section 359.50, subsection 1.

2. The following apply July 1, 2028, to the adoption, certification, and amendment of township budgets for fiscal years beginning on and after July 1, 2029, for townships located in a county with a population of not less than fourteen thousand four hundred eighty-four but not more than fifty-two thousand four hundred three according to the 2020 federal decennial census:

a. The section of this Act enacting section 359.49, subsection 1A.

b. The section of this Act amending section 359.50, subsection 1.

3. The following apply July 1, 2030, to the adoption, certification, and amendment of township budgets for fiscal years beginning on and after July 1, 2031, for townships located in a county with a population of more than fifty-two thousand four hundred three according to the 2020 federal decennial census:

a. The section of this Act enacting section 359.49,

subsection 1A.

b. The section of this Act amending section 359.50, subsection 1.

Sec. 47. APPLICABILITY.

1. a. For counties with a population of not less than fourteen thousand four hundred eighty-four but not more than fifty-two thousand four hundred three according to the 2020 federal decennial census, except as provided in paragraph "b", this Act shall apply beginning January 1, 2029.

b. (1) The following shall apply to counties described in paragraph "a" on and after the effective date of the following sections of this Act:

(a) The section of this Act amending section 331.512, subsection 1, paragraph "i".

(b) The section of this Act enacting section 359.51A.

(c) The section of this Act repealing chapter 360.

(2) The following shall apply to counties described in paragraph "a" beginning July 1, 2028:

(a) The portion of the section of this Act enacting section 359.11, subsection 1, paragraph "a", subparagraph (2).

(b) The portion of the section of this Act enacting section 359.11, subsection 4.

(c) The section of this Act enacting section 359.49, subsection 1A.

(d) The section of this Act amending section 359.50, subsection 1.

(3) The following shall apply to counties described in paragraph "a" beginning July 1, 2029:

(a) The section of this Act amending section 85.61, subsection 3, paragraph "a".

(b) The section of this Act striking section 331.322, subsection 14.

(c) The section of this Act amending section 331.324, subsection 1, paragraph "o".

(d) The section of this Act enacting section 331.324,

subsection 7.

(e) The section of this Act amending section 331.901, subsection 5.

(f) The section of this Act amending section 359.51.

(g) The portion of the section of this Act repealing sections 359.46 and 359.47.

c. Prior to January 1, 2029, the following provisions of law, to the extent such provisions relate to townships, shall apply to the counties described in paragraph "a":

(1) Section 39.3, subsection 7, Code 2026.

(2) Section 39.21, subsection 4, Code 2026.

(3) Section 39.22, Code 2026.

(4) Section 39.27, Code 2026.

(5) Section 49.41, subsection 2, paragraph "b", Code 2026.

(6) Section 49.41, subsection 4, Code 2026.

(7) Section 50.7, Code 2026.

(8) Section 64.1A, subsection 5, Code 2026.

(9) Section 64.2, subsection 1, Code 2026.

(10) Section 64.3, subsection 3, Code 2026.

(11) Section 64.12, Code 2026.

(12) Section 64.19, subsection 2, Code 2026.

(13) Section 64.19, subsection 4, Code 2026.

(14) Section 64.24, subsection 1, paragraph "a", subparagraph (2), Code 2026.

(15) Section 65.3, Code 2026.

(16) Section 69.8, subsection 5, Code 2026.

(17) Section 97B.1A, subsection 8, paragraph "a", subparagraph (1), Code 2026.

(18) Section 97C.2, subsection 1, Code 2026.

(19) Section 165.35, Code 2026.

(20) Section 169C.6, subsection 3, Code 2026.

(21) Section 327G.4, subsection 1, paragraph "e", Code 2026.

(22) Section 331.248, subsection 4, paragraph "a", subparagraph (5), Code 2026.

(23) Section 331.502, subsection 5, Code 2026.
(24) Section 359.10, Code 2026.
(25) Section 359.11, Code 2026, except as modified by paragraph "b" of this subsection.
(26) Section 359.12, Code 2026.
(27) Section 359.13, Code 2026.
(28) Section 359.17, subsection 1, Code 2026.
(29) Section 359A.2A, subsections 1 and 4, Code 2026.
(30) Section 359A.2A, subsection 2, paragraph "b", Code 2026.
(31) Section 359A.6, Code 2026.
(32) Section 359A.8, Code 2026.
(33) Section 359A.14, Code 2026.

d. Prior to July 1, 2029, the following provisions of law, to the extent such provisions relate to townships, shall apply to the counties described in paragraph "a":
(1) Section 85.61, subsection 3, paragraph "a", Code 2026.
(2) Section 331.322, subsection 14, Code 2026.
(3) Section 331.324, Code 2026.
(4) Section 331.901, subsection 5, Code 2026.
(5) Section 359.46, Code 2026.
(6) Section 359.47, Code 2026.
(7) Section 359.51, Code 2026.

2. a. For counties with a population of more than fifty-two thousand four hundred three according to the 2020 federal decennial census, except as provided in paragraph "b", this Act shall apply beginning January 1, 2031.

b. (1) The following shall apply to counties described in paragraph "a" on and after the effective date of the following sections of this Act:
(a) The section of this Act amending section 331.512, subsection 1, paragraph "i".
(b) The section of this Act enacting section 359.51A.
(c) The section of this Act repealing chapter 360.
(2) The following shall apply to counties described in

paragraph "a" beginning July 1, 2030:

(a) The portion of the section of this Act enacting section 359.11, subsection 1, paragraph "a", subparagraph (3).

(b) The portion of the section of this Act enacting section 359.11, subsection 4.

(c) The section of this Act enacting section 359.49, subsection 1A.

(d) The section of this Act amending section 359.50, subsection 1.

(3) The following shall apply to counties described in paragraph "a" beginning July 1, 2031:

(a) The section of this Act amending section 85.61, subsection 3, paragraph "a".

(b) The section of this Act striking section 331.322, subsection 14.

(c) The section of this Act amending section 331.324, subsection 1, paragraph "o".

(d) The section of this Act enacting section 331.324, subsection 7.

(e) The section of this Act amending section 331.901, subsection 5.

(f) The section of this Act amending section 359.51.

(g) The portion of the section of this Act repealing sections 359.46 and 359.47.

c. Prior to January 1, 2031, the following provisions of law, to the extent such provisions relate to townships, shall apply to the counties described in paragraph "a":

(1) Section 39.3, subsection 7, Code 2026.

(2) Section 39.21, subsection 4, Code 2026.

(3) Section 39.22, Code 2026.

(4) Section 39.27, Code 2026.

(5) Section 49.41, subsection 2, paragraph "b", Code 2026.

(6) Section 49.41, subsection 4, Code 2026.

(7) Section 50.7, Code 2026.

(8) Section 64.1A, subsection 5, Code 2026.

S.F. 2500

(9) Section 64.2, subsection 1, Code 2026.
(10) Section 64.3, subsection 3, Code 2026.
(11) Section 64.12, Code 2026.
(12) Section 64.19, subsection 2, Code 2026.
(13) Section 64.19, subsection 4, Code 2026.
(14) Section 64.24, subsection 1, paragraph "a", subparagraph (2), Code 2026.
(15) Section 65.3, Code 2026.
(16) Section 69.8, subsection 5, Code 2026.
(17) Section 97B.1A, subsection 8, paragraph "a", subparagraph (1), Code 2026.
(18) Section 97C.2, subsection 1, Code 2026.
(19) Section 165.35, Code 2026.
(20) Section 169C.6, subsection 3, Code 2026.
(21) Section 327G.4, subsection 1, paragraph "e", Code 2026.
(22) Section 331.248, subsection 4, paragraph "a", subparagraph (5), Code 2026.
(23) Section 331.502, subsection 5, Code 2026.
(24) Section 359.10, Code 2026.
(25) Section 359.11, Code 2026, except as modified by paragraph "b" of this subsection.
(26) Section 359.12, Code 2026.
(27) Section 359.13, Code 2026.
(28) Section 359.17, subsection 1, Code 2026.
(29) Section 359A.2A, subsections 1 and 4, Code 2026.
(30) Section 359A.2A, subsection 2, paragraph "b", Code 2026.
(31) Section 359A.6, Code 2026.
(32) Section 359A.8, Code 2026.
(33) Section 359A.14, Code 2026.

d. Prior to July 1, 2031, the following provisions of law, to the extent such provisions relate to townships, shall apply to the counties described in paragraph "a":

(1) Section 85.61, subsection 3, paragraph "a", Code 2026.

S.F. 2500

(2) Section 331.322, subsection 14, Code 2026.
(3) Section 331.324, Code 2026.
(4) Section 331.901, subsection 5, Code 2026.
(5) Section 359.46, Code 2026.
(6) Section 359.47, Code 2026.
(7) Section 359.51, Code 2026.

EXPLANATION

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

This bill relates to township boards of trustees, including the appointment and duties of township officers and township budgets.

Under current law, the county board of supervisors is responsible for dividing each county into townships. Townships in Iowa have a board of township trustees that is typically composed of three members who are registered voters of the township. A board of trustees for a township with a taxable valuation for property tax purposes of $250 million or more consists of five registered voters of the township. The township trustees act as fence viewers for the township and perform other duties assigned by law, including funding and maintaining pioneer cemeteries, fire protection services, and emergency medical services, and serving as the township animal board of health. Township trustees are elected to serve four-year terms. A board of trustees is supported by a township clerk, who is elected to serve a four-year term.

Most provisions of the bill apply to townships depending on the population of the county in which a respective township is located. For townships in counties with populations below 14,484, most provisions of the bill apply to fiscal years beginning on and after July 1, 2027. For townships in counties with populations of at least 14,484 but not more than 52,403, most provisions of the bill apply to fiscal years beginning on and after July 1, 2029. For townships in counties with populations of more than 52,403, most provisions of the bill

apply to fiscal years beginning on and after July 1, 2031. The bill contains different effective date and applicability provisions to allow for the transition of certain provisions as they apply to townships in counties of different populations.

The bill eliminates township trustees as an elected position and instead requires the board of supervisors to appoint three registered voters in each township to serve a three-year term on the board of trustees. The bill eliminates the township clerk as an elected position and instead requires the board of supervisors to appoint a township clerk for a four-year term. Prior to an appointee's initial term as a township trustee or township clerk, the appointee must attend a training on township budgets and responsibilities offered by the county agriculture extension council in collaboration with the department of management and organizations representing county and city governments.

The bill requires the board of supervisors to appoint five or seven township trustees in the county to serve as countywide fence viewers and, by operation of law, as a countywide animal board of health. The bill disqualifies a fence viewer with a conflict of interest from participating in a matter without, as provided in current law, requiring a vote of the other fence viewers on whether to disqualify the fence viewer with a conflict of interest. When a matter arises involving land located in two different counties, the bill requires the board of supervisors of the county of the owner making the application to select three fence viewers and the board of supervisors from the other county to select two fence viewers, who together shall perform all duties of the fence viewers.

A board of township trustees is responsible for adopting and certifying a township budget. Prior to adoption and certification of the budget, the bill requires the board of township trustees to provide the proposed budget to the board of supervisors for approval. The board of supervisors must accept or reject the proposed budget with recommended changes

S.F. 2500

in a timely manner so as to not delay the duties of the board of township trustees in adopting a budget and certifying taxes by the deadlines provided in Code section 359.49. The bill requires a board of township trustees to obtain the approval of the board of supervisors prior to amending an adopted budget.

Under the bill, each board of township trustees shall provide to the department of management a report outlining certain financial information by December 31, 2027, and by December 31 each year thereafter. This provision applies to all townships upon enactment.

The bill repeals Code chapter 360, which governs the building or acquisition of public halls to serve as township halls. This repeal applies to all townships upon enactment.

The bill terminates the term of all elected township officials in all townships in this state on January 1 of the applicable year. A person serving as a township trustee or township clerk pursuant to current law may continue serving in that role until January 1 of that year.

Current law requires the board of supervisors to fix the compensation for services for county and township officers and employees if not otherwise fixed by state law. The bill specifies that the board of supervisors shall fix the compensation for services of township trustees and clerks, and states that a person performing services for a township is an employee of the county and not of the township.

Under current law, each employee whose employment commences after July 4, 1953, or any publicly elected official of the state or any of its political subdivisions shall become a member of the Iowa public employees' retirement system (IPERS) upon the first day in which such employee is employed. The term "employee" includes elective officials of townships. The bill removes elective officials of townships from the definition of "employee" for purposes of IPERS.

Current law authorizes IPERS to enter into an agreement with the federal security administration or its successor (currently

S.F. 2500

the United States social security administration) for the purpose of extending the benefits of the federal old-age and survivors' insurance system to employees of the state or any political subdivision thereof with respect to services specified in such agreement that constitute "employment". The agreement must provide that benefits will be provided for employees whose services are covered by the agreement, and their dependents and survivors, on the same basis as though such services constituted employment within the meaning of Tit. II of the federal Social Security Act, and the state will pay to the secretary of the treasury contributions with respect to wages. All services that constitute employment and are performed in the employ of the state, or any political subdivision, by employees of the state, or of any political subdivision, shall be covered by the agreement. The term "employee" includes elective and appointive officials of the state or any political subdivision thereof, except elective officials in positions, the compensation for which is on a fee basis, elective officials of school districts, elective officials of townships, and elective officials of other political subdivisions who are in part-time positions. The bill provides that the term "employee" includes elective and appointive officials of the state or any political subdivision thereof, except elective officials in positions, the compensation for which is on a fee basis, elective officials of school districts, and elective officials of other political subdivisions who are in part-time positions. Current law provides that the term "political subdivision" includes an instrumentality of the state of Iowa, of one or more of its political subdivisions, or of the state and one or more of its political subdivisions, but only if such instrumentality is a juristic entity that is legally separate and distinct from the state or subdivision and only if its employees are not by virtue of their relation to such juristic entity employees of the state or subdivisions.