



## GOVERNMENT AFFAIRS NEWSLETTER

### Week 12 State Legislative Session

April 2<sup>nd</sup> marked the second funnel deadline for the legislature. Any bills that did not pass the originating chamber and through a committee in the opposite chamber are no longer eligible for debate or further consideration this session. Tax and spending bills are exempt from this deadline as are bills placed on the “unfinished business” calendar in either chamber.

Following the second funnel deadline, both chambers will begin working on FY22 budget bills.

#### **Taxes**

No change from last week.

Last month, Senator Dawson introduced a property tax reform bill (SF587). This bill addresses mental health funding by transitioning the funding mechanism from property taxes to the state general fund with a mechanism to address funding discrepancies with larger counties. The bill also phases out the property tax backfill over six years. SF 587 passed through subcommittee and committee and is now eligible for floor debate. In conjunction with SF576, these bills would eliminate the income tax triggers from the 2018 tax reform and the inheritance tax. The Senate unanimously passed SF 576.

#### **Broadband**

One of Governor Reynolds's priorities for the 2021 session is expanding broadband to meet the needs of Iowans with a commitment of \$450 million of investment over three years. Both HF848 and SF390 survived the second funnel and remain eligible for further consideration. Iowa Economic Development Authority (IEDA) Director Debi Durham and the Iowa Chamber Alliance continue to push for 100 upload/100 download speeds to support IEDA's Manufacturing 4.0 initiative. The House unanimously passed HF848 on March 29, and the Senate is expected to consider SF390 this week.

#### **Childcare**

The House passed the following childcare bills earlier in the session which survived the second funnel in the Senate:

HF 370 – Creates an incentive for employers to provide childcare for their employees by providing a tax credit up to \$150,000.

HF 302– Creates an "off-ramp" from the Child Care Assistance program so parents can continue to grow in their career without entirely losing their childcare assistance all at once.

HF 301 – Creates a fund to provide childcare workforce grants on a dollar-for-dollar matching basis from communities. These programs will help move childcare providers up the pay scale and the education pathway.

HF606 – Creates additional tax incentives for employers to invest in onsite daycare options for employees.

HF 712—Creates a childcare incentive for developers to construct more childcare centers.

HF260 – Allows individuals providing childcare in their homes to take care of six (6) or fewer children; an increase from five (5) or fewer.

Last week, the Senate passed HF 260 and sent the legislation to Governor Reynolds for consideration. Also last week, the Senate moved HF302 through the Human Services Committee.

### **Housing**

No change from last week.

Both bills remain eligible for action this session.

Another of Governor Reynolds' priorities is passage of a housing omnibus bill to address housing needs across the state. Two companion bills, SF295 and HF582 will increase workforce housing tax credits, establish a housing tax credit program, expand redevelopment tax credits, create disaster recovery housing assistance, support main street revitalization efforts, and support the state housing trust fund. We fully support this effort as these bills address the workforce housing tax credit backlog and extend the sunset for the brownfield/grayfield program. These bills passed through committee and have been referred to the respective Ways and Means committees for further consideration.

### **Tax Increment Finance**

No change from last week.

HSB194 was filed by House Ways and Means Chairman Hein using language from bills filed in previous session to impact TIF districts that do not have a statutory sunset. This new ratcheting up of the base would impact both slum & blight districts as well as economic development districts formed prior to 1995. This bill moved out of Ways and Means Committee last week and is eligible for floor vote.

The committee adopted an amendment to fix some mechanical issues in this bill, BUT the new sunset requirement would have significant impact to multiple communities across the state, including Mason City and Clear Lake and we OPPOSE it.