



June 12, 2020

### In this Issue:

Week in Review.....P.1

Bills on the Move.....P.1

*COVID-19 Immunity*  
*Criminal Justice Reform*  
*Tax Bill*  
*Budget*  
*Future Ready Iowa*

Iowa Continues to Reopen..... P. 3

In the News.....P. 4

### Week in Review

At the time of publication, there continues to be hurdles in the effort to adjourn the legislative session. However, this afternoon (Friday) we saw many key signs of their intent to adjourn “Sine Die” as legislative retirement speeches were given and both sides began moving not-yet-agreed-to budget bills. Procedurally, this helps them adjourn quickly once an agreement is reached.

On Tuesday, the House released a status quo budget that was not agreed to by the Senate. The phrase “status quo” means that the budget, which is setting the FY21 state budget, was the exact same as FY 20 with the exceptions of K-12 funding and Medicaid appropriation included the supplemental appropriation the legislature had passed in March.

Once the Legislature completes its work, we will send out end of session reports within a couple weeks that will provide budget breakdowns as well as bills of interest.

### Bills on the Move

*COVID-19 Immunity.* Last week the House passed COVID-19 employer immunity on a party line vote. The bill, [SF 2338](#), a bill that previously set a hard cap on noneconomic damages that were recoverable in a medical malpractice lawsuit, was taken up by the Senate and passed on party-line votes. The bill retro dates back to January 1, 2020 and is in effect until COVID19 is eliminated. The bill provides for the following:

- Requires that individuals bringing suit meet minimum medical conditions, in this case hospitalization or death.
- Provides protections from liability lawsuits to persons in control of a facility unless that person recklessly disregards risks or acts with malice.
- Provides protection from lawsuits if the business was in substantial compliance with federal or state regulations, orders or guidance.
- Provides protection from lawsuits to health care providers as their industry transformed to respond to COVID-19.
- Provides protection from lawsuits to those involved in providing products like disinfectants and face shields needed to fight the virus unless the person disregarded a substantial or unnecessary risk or acted with malice.
- Is retroactive to cover the entire period of the presence, to the best of our knowledge, of the coronavirus COVID-19 in Iowa.
- The bill includes protection for police and fire for workers compensation claims essentially making the police or fire worker not have to prove their work comp claim. This particular protection was added via amendment on the House floor, where both republicans and democrats voted for its addition.

The bill was brought forward after the legislature returned from its suspension to



ensure that businesses and health care providers would be protected from suit if they were acting in good faith to care for their patients, employees and consumers. \

### *Criminal Justice Reform Bill*

Under the leadership of the Governor and House and Senate leadership, both the House and the Senate passed bills on Thursday in response to the current unrest we've seen nationally due to the death of George Floyd and other African Americans by police. The bill has four broad divisions: it limits the use of chokeholds by police; it prohibits officers from being able to move to different agencies or from out-of-state if the officer has a record of misconduct; it requires law enforcement agencies to train officers every year in techniques to de-escalate situations to prevent bias in law enforcement; it requires the Attorney General investigate deaths caused by officers and to take action.

During debate in the Senate, the Governor was seen listening to the debate and immediately released the following statement once both chambers had passed the bill:



“In Iowa, we know how to sit down at the table, listen to each other and work together to move forward. Over the past several days, leaders of the Iowa legislature came together with shared goals and a commitment for action. This was truly a bipartisan effort with all of us working side by side. I want to thank Representative Ako Abu-Samad, Representative Ras Smith, Majority Leader Jack Whitver, Minority Leader Janet Peterson, Speaker Pat Grassley, and Minority Leader Todd Pritchard for working together to bring meaningful change. These problems didn't arise overnight, and they won't be fixed in a day. We are just getting started, but our work together shows Iowa is willing to have the tough conversations and to look past our differences to find common ground and a brighter future for all Iowans.”

*Tax Bill.* The House and Senate moved two different tax omnibus bills this week. As of the time of this writing, there is no agreement between the House and the Senate. The House's bill ([HF 2641](#)), which was attached to the Department of Revenue bill, makes a lot of changes to Iowa's tax system. A fiscal note can be found [here](#).

The Senate bill ([SSB 3202](#))... A summary of the Senate bill from IALNS is as follows:

- Enacts many of the same provisions of HF 2641.
- New provisions include:
  - Bonus Depreciation: Deems that the state will couple with Section 179 increased expensing (federal bonus depreciation) going forward in the future.
  - Married Taxpayers: Deems that relief from joint liability is available for all the reasons allowed under federal law and the DOR to intervene and grant relief to a spouse not asking for relief.
  - Pass-Through Credit: Allows a pass-through entity awarded a refundable corporate sales tax credit to pass the credit through to the owners of the entity.
  - 529/Apprenticeship: Allows the use of 529 education savings funds to be used for apprenticeships. Allows a person making a contribution to a 529 Education Savings Plan between 1/1/20 and 7/31/20 to count the contribution in 2019.
  - Homebuyers: Allows as person who opened a FirstTime Homebuyer Account in 2019 to have that account designated as such up to 7/31/20.



- PPE: Exempts donations of qualifying PPE during the pandemic from the use tax. Rentals: Prohibits cities and counties from adopting ordinances banned short-term rentals.
- Income Tax Cuts: Strikes the trigger requirements for future income taxes and makes those cuts as of 2023.
- Capital Gains: Establishes a 15% capital gains deduction.
- Lake Improvement Zones: Changes current law to allow counties under 20,000 to designate a rural improvement zone around a lake if the supervisors receive a petition on the matter and the supervisors determine that the area is need of improvement.
- Stimulus Money: Includes any student grants or stimulus checks from the Iowa income tax.
- Farm Hunting: Allows a farm owner or tenant to use a farm turkey or deer hunting license in any season.
- Excluded provisions include: Computer Peripherals, Broadband Grants, Out-of-state credits, Horse Racing Days and Port Authorities.

*Appropriations bill.* This week, the House introduced three appropriations bills—one omnibus bill that contained all appropriations (Education, HHS, Eco Devo, etc.), the Transportation budget bill, and the Rebuild Iowa Infrastructure Fund bill. These bills were mostly status quo with some cuts coming out of the RIIF budget bill in the House. Additionally, the Senate released RIIF and Transportation. As of Friday evening, the House was expected to move these three bills via floor debate with the entire body.

*Future Ready Iowa.* One of the Governor's top priority bills—a bill making changes to Future Ready Iowa, [HF 2629](#), passed the Senate and returned to the House with an amendment that moves the computer science requirements laid out in the bill until 2023.

### **Governor Continues to Re-Open Iowa**

On Wednesday, Gov. Reynolds signed a proclamation that will largely reopen all businesses in the state. The [proclamation](#), which will be effective tomorrow at 8 a.m. and go through Thursday, June 25, allows restaurants, bars, fitness centers, salons, theaters, race tracks and other retail establishments to operate at a much larger capacity, and they must follow social distancing guidelines and other public safety measures from the Iowa Department of Public Health. Additionally, the proclamation allows pools to reopen—a very welcome reopening given the hot temps we've seen over the last couple weeks in Iowa. The governor has been methodical in her approach to reopening the state and making her decisions based on the data presented to her.

### **In the News**

Below are articles of interest from the week. Please reach out to us with any questions or concerns.

1. [Reynolds Signs Police Misconduct Bill](#)
2. [Coronavirus Cases Top 23,000 positive, hospitalizations down](#)
3. [IA Legislature Passes Employer Immunity Bill for COVID-19](#)
4. [Regulators Back off Major Price Increase for Liquor in Iowa](#)
5. [New Iowa Poll Released this Weekend](#)
6. [50% Capacity Limits End, More Businesses can Open Today](#)



# CORNERSTONE

— AN EMPLOYEE-OWNED COMPANY —

## 2020 Legislative Update



Katelyn O'Hare | Frank Chiodo | David Adelman | Matt Paul | Matt Hinch | Jimmy Centers | Sara Allen