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**House and Senate at a Stalemate**

The House and Senate made no progress this week on finding consensus for tax reform. Each chamber introduced and moved vastly different pieces of tax reform legislation; a sure sign that both chambers are willing to hold out for a lengthy battle to accomplish their tax reform priorities.

House Republicans released their tax cut proposal on Wednesday, and the Ways & Means Committee voted it out of committee Thursday when it passed [HSB 671](#). The House proposal cuts income taxes by about \$1.3 billion over five years, and expands items covered under the sales tax to increase sales tax collections. Unlike the Senate proposal, the House does not change the taxes for credit unions, and unlike the Governor’s proposal, the House does not include triggers. The House proposal keeps federal deductibility, unlike the Governor or the Senate.

Senate Republicans released another version of their tax proposal on Thursday, when it moved [SSB 3195](#), the governor’s tax reform bill. The Senate amended the bill with a strike-after amendment. Feenstra said that tax reform was something the legislature gets a chance to do “every couple decades” and, therefore, wants it to be meaningful to everyday Iowans. The amendment is different than the bill passed by the Senate earlier this session however the full text was not available for review this week. The plan fully couples with corporate and individual tax benefits and increases section 179 to \$500,000; increases the standard deduction for individuals to \$12,000, and \$24,000 for families; eliminates federal deductibility and the alternative minimum tax; and lowers the corporate tax over the next five years. Senate Republicans says the plan nets \$235 million in new spending for FY 2020 and allows Iowa taxpayers to keep \$733 million over two years. The Senate plan modernizes online sales taxation and adjusts tax credits.

Until tax reform is agreed to, budget targets will not be released and budgets will not be debated. A prolonged adjournment is expected as consensus has not been reached.

**Governor Reynolds Meets with Trump on Trade**

Governor Reynolds met with President Trump Thursday to discuss the impact on the proposed tariffs for Iowa’s economy. Reynolds released a statement saying the meeting was productive and “the president listened to our concerns and that he is determined to resolve the dispute with China. He intends to expand E15 and ordered his top advisors to study the possibility of reentering the TPP.”

Earlier this week, the Governor held a press conference this week discussing this issue with local business leaders. She communicated that she has talked to US Ambassador to China, Terry Branstad, and Sonny Perdue, the US Secretary of Agriculture, about efforts to mitigate the impact of any farm tariffs. China is considering imposing tariffs on agricultural products, including pork, soybeans and corn. Reynolds said that she understands that China has been a “bad actor” on technology issues and on stealing trade secrets, but said, “No one wins in a trade war. While some disruption may be necessary and part of the negotiation process, this can’t be done on the backs of our farmers. It’s important we find a reasonable agreement and make sure it’s targeted and done in a timely manner, which will help mitigate the risk of losing market share.”

### **SPECIAL ELECTION IN SENATE 25**

Annette Sweeney won the special election in Senate 25, beating Democrat Tracy Freese. The vote being 4,776 votes to 3,786 votes. Sweeney will finish the rest of Senator Dix’s term and keeps the Republicans at a 29-20-1 advantage in the chamber. She faces a contested primary in June against Chad Buss and will face Freese again in the November general election. Sweeney previously served two terms in the House, before losing a contested Republican primary in 2012 to Representative Pat Grassley. She served as the chair of the House Agriculture Committee and left a position with the USDA to run for the open seat.

Senate 25 includes all of Hardin and Grundy counties, and southern and eastern Story County and southeastern Butler. Registration numbers in the district favor Republicans (8,256 Democrats to 16,285 Republicans).

### **Forums**

Below are links to calendars containing information for legislative forums. As more forums are published, more links will be available.

<a href="#">House Democrat Legislative Forums</a>
<a href="#">Senate Democrat Legislative Forums</a>
<a href="#">Senate Republican Legislative Forums</a>

### **In the News**

1. [DHS Director on Ombudsman’s Report](#)
2. [House GOP unveils its first offer on tax cuts](#)
3. [State offering a second license to manufacture medical marijuana](#)
4. [Mental health treatment center in Sioux City caught up in multi-county dispute](#)
5. [Reynolds first campaign ad](#)