



GOVERNMENT AFFAIRS NEWSLETTER

Week 10 State Legislative Session

The Revenue Estimating Conference (REC) met on March 19 to establish the General Fund estimate for Fiscal Year 2021. The REC is required to meet three times annually: one of these meetings must be on or before December 15 and one must be held during the legislative session.

Due to Iowa's resilient economy and historically consistent revenue growth trends, Iowa ranked the second lowest impacted state due to COVID-19. Iowa's fiscal responsibility ensures the budget reserves have continued to remain full.

During the December meeting, the REC predicted revenue growth at 0.5% for FY2021 which equates to a boost of \$7,969,300,000. Last week, the REC approved an increased prediction of 1.9% growth (\$8,078,900,000.) Despite the increased revenue predictions, the Governor and Legislature are required to set the FY2021 budget based on the lower December prediction.

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 HF796 and SF390 survived the first 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 Ways & Means Committee passed it on March 18 so both bills are eligible for a floor vote in each chamber.

Housing

No change this week.

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

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.

Port Authorities

No change this week.

HF812 passed the full Economic Growth Committee before the funnel and moved through a House Ways & Means Committee last week. This bill helps delineate liability and creates flexibility to jointly fund projects with no additional taxing authority. This helps to expand Iowa Code Chapter 28J beyond traditional port authority uses for commerce by allowing utilization for commerce, quality of life, and economic development projects.

Paycheck Protection Program

No change from the past three weeks: the House and Senate both have bills that would provide businesses with additional pandemic relief by excluding COVID-19 grants from individual and corporate income taxes. Any relief granted by the Iowa Economic Development Authority, Iowa Finance Authority, or Department of Agriculture issued to aid individuals or businesses economically impacted by the pandemic is included in the exemption. The bill also conforms Iowa and federal law regarding the treatment of forgiven paycheck protection loans, excluding the amount received from net income and allowing for certain deductions for businesses expenses paid using the funds. SSB 1198 was assigned to a Ways and Means subcommittee. HSB 195 passed subcommittee and will need to pass out of the Ways and Means Committee before seeing a full floor vote.

Childcare

No change from the past two weeks. As a review, the following bills passed the House.

HF 230 – Increases the income threshold for a Child Care Tax Credit from \$45,000 to \$90,000.

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

HF 260 – Increases, from five children to six children, the maximum allowed for individuals providing childcare in their homes.

HF 292 – Raises Iowa's childcare rates to the 50th percentile according to the Market Rate Survey.

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

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

While the Senate passed several childcare bills out of committee, they are primarily working on the House bills described above.

Medical Residents Liability Insurance

This is an issue identified by several communities represented in the Iowa Chamber Alliance. A bill was introduced (HF763) to provide short term relief for resident physician's medical liability insurance premiums by reimbursing the cost of premiums attributed to employed resident physicians of certain family practices and nonprofit organizations. HF 763 was referred to the Appropriations committee and passed subcommittee this week. During the meeting, subcommittee members discussed the possibility of amendments to the bill that would provide a long term solution for medical resident programs that have closed or are in danger of closing due to the high cost of premiums. These programs provide a pipeline of family practice physicians to Iowa communities.

Medical Malpractice Limits

No change from last week. HF592 and SF557 each moved through the funnel and are eligible for floor debate. This bill would cap non-economic damages in medical malpractice cases.