



## GOVERNMENT AFFAIRS NEWSLETTER

### Week 11 State Legislative Session

The second funnel deadline is this Friday, April 2<sup>nd</sup>; bills that fail to pass out of committee in the chamber opposite the one they originated in will no longer be eligible for consideration. Tax and spending bills are exempt from the second funnel deadline. Committee work to ensure legislative priorities remain eligible will fill this week's schedule.

On March 24, Iowa Senate Republicans released their budget targets for FY22. Their proposed budget spends \$7.999 billion, which represents 94% of the predicted available revenue. Following the March REC meeting, Senate and House leadership began the budget process by meeting to assign each budget bill to a chamber (Senate or House).

#### **Taxes**

Last week, Senator Dawson introduced his 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 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 is expected to consider HF796 on the floor early this week.

Governor Reynolds allocated \$15 million in CARES Funds to broadband programs last week. Fourteen broadband providers were provided with \$15,542,302.00 from the Empower Rural Iowa broadband grant.

#### **Childcare**

No change from the past three weeks, although these bills need action in the Senate to remain viable this session. 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.

This week, the Senate Human Resources Committee passed HF301 out of committee and the Senate Commerce Sub-Committee passed HF606.

### **Housing**

*The funding levels may differ from the original bills, but we anticipate passage of these bills this session.*

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. The bill has NOT been placed on the House debate calendar as of today (Monday).

### **Paycheck Protection Program**

No change from the past four 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.

### **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 and full committee last week. The bill will now go to the House floor for a vote. These programs provide a pipeline of family practice physicians to Iowa communities, and we are fully supportive of this assistance.

### **Medical Malpractice Limits**

No change from the past two weeks. 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.