

**2/23/18, Week 7**

**In this Issue:**

Bills Moving..... P. 1  
Senate Tax Reform.P.2  
Legislative Forums...P. 3  
In the News.....P. 3

## House and Senate Begin Debating Bills

Both the House and Senate advanced many pieces of legislation this week sending legislation to the other chamber. However, notably the de-appropriations bill was not debated in the House although a Public Hearing was held Monday for the bill. The House and Senate have yet to reach consensus on this legislation causing the delay. Additionally, the March Revenue Estimate Committee has set their March meeting for March 9<sup>th</sup>, which is just two short weeks away. This is significant because depending on where they REC committee sets revenue, the necessary amount of cuts to balance the FY 18 will change.

The Senate voted affirmatively on several bills of interest, which include:

- The Senate passed [SF 2169](#), a bill that limits the liability for alcohol-related accidents for some license holders, on party-line votes (dram insurance). The bill limits the damages to \$75,000 (injury to person or property); loss of means of support or loss of services/consortium (\$100,000).
- The Senate unanimously adopted [SF 2113](#), a bill dealing with suicide prevention by requiring the Board of Education Examiners to adopt rules requiring that educators have 1 hour of suicide prevention training before each license renewal.
- The Senate passed [SF 2262](#), a bill that deems a final-stage manufacturer performs operations to make an unfinished vehicle into a finished vehicle is a manufacturer. The bill also establishes definitions and includes protections for multi-stage manufacturers and establishes an exemption for final-stage manufacturer for owning an interest in or being a motor vehicle dealer.

Similarly, the House moved the following bills of interest:

- The House passed [HF 2309](#), a bill that requires the DHS to consult with stakeholders and look at options for the paying nursing home expenses for a Medicaid/Medicare member who is receiving the hospice benefit to allow the Medicaid MCOs to reimburse the nursing homes directly. Further, it requires a report on the payment options by October 2018.
- The House made a step towards resolving education transportation funding issues with the Senate by passing [SF 455](#), which establishes a transportation equity formula aimed at districts with the highest per-pupil transportation costs. The House amendment puts \$11.2 million into transportation equity funding and adds money to the per-pupil funding formula to increase funding to the lowest districts and bring their funding closer to the highest schools.
- The House passed [HF 2356](#), a bill that establishes direct care relationships via contractual amendment for health care provider licensed to provide primary care services and patients. The contracts for these relationships would provide for the services provided for in the contract, the dollar amount of consideration, and specify that the relationship is not health insurance.

## Senate Releases and Advances its Tax Reform Bill

Senate Republicans released their tax reform bill this week ([SSB 3197](#)). The “Iowa Working Family Tax Relief Act” bill, which was introduced Wednesday afternoon, moved through full committee Thursday afternoon is now floor eligible. Senator Feenstra called the bill “bold,” describing it as a tool to promote high quality jobs and create opportunity for the state to be more competitive with other states who have lower tax rates. Unlike the Governor’s plan, the Senate plan addresses corporate income tax and tax credits.

Highlights of the plan (as presented by the Senate Republicans) include:

- Provides over a \$1 billion a year in overall tax relief.
- Reduces, on average, middle-income earners state taxes by over \$1,000 personal income tax, putting more money in the pockets of hard-working Iowans.
- Cuts overall individual income tax rates by 30 percent.
- Lowers Iowa’s top individual income tax rate from the fourth highest in the country at 8.98 percent to a more competitive rate of 6.3 percent.
- Simplifies the current maze of tax forms and reduces tax code confusion by allowing for a more “taxpayer friendly” income tax form.
- Couples Iowa tax law automatically to new federal tax code changes.
- Eliminates federal deductibility. Federal deductibility creates confusion and forces our tax rates to be artificially higher.
- Reduces tax brackets to only five, reduces the top personal tax rate to 6.3%, and reduces the top corporate rate to 7% (from 12%).
- Increases the pension exemption for Iowa seniors.
- Maximizes the new federal benefit of a 20% deduction on all qualified business income for Iowa’s job creators. Farmers could potentially be provided a significantly larger Section 199A deduction.
- The new top rate will make Iowa more competitive and provide a strong engine to grow Iowa’s economy and create more jobs.
- Equalizes the taxes on institutions providing financial services with the new financial institution tax structure.
- Modernizes Iowa’s sales tax to protect Iowa’s Main Street Business and create fairness between our local businesses and online businesses
- Sunsets most tax credits to fund the new tax rates. These include:
  - High Quality Jobs Program
  - Historical Preservation and Cultural and Entertainment District Tax Credit
  - Ethanol Promotion Tax Credit
  - Solar Energy Systems Tax Credit
  - Geothermal Tax Credit
  - Farm to Food Donation Tax Credit
  - Accelerated Career Education Tax Credit
  - Targeted Jobs Tax Credit
  - Tuition and Textbook
  - Volunteer Firefight/EMS/Reserve Peace Officer Tax Credit
  - Taxpayer Trust Fund – due to new indexing of rates

The Senate Republicans released some examples of ways Iowans would experience lower tax liability (examples from Tax Year 2022):

- A single mother with one child making \$30,000 would see a 65% reduction



- A single taxpayer making \$40,000 a year would see a 16.4% reduction
- A married couple with two children making \$48,000 would see a 20.5% reduction

### **Forums**

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

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

### **In the News**

1. [Board of Regents Sends Signal on Tuition Increase](#)
2. [Two Large Health Providers Blocking Medical Cannabis?](#)
3. [Maintenance on State Buildings Could Cost Millions](#)
4. [IA Senate Committee Offers Bill that Could Provide \\$1B Tax Cut](#)
5. [Iowa Senate approves limits on drunken driving lawsuits after heated debate](#)