



## From the Desk of Senator Zimmer

SF 2464/HF 2739 are companion bills to tax Health Maintenance Organizations (HMOs) for the purpose of closing our Medicaid deficit. These bills would have a disproportionate impact on Iowans utilizing Affordable Care Act marketplace plans, like farmers or small business owners.

Before expanding further, it is important to note that the minority party (the Democrats) does not have the power to choose which bills are brought forward for consideration. This means that the majority party (the Republicans) controls which bills are given a subcommittee hearing, are brought up in a full committee hearing, or are brought to the floor for a vote. In this instance, the majority party is acknowledging that our Medicaid system is underfunded and that despite all efforts by our “For Profit” managed care organizations (MCOs), they’re unable to cut services fast enough to offset the revenue loss. The services we’re talking about are health care, dental care, speech pathology, physical therapy, prescription drugs, etc., for low income families, children, disabled individuals, and pregnant women.

The revenue to pay for these services comes from the taxes we pay. The Federal Government returns a portion of the Federal taxes the entire country pays back to Iowa to cover about 73% of our Medicaid costs and we tax for the remaining 27%. Iowa’s revenue comes from a number of different sources including individual income taxes, corporate income taxes, sales taxes, tobacco/cigarette taxes, and alcohol taxes. To date, the majority party scrapped the progressive income tax and replaced it with a flat 3.8% rate, substantially reduced the rate for corporate income taxes from 12% to 7.1% (with the possibility of going even lower depending on revenue thresholds), and maintained our 6% sales tax. This approach has significantly reduced our ability to fund our portion of state Medicaid costs. All of this was done to entice people and businesses to move to Iowa resulting in economic growth; this has not happened.

Combined with recent Federal Medicaid cuts, Iowa is facing a total fiscal cliff where we're currently transferring roughly \$1.3 billion from the taxpayer relief fund (TPRF) and surplus carryover just to cover FY26, and a projected similar amount for FY27. The majority party's plan to tax health insurance companies is a work around rather than returning to a progressive income tax or increasing corporate income taxes. The problem with the health insurance tax is that the insurance companies are going to pass this directly on to those least able to afford it by increasing health care plan rates. A House Democratic amendment (which did not pass) would have prohibited insurance companies from increasing premiums for five years. The proposal prompted Wellmark to respond with, *"If that amendment were to be adopted, Wellmark Blue Cross and Blue Shield would be forced to withdraw from all lines of insurance in Iowa. As a result, nearly 1.6 million Iowans would lose their health care coverage."* This reply erased all doubts that the new tax would be passed along to consumers.

Iowa's fiscal disaster is being masked by using the one-time TPRF that's being depleted at a much faster rate than planned for. Now that we're entering the election season, the same tired labels will be projected, Dems are tax and spend liberals, Republicans are for the rich, etc. For the sake of Iowa, we need to work together to create a balanced tax system that doesn't place undue burden on any of the major tax buckets that pay for services we need but also allows all of us to live and prosper.

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## The plan falls apart

Last week, we talked about the state's Revenue Estimating Conference (REC), and how their projections give legislators a baseline for building the state's budget each year. This week, let's look ahead and talk about how the latest REC numbers affect the outlook of the Republican fiscal "plan."

*Some helpful context before you read on: Iowa's Fiscal Year runs from July 1 to June 30 and state budgets are built for the upcoming year. So, during this legislative session, the legislature will work on the budget for Fiscal Year 2027, which runs from July 1, 2026, through June 30, 2027.*

Last legislative session, Republican lawmakers passed a budget for Fiscal Year 2026 (the fiscal year we're currently in) that spent roughly \$9.5 billion. They did this despite knowing, thanks to REC projections available at the time, that state revenues would end up well below that number. They *planned* to run a substantial budget deficit – spending more than we took in. The most recent REC numbers from [March 2026](#) project revenues for FY26 to be in the neighborhood of \$8.11 billion. Based on that number, we're looking at a budget deficit for FY26 of over **\$1.3 billion**.

Iowa law requires that the legislature pass a balanced budget, so, in order to bring that billion-dollar deficit to balance, the majority party will need to transfer money from state reserves. The two major sources of reserve funds are the Taxpayer Relief Fund (TPRF) and the surplus carryforward. Republican lawmakers have been hoarding taxpayer dollars in these reserve funds as a way to get us through their reckless budgeting until revenues rebound.

But that's the problem: revenues haven't rebounded. We're looking at back-to-back years of unprecedented revenue drops – numbers we didn't even see during the Farm Crisis in the 1980s. The “plan” is coming apart at the seams.

And *still*, Republicans in the legislature are seemingly intent on running budget deficits for the foreseeable future – knowing full well that they can't rely on the reserves forever. At the rate they're going, with no significant changes in policy or revenue generation, the reserves will run dry in less than five years.

And then what?

What's frustrating is that Republican lawmakers seem to recognize, at least on some level, that the “plan” isn't working as they'd hoped. But instead of fixing their mistake, they're scrambling for ways to drum up new revenue at lowans' expense, make it easier to transfer larger sums from the reserves, or to drop this whole mess at the feet of a new governor – hoping you forget they created the mess in the first place.

Just this week, legislative Republicans attached [SF 2461](#) as an amendment to an altogether separate bill in the Senate State Government Committee to keep it alive through the second funnel deadline. This bill would allow legislators to pack

their bags and head home for the year if they don't want to negotiate a budget with a new, potentially Democratic, governor. It would authorize a "continuing appropriation," or essentially locking in status quo funding for the next year, regardless of what the balance sheet looks like. They'd get to blame the new governor for a deficient budget even though THEY walked away from the negotiating table.

There are millions of Iowans who rely on the choices made at the Capitol, and this isn't how a responsible legislature governs. It's time for the majority party to admit their mistake, abandon this failed plan, and work to correct the course for the people we all serve.

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## The Second Funnel

This week was the second legislative funnel. After this point, only bills that have advanced through their original committee in their home chamber AND a full committee in the opposite chamber remain eligible for consideration. *(There are exceptions here, as there were for the first funnel. Tax and spending bills, for example, are funnel-proof and remain alive, regardless of where they are in the legislative process.)*

I'll give a fuller update on which bills survived the second funnel, which didn't, and what comes next in next week's newsletter.

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## Quick Updates

**Victim service grants available:** Grants for eligible nonprofit and governmental organizations that provide victim-centered and trauma-informed victim services in the areas of domestic violence, sexual assault, homicide, and other violent crimes will be made available in the coming weeks. The first opened on March 16, with the next two to follow in April. To apply for funding, applicants must be registered in [Iowa Grants for Victim Services](#). More details are available on the Attorney General's Office website [here](#).

**Bill expanding childcare assistance moves ahead:** More lowans would qualify for expanded childcare assistance under [HF 2514](#), which has advanced past the second funnel. The Child Care Assistance pilot program (CCA) helps those with children 13 and under (19 and under if they have special needs) who need childcare. This bill extends CCA eligibility to parents, guardians, or custodians who are employed at a childcare facility or home who work at minimum an average of 32 hours a week providing childcare directly to children.

**Expanding pharmacy accessibility:** [HF 2585](#), which has passed the committee stage and survived the second funnel, would require the Board of Pharmacy to adopt rules that would enable a person who is blind, has a visual impairment, or other print disability to request access to prescription drug labels, bag tags, and medical guides at no additional cost, expanding accessibility in Iowa's pharmacies for lowans with disabilities.

**Catfish are biting across Iowa:** Channel catfish move close to shore and are eager to bite in many lakes and large reservoirs across Iowa just after the ice is gone. Search for actively feeding fish on windblown shorelines, points where dead fish are piled up, and shallow areas where the water warms quickly. Catfish can be found in almost every river or lake across Iowa. Check the [weekly fishing report](#) to find out where catfish are biting.

**Spring turkey hunting seasons are only a few weeks away:** Last year, more than 50,000 tags were sold and hunters reported harvesting more than 15,000 birds; the second-highest total since mandatory harvest began in 2006. See the season dates below:

Youth-only – residents only, age 15 and younger - April 10-12

Season 1 – April 13-16

Season 2 – April 17-21

Season 3 – April 22-28

Season 4 – April 29 – May 17

Resident Archery Only – April 13 – May 17

**Claim Your Future:** Thousands of Iowa high school seniors will soon receive letters outlining college options through the state's new 'Claim Your Future' initiative. More than 37,000 high school seniors will receive information about the

many higher education opportunities available to them and critical next steps to support their education. Each letter has QR codes linking the students directly to each college and university to complete the application process, as well as the applications to apply for federal and state financial aid opportunities. More information on planning and preparing for postsecondary education can be found on the Iowa Department of Education's [College & Career Preparation webpage](#).

**Community college grant funding:** Nearly \$4 million in competitive grants have been awarded to four community colleges to help empower more students with pathways to postsecondary success. The Career Academy Incentive Fund creates and supports partnerships among community colleges, schools, local businesses, and community stakeholders. Launched in 2019 and funded by the statewide SAVE penny sales tax, the fund provides up to \$5 million annually in competitive grants to boost work-based learning, credentials, and college credit. More information can be found on the Department's [Career Academy Incentive Fund webpage](#).

- Eastern Iowa Community Colleges (Clinton): \$1 million to renovate nursing labs, networking/security classrooms, and add criminal justice simulators.

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## Public Legislative Forums at Home

- Saturday, April 4, Maquoketa Legislative Forum at the Maquoketa Art/Chamber Center, 10:00-11:00AM.
- Saturday, April 11, Association of American University Women (AAUW) at the Scott Community College Student Center, 10:00-12:00PM.
- Saturday, April 18, Grow Clinton Legislative Forum at the Camanche City Hall, 9:00-10:15AM.
- Saturday, April 18, Grow Clinton Legislative Forum at the DeWitt Community Center, 11:00-12:00PM