



# CORNERSTONE

— AN EMPLOYEE-OWNED COMPANY —

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## 2022 END OF SESSION REPORT

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**TO: IOWA ACADEMY OF FAMILY PHYSICIANS (IAFP)**  
**LEGISLATIVE COMMITTEE**

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**GOVERNMENT AFFAIRS**

**DATE: MAY 27, 2022**

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## INTRODUCTION

This year marked the second session of the 89<sup>th</sup> Iowa General Assembly. The Legislature gavelled in on January 10, with Governor Kim Reynolds delivering her Condition of the State address on January 14. After back-to-back tumultuous legislative sessions impacted by the COVID-19 pandemic, this session provided more “normal” interaction and rules of engagement for lawmakers, lobbyists, and constituents. Governor Reynolds ended the COVID-19 disaster declaration in February, and in-person work began in earnest at the Statehouse.

For what many expected to be an abbreviated session due to it being an election year and a tax reform package being signed into law in February, the session pushed deep into May. Per diem for legislators expired on April 19 after 100 days, which is earlier than 110 days offered during non-election years. At the center of the delay was debate on [Senate File 2369](#), Governor Kim Reynolds’ school choice proposal. The bill, which would allow Iowa students to use a portion of their state-allocated per-pupil funding to enroll in a private school of their choice rather than attend their local public school, proved to be a significant sticking point among the Republican party. It passed the Senate on a 31-18 vote but proved impassable in the House. Many discussions were held in the final weeks regarding tweaks to the bill that would satisfy both the Governor and hesitant Republican legislators. In the end, the bill did not gain traction and was not brought up for a vote.

In the 11<sup>th</sup> hour, the legislature reached agreements on several outstanding policy issues that were ultimately included in the Standings Budget bill. Included in this final package was a provision to repeal the school open enrollment deadline of March 1. If the bill is signed into law, students and parents can choose to open enroll to any district across the state. The bill also included several election changes that would bar the Iowa Secretary of State or county auditor from accepting any non-public money for conducting an election.

On the last day, the legislature sent a bill to the Governor’s desk that outlawed required COVID-19 vaccinations for attendance in K-12 schools, colleges, or childcare centers. [House File 2298](#) disallows mandates for attendance at any licensed childcare center, elementary or secondary school or postsecondary school before July 1, 2029. There were various vaccine bills introduced this session, but most did not advance beyond the two legislatively imposed funnel deadlines.

The Iowa House retreated from its proposal to temporarily halt the use of eminent domain for liquid carbon pipelines. The House had included language in [House File 2590](#), but on Tuesday it accepted the Senate’s version of the bill that omitted the language.

### *Overview of the 2022 Legislative Session*

At the beginning of the session, Governor Reynolds laid out her plans for the session in her annual Condition of the State address. During her remarks, the Governor released her top legislative priorities, which included:

- Cutting Taxes for All Iowans
- Making Iowa an Employment Destination
- Improving access to Child Care
- Building Iowa’s Health Care Workforce
- Preparing Students for the Workforce
- Providing Education Choice and Transparency for Iowa Families
- Increasing the Access to E-15 and higher blends of biodiesel for Iowa Consumers

Leadership from both chambers shared remarks on the first day of session detailing what they hoped to accomplish this year. Republican leadership focused on priority issues related to tax reform, workforce, education reform,

and continued support for Iowa’s road to recovery from the COVID-19 pandemic. Democratic leaders prioritized COVID-19 recovery, workforce, and childcare access.

## STATE OF IOWA BUDGET

### *Budget Overview*

The FY22 state budget year ends June 30, and legislators are constitutionally required to pass a new budget in order to ensure the state government is funded and operating. When the Iowa House and Senate first released their respective budget targets, there was roughly a \$72 million difference (with the House having the higher overall budget target). The House completed its initial work on the budget by passing and sending each bill over to the Senate by the thirteenth week of session. The Senate held the release of their budget targets as the House deliberated on the Governor’s school choice bill. Ultimately, the Legislature passed its final FY23 budget on May 25, 2022. Thirty days from the date of passage, Governor Reynolds has the authority to veto any line items she does not want included in these appropriations bills.

The Revenue Estimating Committee (REC) met in March to update state revenue estimates for the remainder of the current fiscal year, as well as the upcoming fiscal year, which is set to begin July 1, 2022. The new forecast, as compared to December’s report, projects a state revenue growth of 4.2% for the year (equal to \$370.5 million). The new figure also suggests that there will be an even larger deposit in the Taxpayer Relief Fund than what state lawmakers thought when they passed a tax cut package earlier this year. For the next budget year (FY2023), the panel agreed to a state revenue forecast of \$9.1563 billion. HF 2317, the tax reform bill that was signed into law this session by Governor Reynolds, is projected to reduce state revenue by \$236.3 million.

Below are the overall budget figures:

<b>Budget Subcommittee</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Difference</b>
Administration and Regulation	\$149,639,168	\$50,112,268	-\$99,526,900
Agriculture and Natural Resources	\$48,808,995	\$41,943,95	-\$6,865,000
Economic Development	\$47,998,126	\$45,300,251	-\$2,697,875
Education	\$972,357,588	\$992,891,954	\$20,534,366
Health and Human Services	\$2,047,813,669	\$2,068,509,367	\$20,695,698
Justice System	\$814,378,235	\$826,032,788	\$11,654,553
Standings	\$4,043,885,098	\$4,181,086,968	\$137,201,870
<b>General Fund Total</b>	<b>\$8,124,880,879</b>	<b>\$8,205,877,591</b>	<b>\$80,996,712</b>

### *Budget Line Items of Interest*

**General Fund FY 2023:** HF 2578, the Health and Human Services bill appropriates a total of \$2,068.5 million from the General Fund and 4,555.0 full-time equivalent (FTE) positions to the Department on Aging (IDA), the Department of Public Health (DPH), the Department of Human Services (DHS), the Department of Veterans Affairs (IVA), and the Iowa Veterans Home (IVH). This is an increase of \$20.7 million, which represents a 0.9% total budget increase from FY 22 to FY 23.

**Psychiatry Residency Program:** Creates a Psychiatry Residency Program in cooperation with the State mental health institutes, the Woodward Resource Center, the State training school, and the Iowa medical and classification center. Directs the University of Iowa Hospitals and Clinics to expand the Psychiatric Residency Program by providing for up to 12 additional residency positions for each class of residents by providing

financial support for residency positions that are in excess of the federal residency cap established by the federal Balanced Budget Act of 1997.

- **An increase of \$200,000 was included in the FY 2023 budget.**

**Rural Primary Loan Repayment Program: An increase of \$780,000** for the rural primary loan repayment program which offers loan forgiveness for physicians in certain rural areas of the state that are serving specific specialties like family medicine, psychiatry, etc. The Program provides loan repayments for medical students who agree to practice as physicians in service commitment areas for five years. A service commitment area is defined as a city in Iowa with a population of less than 26,000 that is located more than 20 miles from a city with a population of 50,000 or more. The service commitment area must provide match funding of \$20,000 for each physician participating in the Program. The average FY 2021 award was \$193,061 for 13 recipients.

**Health Care Loan Repayment Program: An increase of \$250k.** Maintains the current level of funding compared to estimated FY 2022. Applicants for the Health Care Professional Recruitment Program must be graduates of an academic program at an institution governed by the State Board of Regents or an accredited private institution and must complete four years of service in an eligible Iowa community. Preference is given to Iowa residents serving in communities with a population of 10,000 or less that are located in a federally designated Health Professional Shortage Area or a Governor's Designated Rural Health Clinic County. After graduates have served four years, the College Student Aid Commission can award up to \$50,000 to reduce an applicant's student loan debt. The State funding must be matched dollar for dollar by the local community or hospital.

**Mental Health Practitioner Loan Repayment Program: Increase of \$520,000.** This is a new appropriation of \$520,000 to support the Mental Health Practitioner Loan Repayment Program. The funding is contingent on the enactment of (Mental Health Provider Loan HF 2549 Forgiveness Bill) or (Mental Health Loan Repayment Bill)

**More Options for Maternal Supports Program Report:**

- Requires the DHS to submit a report to the General Assembly, beginning October 1, 2023, and annually thereafter, on the MOMS Program. The report is required to provide various information on demographics, expenditures, and outcomes for the Program.
- Requires the DHS to create a statewide More Options for Maternal Supports (MOMS) Program to promote healthy pregnancies and childbirth through nonprofit organizations that provide pregnancy support services.
- An increase of \$500,000 and 2.00 FTE positions to implement the More Options for Maternal Supports (MOMS) Program created in Division XVII of this Bill.
- **Medicaid Postpartum Coverage:** Requires the DHS to review the Medicaid postpartum coverage and report the number of recipients of postpartum services, the services utilized, and the costs of such services for the period beginning January 1, 2020, through June 30, 2022, as well as information regarding the number of states that have expanded Medicaid postpartum coverage beyond 60 days. The DHS is required to submit the report to the General Assembly by December 15, 2022

**Mental Health and Disability Services Regional Criteria:** Amends various provisions relating to Mental Health and Disability Services (MHDS) regional criteria and makes conforming changes.

**Poison Control Center:** The HHS budget allocates up to \$500,000 and \$34,000 in the Iowa Rebuild Iowa Infrastructure Fund (RIIF) for the State Poison Control Center. This is no change from FY 2022. The Center is allowed to transfer as much funding as needed for the purpose of receiving matching federal funds.

**Medical Assistance:**

- Home Health Rural Incentives: An increase of \$1,777,082
- ICF/ID Rate Increase: An increase of \$1,339,971
- Behavioral Health Intervention Services Increase: An increase of \$1,277,082
- Psychiatric Tiered Rates (HF 2125): An increase of \$1,500,000
- Applied Behavioral Analysis Services Rates Increase: An increase of \$385,000

**Standings Budget:** Included in the final, catch all budget bill (Standings) was a bill that provided licensure to Ambulatory Surgical Centers. This was a standalone bill during session that was never brought to the floor in either chamber for a vote. It was a priority of Representatives Holly Bring and Jacob Bossman. The legislation lays out the following:

1. A health care provider who determines that a patient is a candidate for outpatient surgery based on the patient’s medical status and surgical service needs, and refers the patient to an ambulatory surgical center as an option for the surgery, shall provide the patient with a written document listing the factors the patient should consider to make a fully informed decision about the patient’s recommended course of care. The considerations shall include all of the following:

- a. The differences in ownership; licensure, certification, or accreditation; and payment alternatives between the ambulatory surgical center and a hospital.
- b. The types of medical personnel generally involved in the patient’s surgical service and the capacity of the ambulatory surgical center and a hospital to comply with the personnel requirements.
- c. The capacity of the ambulatory surgical center and a hospital to respond to medical complications and emergencies that may arise from the surgical service.
- d. The proximity of the ambulatory surgical center to a hospital and the protocols in place for transfer of a patient from the ambulatory surgical center to the hospital for emergency care.
- e. The type of anesthesia generally used for the patient’s surgical service and the capacity of the ambulatory surgical center and a hospital to comply with requirements relative to the use of anesthesia.

## **BILLS OF INTEREST**

- **Tort Reform** – [HF 2279](#); [SF 2275](#)
  - A bill for an act relating to matters under the purview of the state, including unemployment benefits and civil torts.
  - Unfortunately, the House did not have the votes to get this bill across the finish line. There are still hopes that it will be reconsidered next year and will have more momentum because some of the legislators who were “no” votes will be retiring.
- **Right to Try** – [HF 2203](#)
  - An act relating to health care including protections for health care providers against disciplinary actions for acts or omissions related to COVID-19 and to experimental treatments for terminally ill persons, including effective date provisions.
  - This bill passed the House on March 2 (62-36). The Senate Human Resources Committee passed it out, but it was never brought to the floor for consideration.
- **Healthcare Staffing Agencies** – [HF 2521](#)
  - A bill for an act relating to health care employment agencies, and providing penalties.
  - This bill was signed by the Governor on May 17, 2022
- **Controlled Substances** – [HF 2201](#)

- An Act relating to controlled substances. Including amending the controlled substance schedules and information collection and reporting requirements under the Iowa Prescription Monitoring program and including effective date provisions.
- The Governor signed this bill into law on May 2, 2022
- **Prior Authorizations – [HF 2399](#)**
  - A bill for an act relating to reimbursement for health care services provided after receipt of a prior authorization, and including applicability provisions.
  - This bill was signed into law by the Governor on May 2, 2022.
  -
- **Pharmacy Benefit Managers – [SF 2231/ HF 2384](#)**
  - A bill for an act relating to pharmacy benefits managers, pharmacies, and prescription drug benefits, and including applicability provisions.
  - This bill received significant pushback from the insurance lobby when it was first introduced early in the session. The House passed the bill unanimously with an amendment that excluded generics and undefined “specialty drugs” from the count the coupon language and removed the rebate provisions. On the last day of session, the Senate and House passed the bill with [this amendment](#) that significantly changed the bill. Highlights of the new bill are as follows:
    - Keeps definitions and further defines terms like *pharmacy benefit manager, prescription drug benefit, rebate, third party payor, etc.*
    - Requires annual PBM reporting to the insurance commissioner regarding prescription drug benefits under the PBM’s purview, including: aggregate dollar amount of all administrative service fees, aggregate dollar amount received by the PBM that didn’t pass through to consumer (as well as administrative fees), the highest and lowest aggregate retained rebate percentages across all the PBM’s contracts.
- **Psychiatric Residency Program, Workforce – [HF 2529](#)**
  - A bill for an act relating to a state-funded psychiatric residency program at the state mental health institutes and the Iowa medical and classification center at Oakdale, creating a program fund, and making appropriations. This was included in the final HHS budget. (See budget line items of interest) There was an increase of \$200,000 for this program.
  - Passed the House (96-0), and was referred to the Senate Appropriations Committee.
- **Establish Mental Health Provider Loan Program, Workforce – [HF 2549](#)**
  - House voted unanimously to give final approval to a bill that establishes a loan repayment program for psychologists and mental health professionals who agree to practice in Iowa for five years or up to seven years if working part time. A Senate amendment to House File 2549 eliminated psychiatrists, physician assistants and advanced nurse practitioners, who can access loan repayment under other programs.
  - The bill now moves to the governor’s desk.
- **Midwives – [HF 2547](#)**
  - A bill for an act relating to midwife licensure, providing for fees, and making penalties applicable.
  - This was a high priority in the House. It passed 93-2, but the Senate never considered it in Committee.
- **Maternal Health ‘Moms bill’ – [SF 2381](#)**

- An Act relating to pregnancy support including by creating the more options for maternal support program and expanding Medicaid postpartum coverage and making appropriations.
- Maternal health was addressed in the HHS budget. Please see the “budget line items of interest” section.
- **Direct Care Agreements** – [HF 2200](#)
  - An act relating to direct health care agreements and including effective date applicability provisions.
  - This will be intended to support and enhance concierge arrangements. A bill several years ago passed focused specifically on primary care direct care agreements. I had no conversation nor was it discussed in the hearings that the intent of the law was to apply to self-pay arrangements with patients. Clarification on the intent of this bill will be expanded upon via the administrative rules process. Cornerstone will monitor the Administrative Rules Bulletin for this.
  - The Governor signed this bill into law on May 12, 2022
- **Administration of Vaccines** – [HF 2169](#)
  - A bill for an act relating to the practices of pharmacy and nursing and the administration of immunizations and vaccinations, and the licensure of nonresident pharmacies.
  - This bill passed the House unanimously but was never considered by the Senate.
- **Newborn Screening** – [SF 2345](#)
  - Both bills were voted unanimously out of both Human Resources Committees in the House and Senate. The bill would bring Iowa's infant testing panel to parity with federal recommendations. It will also help keep Iowa's panel up to date, by setting a timeline for consideration of new conditions to be added. The Governor signed this bill on April 21, 2022.

### *Bills that Died*

- **Telehealth** – [HF 2245](#)
  - A bill for an act prohibiting certain health carriers from excluding certain out-of-state health care professionals from participating as providers, via telehealth, under the carriers’ policies, plans, and contracts, and including effective date and applicability provisions.
  - This bill passed the House unanimously but was never considered by the Senate.
- **Limiting Locations of Practice** – [HF 2233](#)
  - A bill for an act relating to agreements limiting the locations of practice of persons licensed to practice medicine and surgery, osteopathic medicine and surgery, or pharmacy.
  - This bill was never assigned to a subcommittee. Did not advance past the first funnel.
- **Adverse Healthcare Incidents** – [HF 2175](#)
  - A bill for an act relating to open communications related to adverse health care incidents, including the rights of patients, health care providers, and health care facilities.
  - This bill was never assigned to a subcommittee. Did not advance past the first funnel.
- **Services Provided Relating to Child Abuse** – [HF 2092](#)

- A bill for an act relating to physicians providing services relating to child abuse assessments.
- This bill was never assigned to a subcommittee. Did not advance past the first funnel.
- **Protections for Physicians – [SF 2031](#)**
  - A bill for an act relating to protections for physicians who prescribe certain prescription drugs.
  - This bill was assigned a subcommittee, but the subcommittee was never scheduled, therefore died in the first funnel.
- **Professional Licensing Boards – [HSB 565](#)**
  - A bill for an act relating to investigations and disciplinary proceedings of professional licensing boards.
  - This bill did not advance past subcommittee.
- **Brain Injury Policy – [HF 2197](#)**
  - A bill for an act relating to licensed health care providers for purposes of state law regarding concussion and brain injury policies for extracurricular interscholastic activities.

*Other Misc. Bills of Interest*

**COVID/ Vaccine Legislation:**

- [HF2298](#):
  - Act relating to the immunization against COVID-19 requirements for enrollment in any licensed childcare center, elementary school or secondary school.
  - Passed through full committee this week, surviving the second funnel. It passed the House on 2/28 (57-36).
  - Passed on the final day of session. Is now awaiting Governor signature.
- [HF2169](#):
  - An act relating to the practices of pharmacy and nursing and the administration of immunizations and vaccinations, and the licensure of nonresident pharmacies.
  - Passed in the final days of session. Is now awaiting Governor signature.
- [HF 803](#):
  - Controlled Substances. Licensure Requirements; Parental Rights; Vaccines; Vaccines - Dentists; Prescriptive Authority. An act relating to duties performed by physician assistants.
  - Alive from last year. Passed through committee, so remains alive after second funnel.
  - Signed by the Governor on May 17, 2022.
- **COVID Bills That Died in First Funnel:**
  - [SB 2012](#): An act prohibiting the labor commissioner from implementing, enforcing, or conforming to certain federal occupational safety and health standards relating to COVID-19 and including effective date provisions.
  - [SF 2031](#): Deems that a doctor that prescribes ivermectin or hydroxychloroquine for COVID shall not be subject to license discipline.
  - [SB2032](#): An act requiring the reporting of COVID-19 vaccination information on a death certificate form.
  - [SB 2033](#): An act requiring the provision of a product-specific fact sheet to each patient or caregiver prior to administration of the COVID-19 vaccine.
  - [HF 2036](#): An act relating to COVID-19 testing requirements by employers and including effective date provisions.

- [HF 2034](#): An act relating to proof of immunity as an exception to a required COVID-19 vaccination.
- [SSB3035](#): An act relating to certificate of need exclusions relative to required immunization against COVID-19.
- [SSB 3037](#): An act prohibiting the use of financial incentives or penalties relative to vaccine administration.
- [SF 2052](#): An act relating to discrimination on the basis of medical creed under the Iowa civil rights Act of 1965 and including effective date provisions.
- **COVID Bills That Died in Second Funnel:**
  - [SF2028](#):
    - An act relating to required written consent prior to immunization or vaccination of a minor.
  - [SF2030](#):
    - An act relating to proof of immunity as an exception to COVID-19 vaccination.
    - House companion died during first funnel.
  - [SF 2079](#):
    - Allows only the State Board of Health to require additional immunizations for daycare of K-12 students. Pre-empts local ordinances. Deems religious and medical exceptions apply to any immunization requirements from the State Board.

### ***Tax Reform***

This year, Governor Reynolds and the Legislature accomplished one of their biggest goals of the session – tax reform. A priority this large would typically take almost the full session to come to an agreement, but the House and Senate were able to reach an agreement by mid-February. [HF 2317](#) was a compromise between all three chambers tax reform proposals. This bill passed 32-16 in the Senate, and 61-34 in the House. The replacement of the Local Option Sales Tax to a Statewide Local Option was removed as was the Iowa Water Land Legacy provisions in the Senate version due to the speed of the negotiations. The Senate has suggested these provisions are still of interest and may be introduced in a second package next year. A fiscal note of the bill can be read [here](#). Not every priority was included in this tax bill, and there was a second tax bill introduced in the final days of session. There is a recap of that bill below.

Highlights of the [HF 2317](#) are below:

#### *Division I: Stock Capital Gains and Income Tax Exemption*

- Exempts capital gains earned through the sale or exchange of capital stock in a qualified corporation.
- The change is effective beginning with calendar year (CY) 2023, and 33.0% of any qualified capital gains will be exempt for that year while 66.0% will be exempt for CY 2024. Beginning with CY 2025, qualified sales will be fully exempt from Iowa individual income tax.

#### *Division II: Farm Lease Income Tax Exemption*

- Exempts total net income received by a retired farmer pursuant to a farm tenancy agreement covering real property if the retired farmer held the property for 10 years or more and materially participated in a farming business for 10 years or more.
- The exemption is effective beginning January 1, 2023.

#### *Division III: Farm Capital Gains Tax Exemption*

- Modifies the farm capital gains income exemption, which is available beginning tax year (TY) 2023 on the sale of real property used in a farming business and the sale of cattle, horses, and breeding livestock.

*Divisions IV, V, and VI: Income Tax Rate Reductions and Retirement Income Tax Exemption*

- Reduces Iowa individual income tax rates annually for TY 2023 through TY 2025 and establishes a single tax bracket/rate for TY 2026 and after.
- Reduces the top tax rate to 6.00% for TY 2023, 5.70% for TY 2024, 4.82% for TY 2025, and 3.90% for TY 2026 and after.

*Division VII: Research Activities and Tax Credit Changes*

- Requires the use of the alternative simplified method of credit calculation for State purposes if that method was used by the applicant for the federal tax credit.
- Disallows supplies and computer use expenses from being claimed as qualifying expenses as part of the credit calculation.
- Reduces tax credit refundability by ten percentage points each tax year through TY 2023. The first reduction would occur in TY 2023. This process will result in tax credit refundability equal to 50.0% for TY 2027 and after.

*Division VIII: Other Tax Credit Changes*

- High-Quality Jobs Tax Credit — Requires the Economic Development Authority to prioritize the Research Activities Tax Credit.
- Geothermal Heat Pump Tax Credit — Prohibits the issuance of new awards after December 31, 2022.
- Endow Iowa Tax Credit — Reduces the maximum tax credit dollar amount a single taxpayer may receive in a year which will end up generating an additional 1.3 million to be allocated.
- Tax Credit Refundability – The bill reduces the refundability (tax credit amounts in excess of taxpayer liability that are refunded to the taxpayer), which will result in a tax credit refundability of 75% for TY 2027 and after. For the R&D tax credit, it phases in a roll-back to 50% refundability.
  - The tax credits included are:
    - Assistive Device Tax Credit
    - Historic Preservation Tax Credit
    - Redevelopment Tax Credit
    - Research Activities Tax Credit (supplemental, included in Division VII)

*Divisions IX and X — Corporate Income Tax Rate Reduction*

- Creates a process designed to reduce Iowa corporate income tax rates over a number of years. The process involves comparing the amount of net corporate income tax (gross corporate income tax receipts minus corporate income tax refunds issued) the State receives in a fiscal year to a base amount of \$700.0 million. The process begins at the conclusion of FY 2022 and could first lower corporate income tax rates for TY 2023.
- If net corporate income tax received in a fiscal year exceeds \$700.0 million, the Department is directed to calculate what top tax rate would have generated \$700.0 million in the fiscal year that just concluded. The result of the calculation will yield a percentage by which the top tax rate for the upcoming tax year shall be lowered.
- This calculation will take place at the conclusion of each fiscal year until the Iowa corporate income tax rate is lowered to a single rate of 5.50%.

*Division XI: Tax Expenditure Committee Repeal*

- This Division repeals the Legislative Tax Expenditure Committee of the Legislative Council. The duty to submit tax expenditure reports to the Council is transferred from the Committee to the various departments that are responsible for oversight of the tax expenditures.

*Division XII: Taxpayer Relief Fund Transfers*

- Creates a procedure to automatically transfer all or a portion of the balance in the Taxpayer Relief Fund to the State General Fund if both of the following conditions are met:
  - The actual ending balance of the State General Fund is less than 1.0% of the adjusted revenue estimate for the fiscal year.
  - State General Fund revenues plus the transfer to the State General Fund from the Economic Emergency Fund as authorized in Iowa Code section 8.55(2)(b) for the fiscal year is less than 103.5% of State General Fund actual receipts for the previous fiscal year.
- If both requirements are met, the amount transferred for a fiscal year is limited to the smaller of the following three calculated amounts:
  - An amount sufficient to make the total of State General Fund revenues, plus any transfer from the Economic Emergency Fund, plus the transfer from the Taxpayer Relief Fund equal to but not more than 103.5% of the amount of State General Fund revenues for the previous fiscal year.
  - An amount sufficient to make the ending balance for the fiscal year equal to but not more than 1.0% of the adjusted revenue estimate for the fiscal year.
  - The balance of the Taxpayer Relief Fund.

**TAX REFORM 2.0 – [SF 2367](#)**

As part of the last agreement of session, the legislature also made changes to sales tax in [SF 2367](#). Notably, Sections 41 and 45 of the bill removed the exemption for computers in code section 423.3 beginning January 1, 2024. This will result in a removal of the sales tax exemption for businesses buying “computers and computer peripherals used in processing or storage of data or info by an insurance company, financial institution or commercial enterprise”. This was used as a “pay for” for “Tax 2.0” which included tax cuts for RECs, solar tax credit waiting list buy down, banker tax reform, sales tax exemptions for feminine hygiene products and diapers, amongst other provisions. The chart below highlights all of the new or expanded tax exemptions that were included in SF 2367.

**Table 4 — Projected Net Change in Tax Liability and State General Fund Revenue**  
In Millions

Division	Item	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
I	Sales/Use Tax — Public Utilities Exemption SDP	\$ -0.1	\$ -0.2	\$ -0.2	\$ -0.2	\$ -0.2	\$ -0.2
II	Sales/Use Tax — Change to Computers Exemption	0.0	29.1	59.7	60.3	58.1	55.2
II	Sales/Use Tax — Fem. Hygiene Products Exemption	-0.8	-1.7	-1.7	-1.8	-1.8	-1.8
II	Sales/Use Tax — Diapers Exemption	-3.9	-7.9	-8.1	-8.3	-8.4	-8.6
VII	Bank Franchise Tax Rate Reduction	-2.9	-6.4	-8.4	-12.8	-17.5	-20.6
VII	Bank Franchise Tax Credit	1.0	2.2	2.9	4.4	6.1	7.2
VIII	Sales/Use Tax — Manufactured Food	-3.8	-3.9	-4.0	-4.1	-4.2	-4.2
VIII	Sales/Use Tax — Manufactured Food Refunds	-0.4	0.0	0.0	0.0	0.0	0.0
X	Solar Energy Tax Credit	-2.5	-1.1	-0.5	-0.3	-0.3	-0.3
XI	Premium Pay Individual Income Tax Exemption	-2.8	0.0	0.0	0.0	0.0	0.0
<b>Total Projected Change Compared to Current Law</b>		<b>\$ -16.2</b>	<b>\$ 10.1</b>	<b>\$ 39.7</b>	<b>\$ 37.2</b>	<b>\$ 31.8</b>	<b>\$ 26.7</b>

SDP = Specified digital products

**UPCOMING 2022 ELECTIONS**

Republicans currently hold a 60-40 majority in the Iowa House and a 32-18 majority in the Senate. Primary elections will take place on June 7, and with redistricting, there are multiple races to watch. Republicans have controlled both chambers, as well as the governor’s office since 2016.

The outcome of the November election will determine the party control of the House and Senate in DC, as well as various high profile gubernatorial races in key battleground states. There are currently 27 Republican governors and 23 Democratic governors, with 36 seats up for grabs in November.

In Iowa, some notable races in Iowa are below:

### *Governor Race*

- Governor Kim Reynolds has officially announced her reelection campaign. This will be Governor Reynolds second full-term as Governor.
- Deidre DeJear is the Democratic front-runner. DeJear is a business owner and co-founder of Back 2 School Iowa, a non-profit that has distributed school supplies to thousands of students in Des Moines. She ran for secretary of state as a Democrat in 2018, but lost to current Secretary of State, Republican Paul Pate.
- Rick Stewart from Cedar Rapids has also filed with the Iowa Secretary of State Office to run for Governor. Rick Stewart is running as a Libertarian candidate after being endorsed by the Libertarian Party of Iowa at the state convention in Des Moines at the end of January 2022.

### *U.S. Senate*

- Incumbent U.S. Sen. Chuck Grassley, announced in September he will seek an eighth term in office.
- Abby Finkenauer became the first major Democrat to announce a 2022 run for the U.S. Senate seat. Finkenauer is a former state representative who was elected to Iowa's 1st District in the U.S. House of Representatives in 2018 but lost her 2020 re-election bid.
- State Sen. Jim Carlin, a trial lawyer and Army veteran, has also announced his candidacy for the race.
- There are a handful of other Iowans who have announced their candidacy including, Mike Franken, a retired U.S. Navy Admiral, Glenn Hurst, a doctor from Minden, Iowa, Bob Krause, a former state representative and veteran's activist, and Dave Muhlbauer, an Iowa farmer and a former county supervisor, was the first Democrat to announce a campaign.

### *Iowa's 1st District*

- Rep. Mariannette Miller-Meeks, currently represents the 2nd District, will move into Iowa's 1st District and run for reelection there. Her current home of Ottumwa was drawn into the 3rd District according to the new maps.
- Miller-Meeks will face State Rep. Christina Bohannon. Sen. Bohannon currently represents Iowa House District 85 in Iowa City. She is a law professor at the University of Iowa teaching constitutional law, torts and intellectual property.
- Kyle Kuehl, a Bettendorf business owner and military veteran, has also announced his intent to run.

### *Iowa's 2nd District*

- Rep. Ashley Hinson currently represents Iowa's 1st District, but with redistricting, she now resides in the 2nd District. She has announced that she will run for the 2nd district in 2022.
- State Senator Liz Mathis has announced that she will challenge Hinson. Sen. Mathis was first elected to the Iowa Senate in a 2011 special election, and she was re-elected to her third full term in 2020. She is a former television reporter and anchor at KCRG-TV in Cedar Rapids.

### *Iowa's 3rd District*

- Rep. Cindy Axne announced in November that she will seek reelection in the 3rd District.
- She will face several Republican challengers. State Sen. Zach Nunn announced last summer that he will run for this seat. An Altoona native and Bondurant resident, Sen Nunn was first elected to the Iowa House in 2014, and he won his Senate seat in 2018.
- Johnston resident, Nicole Hasso, also announced her candidacy. She has earned a notable endorsement by Sen. Ted Cruz from Texas.

- A well-known Republican activist in the state, Gary Leffler, has also announced that he will challenge Rep. Axne.

### *Iowa's 4th District*

- Rep. Randy Feenstra has indicated that he will run for reelection this year. So far, no Democrats have formally announced plans to run in Iowa's heavily conservative 4th District, which covers the northwest corner of the state. Democrat J.D. Scholten, who ran and lost in 2018 and 2020, said he will not seek the seat a third time and instead run for the Iowa House.

### *State House and Senate Races*

- The Iowa primary elections will take place on June 7 this year. Below is a list of notable democratic and republican primary races within Iowa's House and Senate districts.
  - Some of the notable races are below:
    - Senate District 4: Republican Sen. Skyler Wheeler vs. Republican Kendal Zylstra
    - Senate District 5: Republican Sen. Dave Rowley vs. Republican David Dow
    - Senate District 37: Democrat Sen. Molly Donahue vs. Democrat Austin Frerick
    - Senate District 39: Democrat Sen. Liz Bennett vs. Democrat Joseph Zahorik
    - Senate District 42: Republican Sen. Charlie McClintock vs. Republican Colman Silbernagel vs. Republican Justin Wasson
    - House District 15: Republican Rep. and House Majority Leader Matt Windschitl vs. Republican Rebecca Wilkerson
    - House District 43: Republican Rep. Eddie Andrews vs. Republican Brett Nelson
    - House District 53: Republican Rep. David Maxwell vs. Republican Dean Fisher
    - House District 60: Republican Rep. Jane Bloomingdale vs. Republican Deb Hild
    - House District 66: Republican Rep. Steven Bradley vs. Republican Rep. Lee Hein
    - House District 87: Republican Rep. Joe Mitchell vs. Republican Rep. Jeff Shipley
    - House District 88: Republican Rep. Dustin Hite vs. Republican Helena Hayes