

Commerce Committee – All-Bill Summary 2021

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SF 567 – Loans originated by mortgage bankers - VETOED

SF 567 adds certain Iowa-licensed or Iowa-registered mortgage bankers to CH. 535B provisions. It allows non-depository lenders (a.k.a. non-banks) that originate mortgage loans, including Rocket Mortgage/Quicken Loans, to charge the same points and fees as other financial institutions.

The Association of Business and Industry (ABI) and the Iowa Mortgage Association supported the proposal. They stated that these non-depository lenders were “omitted” from mortgage banker legislation passed a few years ago, and also asked the subcommittee to amend the original study bill to include mortgage bankers registered in Iowa.

[3/22: 48-0 (Excused: Kinney, Nunn)] - **VETOED**

HF 235 – Service charges on consumer credit loans

HF 235 modifies legislation enacted in 2019 that allows a service charge to be applied on certain types of regulated loans that are interest-bearing. The service charge is capped at \$30, or 10% of the loan, not to exceed \$30. Regulated companies such as Town Financial, headquartered in Des Moines, use pre-computed loans, which are not considered interest-bearing under current law. The typical loans are small loans for appliances, auto repair, car purchases, home repairs and emergency circumstances that impact families. This bill allows a service charge to be applied to both interest-bearing and non-interest-bearing loan products. The Division of Banking and the Consumer Protection Division of the Attorney General’s Office oversee regulated loan companies. Representatives from both offices reviewed the proposed language and had no objections.

[2/9: 48-0 (Excused: Hogg, Nunn)]

HF 236 – Reinvestments, collateralization by life insurance companies

HF 236 allows life insurance companies and associations to reinvest cash or cash-equivalent collateral for loans from securities held in their legal reserves in repurchase agreements collateralized by securities in U.S. government obligations maturing in 270 days or more. Current law requires such agreements to mature in less than 270 days. It applies to reinvestments on or after January 1, 2022. The Federation of Iowa Insurers and Principal Financial Group support the change.

[4/7: 44-0 (Excused: Brown, Carlin, Dawson, Hogg, Nunn, Schultz)]

[HF 283](#) – Defrauding drug, alcohol tests in employment

[HF 283](#) creates a new criminal offense of defrauding a drug or alcohol test in employment. It defines a drug or alcohol test given in a private-sector workplace and a drug or alcohol test given by a public employer. It prohibits a person from manufacturing, marketing, selling, distributing, using or possessing synthetic urine, or a urine additive to defraud a drug or alcohol test, and prohibits a person from using their own urine expelled or withdrawn prior to the collection of a urine sample for a test, or from using the urine of another person to defraud a drug or alcohol test. It allows a person who collects a urine sample from another person for a drug or alcohol test, who knows or suspects the other person used synthetic urine or a urine additive, to report that information to law enforcement.

A violation is a simple misdemeanor for a first offense and a serious misdemeanor for subsequent offenses. A simple misdemeanor is punishable by up to 30 days in jail, or a fine of \$65 to \$625, or by both. A serious misdemeanor is punishable by up to one year in jail and a fine of \$315 to \$1,875. The court may require a substance-abuse evaluation and treatment, to be completed at the defendant's expense, through a program licensed by the Iowa Department of Public Health in lieu of or in addition to other penalties. The bill does not apply to synthetic urine or urine additive used solely for education or law enforcement purposes. [HF 283](#) passed the House 61-30.

[2/17: 32-16 (Yes: Republicans, Kinney; Excused: Hogg, Nunn)]

[HF 304](#) – Personal delivery devices

[HF 304](#) relates to personal delivery devices (PDD), such as Amazon's "Scout" or FedEx's "Roxo." A PDD is a battery-powered land device that can operate autonomously but has human oversight and can be controlled remotely if necessary. A PDD can detect obstacles, change speeds and stop, and is used by companies to deliver goods to customers who choose to use their service. PDDs are primarily used in urban environments and are designed to be operated where a pedestrian can walk, including crosswalks.

The bill requires the business to maintain general liability insurance coverage of at least \$500,000 for damages arising from the operation of the device. Each PDD must be clearly marked with a name, unique identification number and contact information of the business operating the device. It must also have a braking system that allows a controlled stop at a safe distance, lighted lamps visible on all sides and additional lighting systems relating to weather conditions. The operator must comply with pedestrian safety and traffic laws and ordinances. If there is no reasonable access to a pedestrian area, a PDD may travel on a road with a maximum speed limit of 40 miles per hour. However, the PDD speed cannot exceed 20 miles per hour or the speed limit of the road, whichever is lower.

Penalties for violations are:

- Excess speed: scheduled fine of \$30 to \$135, plus \$5 for each mile over 20 miles per hour.
- Operators who fail to meet operation requirements: scheduled fine of \$35 for each violation.
- Operators who fail to meet identification marker and braking-system specifications: fine of at least \$100, but not more than \$1,000 for each violation.
- Operators who fail to meet required lighting specifications: scheduled fine of \$45.

The maximum speed of PDDs in pedestrian areas is limited to six miles per hour. They must travel as far right as practicable when on a roadway. Claims for personal injury or property damage are subject to the laws applicable to such claims arising from pedestrian conduct. A local authority may ban operation of PDDs on roads and pedestrian areas in its jurisdiction, if the operation constitutes a safety hazard.

[4/21: 46-0 (Excused: Mathis, Nunn, Schultz, Whiting)]

[HF 555](#) – Natural gas, propane sales in cities, counties

[HF 555](#) prohibits a county or a city from regulating, adopting, enforcing or administering an ordinance, motion, resolution or amendment that bans, impedes, restricts or regulates the use of propane and natural gas as a power

source. It grandfathers in current agreements, such LP tanks in counties, cities and municipal utilities, and exempts franchise agreements, which are subject to other state laws and regulations.

Supporters maintain this ensures that consumers have access to diverse energy options to keep the lights, power and heat on. They note that the National Propane Gas Association and the American Gas Association are working to position propane and natural gas as part of the clean energy future, and protect propane and natural gas from actions that would ban or curtail their use.

Opponents say the bill is unnecessary, that no city or county in Iowa has proposed restricting natural gas or propane, and that the proposal stifles flexibility and opportunities for innovation. Sen. Quirmbach offered an amendment (S-1698) that would allow regulation by counties and cities, and specified that the legislation must not be interpreted to restrict a county or city from promoting alternative energy. The amendment lost 18-27 (Yes: Democrats, Rozenboom).

Those registered in favor include ABI, Iowa Propane Gas Association, Iowa Utility Association, Alliant, MidAmerican, Iowa Home Builders Association, FUELlowa (Petroleum Marketers), Iowa Association of Municipal Utilities, Black Hills Energy and Iowa Association of Electric Cooperatives. Opponents include Iowa State Association of Counties, Association of County Supervisors, Iowa League of Cities, County Planning and Zoning Officials of Iowa, Iowa Environmental Council, Environmental Law and Policy Center, and Iowa Sierra Club. The bill passed the House 57-36 (most Democrats voting “no”).

[3/29: 29-16 (Yes: Republicans, Kinney, Lykam; No: Democrats, Lofgren; Excused: Driscoll, Hogg, Kraayenbrink, Nunn, Sweeney)]

[HF 556](#) – Agricultural equipment dealership agreements

[HF 556](#) clarifies the rights of agricultural equipment dealers to protections when an agreement with a supplier is terminated. It modifies current law regarding when a dealership agreement is terminated by cancellation or non-renewal. Regardless of which party terminated the agreement, the supplier must repurchase equipment and parts in the dealer’s inventory and must repurchase special tools and computer hardware or software required for the dealership. [4/7: 44-0 (Excused: Brown, Carlin, Dawson, Hogg, Nunn, Schultz)]

[HF 583](#) – Private flood insurance coverage

[HF 583](#) is a recommendation by the Iowa Insurance Division based on a model act by the National Council of Insurance Legislators. The goal is to help foster an environment for innovative flood insurance, and give consumers greater choice in purchasing flood insurance coverage. New Code Chapter 515J provides standard provisions for policies to create coverage similar to the federally-backed National Flood Insurance Policy (NFIP) plans. Consumer protections and notices are included to inform the consumer of the policy features. These new sections provide guidance for rate and form filings, use of surplus lines, NFIP notice to applicant, and cancellation and non-renewal requirements.

Flooding is the most frequent and expensive natural disaster in the United States, yet typically not covered through most homeowner’s and renter’s insurance policies. Federal regulatory changes have created an opening where private flood insurance could be less expensive for consumers than options offered through NFIP. Federal officials are working with individual states to facilitate the development of the private flood insurance market so that consumers have access to alternative options.

[4/7: 44-0 (Excused: Brown, Carlin, Dawson, Hogg, Nunn, Schultz)]

[HF 693](#) – IUB Omnibus

[HF 693](#), a recommendation by the Iowa Utilities Board (IUB), makes technical changes to Iowa Code; authorizes the IUB to again have an administrative law judge on staff to assist with ensuring compliance with legal requirements; codifies practices on advanced estimated assessments; allows the IUB to assess and bill interstate pipeline companies in the same manner as intrastate pipeline companies; aligns civil penalties with federal levels regarding pipeline and hazardous

waste safety to eliminate the need for IUB to continually file legislation to match the U.S. Department of Transportation Pipeline and Hazard Materials Safety Administration dollar amounts for fines; and allows the Board to identify when payments will be remitted to the Dual Party Relay Fund. [SF 347](#) modifies the method of computing year-end assessments for telecommunication providers that are registered with the IUB.

[4/13: 45-0 (Absent: Hogg, Lofgren, Nunn, Petersen, Rozenboom)]

[HF 719](#) – IID data security, cybersecurity standards

[HF 719](#) is an Iowa Insurance Division recommendation to address an increasing number of data breaches involving large insurers that have exposed and compromised sensitive personal information of millions of consumers. State insurance regulators made re-evaluation of the regulations around cybersecurity and consumer data protection a top priority.

The National Association of Insurance Commissioners drafted the Insurance Data Security Model Law, which was adopted after almost two years of deliberations and input from state insurance regulators, consumer representatives and the insurance industry. In an October 2017 report on the asset management and insurance industries, the U.S. Department of Treasury recommended states promptly adopt the model. If a state does not adopt and implement a model that results in uniform data security regulations within five years, Congress will pass legislation setting forth uniform requirements for insurer data security.

This bill exempts licensees with fewer than 10 employees and licensees compliant with the Health Insurance Portability and Accountability Act (HIPAA). It does not create a private cause of action, or limit an existing private right of action. The Commissioner may adopt rules to administer the law, which takes effect January 1, 2022.

[4/7: 44-0 (Excused: Brown, Carlin, Dawson, Hogg, Nunn, Schultz)]

[HF 775](#) – Sampling, recording devices on private property/agricultural animals, crops

[HF 775](#) establishes the crime of unauthorized sampling under Iowa Code section [716.14](#). A person commits unauthorized sampling if they enter private property without consent of the owner or any other person having real or apparent authority to grant consent, and obtain samples of any materials. A first offense is an aggravated misdemeanor. Second or subsequent offenses are Class “D” felonies. An aggravated misdemeanor is punishable by up to two years in prison and a fine of up to \$8,450. A Class “D” felony is punishable by up to five years in prison and a fine of up to \$10,245.

Agricultural animals include bovine (cows), caprine (goats), equine (horse), ovine (sheep), porcine (pigs), farm deer, ostriches, rheas, emus, turkeys, chickens, domestic geese or ducks, domestic fowl, honey bees, or fish or aquatic organisms confined to private waters for human consumption. Agricultural crops are any plant produced for food, animal feed, fiber, oil or fuel if the plant is classified as a forage or cereal plant. Agricultural crops specifically include alfalfa, barley, buckwheat, corn, flax, forage, hemp, millet, oats, popcorn, rye, sorghum, soybeans, sunflowers, wheat, or grasses used for forage or silage. Noxious weeds aren’t considered agricultural crops unless produced as research crops.

It also creates Iowa Code section [727.8A](#) to provide that a person who trespasses and uses a camera or electronic surveillance that transmits or records images or data commits an aggravated misdemeanor for a first offense and a Class D felony for a second offense. [HF 775](#) passed the House 72-24.

[4/6: 35-11 (No: Bolcom, Celsi, Giddens, Jochum, Lykam, Mathis, Petersen, Quirnbach, Ragan, Trone Garriott, Wahls; Excused: Dawson, Hogg, Nunn, Schultz)]

[HF 805](#) – ICN billing system update

[HF 805](#), a recommendation by the Iowa Telecommunications and Technology Commission, creates efficiencies and reduces costs by eliminating a duplicative billing step.

The Iowa Communications Network (ICN) currently invoices customers for the services it provides to them. Some customer agencies require connections to locations where agencies provide services associated with their agency

mission. The ICN has had discussions with stakeholders regarding the possibility of providing billing services on behalf of customer agencies, to eliminate the need for the ICN customer to issue a separate bill to their endpoint customer.

The services for which this billing process would occur are not ICN services, but services provided by the ICN's customer agency and delivered across the ICN's network. Specific requirements clarify that the billing service is not a means to provide or sell ICN services to entities that are not authorized to receive ICN services directly.

[4/7: 44-0 (Excused: Brown, Carlin, Dawson, Hogg, Nunn, Schultz)]

HF 838 – IID Omnibus

HF 838 is based on recommendations by the Iowa Insurance Division (IID). The bill:

- Imposes a monetary penalty on and provides for license suspension or revocation of a person who violates any order of the Insurance Commissioner, rather than limiting the penalty and suspension or revocation to those violating cease and desist orders.
- Allows the Insurance Commissioner to deposit revenue from penalties collected due to insurers' failure to file a timely own risk and solvency assessment summary report into the Department of Commerce Revolving Fund and into the Insurance Division Regulatory Fund. Currently, these penalties are transferred to the General Fund.
- Clarifies that the licenses for advisory organizations are for three years and sets the fee at \$100.
- Adds a new late fee of \$5 (not to exceed \$500) for each day after April 15 that a pre-need seller or pre-need sales agent fails to file their annual report, and establishes a late fee of \$5 for each day after April 30 that a perpetual care cemetery fails to file its annual pre-need sales report.
- Eliminates the \$500,000 cap for funds that may be retained in IID's Regulatory Fund.
- Eliminates the \$50,000 cap for funds that may be retained in IID's Enforcement Fund.
- Increases the examination fee that is deposited into the Enforcement Fund from \$5 to \$10.
- Lowers the application fee for a motor vehicle service contract form and renewal application from \$50 to \$35.

The bill gives the Commissioner broad authority to develop a "state innovation waiver" under the Affordable Care Act that would be submitted to the federal government, and to implement changes approved by the federal government through emergency rule-making. The Legislative Council will establish a 15-member study committee to identify and analyze health insurance mandates, and submit its finding and recommendations to the Legislature by December 31.

Note: [SF 346](#) was referred to Senate Ways and Means, and the House companion was referred to House Appropriations.

[5/19: 35-11 (No: Bolkcom, Boulton, Celsi, Dotzler, Giddens, Hogg, Jochum, Petersen, Quirmbach, J. Smith, Trone Garriott; Excused: Johnson, Nunn, Sinclair, Williams)]

HF 839 – Financial exploitation of older adults

HF 839, an Iowa Insurance Division (IID) recommendation, addresses the financial exploitation of adults 65 or older, and dependent adults 18 or older who are unable to protect their own interests, or unable to perform or obtain services necessary to meet essential needs. It is based on model law from the North American Securities Administrators Association. The new Code sections deal with confidentiality of records, government and third-party disclosures and immunity, and training requirements brokers-dealers and investment advisers must provide to their employees on identifying and reporting financial exploitation. The IID must submit an annual report to the Governor and the Legislature that includes the number of notifications related to the potential financial exploitation, the amount of time IID employees spent investigating the notifications, and the number of founded cases of financial exploitation. Supporters include the Older Iowans Legislature, Principal Financial, Area Agencies on Aging, Hope Haven, Mosaic, Iowa Attorney General, Iowa CareGivers, Iowa Health Care Association, Iowa State Bar Association, and Wells Fargo.

The Administration and Regulation Appropriation bill includes funding for one FTE (complaint analyst level) to investigate complaints.

[4/21: 46-0 (Excused: Mathis, Nunn, Schultz, Whiting)]

HF 848 – Broadband service areas

[HF 848](#) makes changes to Iowa's broadband grant program administered by the Office of Chief Information Officer (OCIO). The bill sets up a framework for awarding grants but does not allocate funds. The goal is to expand broadband across the state, improve speeds and encourage rapid deployment by providers. The emphasis is on connecting Iowans who do not have a communications service provider that offers broadband internet access in their communities.

Highlights of the bill include:

- Expanding the use of money in the Empower Rural Iowa Broadband Grant Fund to include the Fiberoptic Network Conduit Installation Program. This program to install fiberoptic network conduit where it doesn't exist. The bill ups the amount that may be used to administer and operate the Grant Program and the Fiberoptic Network Conduit Installation Program from 1% to 2.5% of money in the Fund at the start of the Fiscal Year.
- Eliminating certain public review provisions relating to the application process for grants.
- Requiring OCIO to devote one FTE position to evaluate applications for grants, and offer technical assistance to providers applying for federal and other public or private funds.
- Modifying the definition of "targeted service area" (TSA) with a three-tiered system: Tier 1-Maximum download speed of less than 25 megabits per second and a maximum upload speed of less than three megabits per second; Tier 2-Minimum download speed of greater than or equal to 25 megabits per second but less than 50 megabits per second; and Tier 3-Minimum download speed of greater than or equal to 50 megabits per second but less than 80 megabits per second.
- Redefining "underserved area" to mean any portion of a TSA in which no communications service provider facilitates broadband service meeting the Tier 1 download and upload speeds.
- Requiring that service providers awarded grants provide a minimum download speed of 100 megabits per second and a minimum upload speed of 100 megabits per second in targeted service areas, with exceptions in Tier 1 (areas where projects must be capable of 100/20 to receive a 50% match).
- OCIO is not required to make renewed determinations of whether a communications service provider facilitates broadband service at or above the Tier 1, Tier 2 or Tier 3 download and upload speeds more than once a year, as determined by broadband availability maps.
- OCIO will award grants not to exceed 50% of the total project cost to those that facilitate broadband service providing minimum download speeds of 100 megabits per second and minimum upload speeds of 20 megabits per second in a targeted service area in which no communications service provider offers or facilitates broadband service that provides download and upload speeds less than or equal to the Tier 1 speeds. At least 20% of the total grants must be awarded to projects in targeted service areas where no communications service provider offers speeds less than or equal to the Tier 1 speeds. Grant amounts are 75% of total costs for projects in a TSA where no provider offers or facilitates broadband service with download and upload speeds less than or equal to Tier 1; 50% for projects in a TSA where no provider offers or facilitates broadband service that provides download and upload speeds less than or equal to Tier 2; 35% for projects in a TSA where no provider offers or facilitates broadband service that provides download and upload speeds less than or equal to Tier 3.
- Setting criteria for the OCIO to consider when reviewing an application for a grant. OCIO must give the greatest weight to factors (1), (2), (3) and (6):
 - (1) The relative need for broadband infrastructure in the area and the existing broadband service speeds, including whether the project serves a rural area.
 - (2) The applicant's total proposed budget for the project, including (a) amount or percentage of local or federal matching funds and any funding obligations shared between public and private entities, and (b) percentage of funding provided directly from the applicant, including whether the applicant requested an amount less than the maximum the office could award and if so, the percentage of the project cost that the applicant is requesting.
 - (3) The relative download and upload speeds of proposed projects for all applicants.
 - (4) The specific product attributes resulting from the proposed project, including technologies that provide higher qualities of service, such as service levels, latency and other service attributes as determined by the office.
 - (5) The percentage of the homes, farms, schools and businesses in the targeted service area that will be provided access to broadband service.

(6) The proportion of proposed projects that will result in the installation of infrastructure in a TSA within which the only broadband service available provides the Tier 1 download and upload speeds.

(7) Other factors the office deems relevant.

- Eliminating the prohibition on awarding grants from the Empower Rural Iowa Broadband Grant Fund on or after July 1, 2025.
- Money in the Fund that has been awarded but not paid to a provider remains available to OCIO to administer the award.
- Requiring the OCIO to adopt rules relating to the Broadband Grant Program process, management and measurements.
- Authorizing the OCIO to adopt emergency rules.
- Requiring the OCIO to adopt rules establishing procedures to allow applicants an opportunity to challenge awards granted by OCIO.
- Effective upon enactment.

[4/6: 47-0 (Excused: Hogg, Nunn, Schultz)]

[HF 889](#) – Vaccine ‘passport’ ban

[HF 889](#) is a leadership bill that:

- Prohibits the state or any political subdivision from including on an identification card any information regarding whether the cardholder has received a COVID-19 vaccination.
- Prohibits a business or governmental entity from requiring a customer, patron, client, patient or other person invited onto the premises to furnish proof of having received a COVID-19 vaccination, a.k.a. “vaccine passport.”
- Allows a business or governmental entity to implement a COVID-19 screening protocol that does not require proof of a COVID-19 vaccination.
- Prohibits state grants or contracts from being awarded to or renewed with any business or governmental entity that requires proof of COVID-19 vaccination.

“Business” includes retailers required to obtain a sales tax permit, non-profit and not-for-profit organizations, and any establishment open to the public or where entrance is limited by a cover or membership charge. “Business” does not include a health care facility as defined in Ch. [686D.2](#), including hospitals ([135B](#)), a residential care or nursing facilities ([135C](#)), surgical or treatment centers ([514J.102](#)), residential treatment centers ([514J.102](#)), intermediate care facilities for persons with mental illness or intellectual disabilities, hospice programs, elder group homes and assisted living programs.

A “governmental entity” includes the state or any political subdivision that owns, leases or operates buildings under the control of the state or a political subdivision of the state. “Governmental entity” does not include health care facilities ([686D.2](#)).

[HF 889](#) passed the House 58-35 on April 28. The bill takes effect upon enactment.

[5/5: 32-16 (Yes: Republicans, Giddens, J. Smith; No: Democrats, Carlin; Excused: Hogg, Nunn)]