

2/16/18, Week 6

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Funnel Week Concludes

Almost 200 bills moved through full authorizing committees this week as the funnel concluded Friday. It will take several days for the legislative computer system to get up to speed proving new bill numbers for the pieces of legislation that passed this week. Committee work will slow down next week while legislators begin the process of sending bills across the rotunda to the other chamber in anticipation of the second funnel (March 16th).

Here are several bills of interest that remain viable and have cleared the funnel:

- Ban automated traffic cameras/enforcement devices (SF2148/HF2118)
- Make it illegal for doctor to perform an abortion once a fetal heartbeat is detected (SF2281/HF2163)
- Enact comprehensive mental health plan (SF 2252 and HF 2327)
- Legalize sports betting in Iowa (HSB592)
- Set local sanctions for failure to enforce immigration laws (SF481)
- Require stores that sell specialty eggs to also sell conventional eggs (HSB623)
- Authorize state board to make changes to the medical cannabis program (SSB3016)
- Require Iowa students to pass a civics exam to get a high school diploma (SSB3119)
- Direct state to request bids to sell or lease the Iowa Communications Network (SF2219)
- Eliminate ban on ATMs/cash dispensing device at state-licensed casino gaming floor (HF2344)
- Reduce penalty for first-time marijuana possession (SF2180)

Governor Unveils Her Tax Plan

Gov. Kim Reynolds and Lt. Gov. Adam Gregg unveiled their tax reform package this week. Governor Reynolds stated, “My plan combines meaningful tax relief while protecting our budget priorities,” Gov. Reynolds said. “We’ve prioritized tax relief for middle class taxpayers, small business owners, teachers and working families across the state. We’re long past due for real tax reform that simplifies and updates our system while allowing Iowans to keep more of their hard-earned money in their communities.”

Highlights of the plan include:

- Rates will be cut by up to 23 percent, resulting in \$1.7 billion by 2023. For example, the top rate of 8.98 percent (fourth highest in the nation) will be reduced to 6.9 percent by 2023 and will only apply to income above \$160,965. Currently income above \$73,260 is taxed at 8.98 percent. The plan increases the standard deduction for filers by increasing the single threshold from \$2,070 to \$4,000 and from \$5,090 to \$8,000 for married filers.

- Granting Iowans the ability to invest in section 529 plans tax-free for K-12 tuition – not just higher education – allowing for more choice in K-12 education.
- Iowa business owners will be able to deduct 25 percent of the new federal Qualified Business Income Deduction from their Iowa taxable income. This will allow Iowa’s job creators to keep more of hard-earned money.
- The section 179 expensing limit will increase immediately from \$25,000 to \$100,000, allowing small businesses owners to invest in their companies and in Iowa.
- The Alternative Minimum Tax would be eliminated.
- Federal deductibility will be phased out.

The bill doesn't include reductions in the corporate income tax or changes to existing tax credits for corporations or individuals. It is expected that the Senate introduce their version of tax reform sometime next week and will differ from the governor’s proposal.

Bills Advance that Increase Access for Health Insurance

This week the House Commerce committee took a first step to provide Iowans with some relief from unaffordable health care products on the individual market. In Iowa, the state of the individual health insurance market in the state of Iowa is shaky and options are minimal and expensive. There was and continues to be an immediate concern for 20,000 Iowans who have no health insurance because they are priced out of the individual health insurance (Obamacare) market. The House Commerce committee passed [HF 2364](#) which would provide the option of purchasing a health benefit plan. These plans would be sponsored and administered by Iowa based organizations. It is estimated that for individuals who do not qualify for a subsidy, these plans would be less than half the cost of plans available on the individual exchange. The Senate passed [SF 2182](#), which is similar and allows associations to come together to offer health insurance plans to its employees. This bill passed out of full committee this week as well.

Deappropriations

On Tuesday the House Appropriations committee passed its deappropriations bill with an amendment. The bill has still yet to reach consensus amongst both chambers. The House passed an amended version through Appropriations committee this week which made the following changes:

Makes cuts to the Regents (\$8.1 million)	DOE (\$784,000)
Community Colleges (\$500,000)	Makes cuts to the Regents (\$8.1 million)
Judicial Branch (\$1.6 million)	DOE (\$784,000)
DHS (\$4.32 million)	DPH (\$625,000)
Department of Correction (\$3.4 million)	Includes language prohibiting tuition increases due to the cuts. Does not include per diem reductions.

The bill has a scheduled public hearing set for Monday at 11am in the Capitol’s Supreme Court Room.

Mental Health and Opioid Bills Released and Clear Funnel

The House and Senate both advanced bills that address mental health access and adequacy concerns. The bills largely address the same concepts but have some differences. Both versions clarify licensure for subacute care facilities and lift the cap on the number of subacute care beds that can be applied for; both add core services to

the Region's core services, include adding 22 assertive community treatment teams, 6 subacute regional access centers, increase intensive residential services homes for up to 120 patients statewide, and have a single statewide crisis hotline; and both clarify that Medicaid must pay for medically necessary services, rather than the region (if an individual is a Medicaid eligible person).

[HF 2299](#) passed the House Human Resources Committee and is comprehensive legislation that prevents doctor shopping for opioids, reduces overprescribing, and provides support to Iowans suffering from opioid addiction by Funding the new state-of-the-art Prescription Monitoring Program (PMP), which will have the ability to integrate with electronic health records and provide immediate access to information, requiring prescribers to register for the PMP and use the PMP when prescribing controlled substances (which will be addressed in rule), requiring electronic prescribing to eliminate fraud, requiring pharmacies to report to the PMP within 24 hours, allowing proactive notification to providers so they can recognize patients at a high risk for opioid abuse and addiction, providing prescriber education on opioids and prohibiting addictive prescriptions from being filled more than six months after the date prescribed and from being refilled.

State to Take in More Revenue with the passage of the Federal Tax Act

Iowa taxpayers will see an even bigger reduction in federal tax liability thanks to President Trump's tax cut, according to the Iowa Department of Revenue. This reduction also means the state will take in even more tax revenue, due to the deductibility of federal taxes on Iowans' income tax forms. Revenue updated their projections at an informational meeting of the Revenue Estimating Conference last Friday. At the meeting, Revenue stated that Iowans' federal tax liability will be reduced by \$1.775 billion under the new federal tax law. This is nearly \$300 million higher than what Revenue had projected in their initial analysis on January 5.

The change in federal tax liability will result in additional state tax revenue, according the Department's analysis. Based on their new data, the General Fund is expected to take in an additional \$33 million in the current fiscal year. This is a significant increase over January's analysis, when the state was expected to have a net increase of \$11.2 million. State tax revenue is also expected to grow even more in FY 2019 (+\$148 million) and FY 2020 (+192 million). Revenue's updated figures were based on actual tax returns received in January, their initial analysis of the federal law's impact on corporate taxes, and the updating of income tax withholding tables.

Iowans also were making tax payments to take advantage of the previous tax policy. In terms of estimate payments, the state took in an additional \$22.5 million in December and \$104.3 million in January. A number of Iowans took advantage of the existing law's allowance for deducting state and local taxes by paying their March property tax payment early. Iowans ended up paying \$57.8 million of property taxes in December, which will lower their income tax liability by \$4 million. The new figures are still estimates, which Revenue expects to update at the March meeting of the Revenue Estimating Conference.

Forums

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



[House Democrat Legislative Forums](#)

[Senate Democrat Legislative Forums](#)

[Senate Republican Legislative Forums](#)

In the News

1. [Bills that are Dead or Alive](#)
2. [Drug Tests and Work Requirements for Public Assistance](#)
3. [Lawmakers Pull Gun Bill after FL Shootings](#)
4. [Ernst Says Mental Health Should be Focus](#)
5. [Lawmakers Continue Negotiations on Deappropriations Bill](#)