

Legislative Newsletter

Jan. 21, 2022



The Governor's office filed her tax proposal legislation she touted in the Condition of State address this week. **House Study Bill 551** and **Senate Study Bill 3044** both include the highlights of Gov. Reynolds' priorities:

Income Tax: Phases in the flat tax rate from 2023 to 2025. Reduces the number of brackets and rates until reaching four percent on all taxable income in the tax year 2026 and after.

Retirement income: Increases the retirement income exclusion to cover all income. Does not use such excluded income in calculations to determine net income.

Corporate Income: Requires the Dept. of Revenue to adjust the highest corporate income tax rates downward if the net receipts are more than \$700 million in the previous fiscal year. Prohibits the rates from being adjusted below 5.5 percent.

Capital Gains: Allows an employee-owner to take a one-time irrevocable election to exclude the capital gain from the sale of stock from the income tax. Requires the corporation to have employed lowans for at least ten years, to have had specific numbers of shareholders and meet other requirements. Phases in the provisions over three years.

Farmers: Excludes payments for leased farmland to retired farmers. Requires the farmer to be 55, to no longer be actively farming and for the farmer to have farmed the land for at least ten years. Expands the capital gains exclusion for farmers to include retired farmers, and to exclude the sale of cattle and horses and for breeding livestock.

Friday was the deadline for individual legislator bills to be filed with the Legislative Services Agency, so our team was busy getting different bills filed before the deadline. Filed bills may not be introduced immediately, so there could be a week or so lag between Jan. 21 and when the bill is introduced. Committee sponsored bills and department bills may be filed and introduced throughout the duration of the legislative session.

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Subcommittees and committee work were in full swing this week at the Capitol, though debate is likely still another week or two away. This week in Senate committee action, Senate Education Committee unanimously approved two bills:

Senate Study Bill 3004: This bill allows only the State Board of Health to require additional immunizations for daycare of K-12 students. This would preempt local ordinances. Religious and medical exceptions apply to any immunization requirements from the State Board.

Senate Study Bill 3005: This bill prohibits schools from doing invasive physical exams, or screenings not required by law, of students without written permission, with exceptions for emancipated minors, emergent care situations and child abuse assessments.

A House subcommittee declined to sign off on **House Study Bill 536**, which received vehement opposition from local governments among other groups. This bill would prohibit a local government from having more stringent regulations in regards to stormwater management. The ramifications of such a proposal were made clear. Local governments know best how to manage stormwater and have taken very extensive and expensive measures to mitigate and manage stormwater. The future of this bill is not clear however, the bill will not be advancing to committee at this time.

Introduced this past week:

House Study Bill 577: This legislation would allow county boards of supervisors or a cemetery commission to designate a portion of a cemetery as a pioneer section and to use its resources to restore that section. The rest of the cemetery would not be considered a pioneer cemetery.

House Study Bill 580: This bill defines reconnecting floodplains and the restoration of wetlands and oxbow lakes as essential county purposes in regard to flood protection.

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House File 2031: This bill requires certain health carriers to reimburse out-of-state mental health professionals for telehealth services if the professional is licensed in Iowa and able to deliver appropriate services (takes effect upon enactment).

House File 2035: This utility access bill would require an agency in control of a road to give non-discriminatory access to an agency conduit to utilities for broadband deployment. The bill prohibits such agencies from requiring the placement within an agency-owned conduit as a condition for accessing the road.

House File 2036: This bill pertains to COVID testing. It requires businesses requiring employees to undergo COVID testing as a vaccination alternative to pay all the costs for testing, including paying the employee for time away from work. It prohibits businesses from requiring an employee to undergo testing outside of normal work hours (though an employee may still do this on their own discretion).

Senate Study Bill 3033: It's back again – an iteration of the bottle bill! While similar to House Files 151 and 152, this particular version adds high alcohol beer and canned cocktails as beverages covered under the redemption law. The bill would raise the handling fee for beverage containers paid by a distributor to two cents until 2032, and after that lowering to 1.5 cents. The participating dealers would be required to pay refunds in a reasonable period of time. There would have to be a UPC code on cans to meet requirements set by the Dept. of Natural Resources.

Senate Study Bill 3034: This bill makes public utilities eligible to team with communications providers to apply for Empower Rural Iowa broadband grants.

Senate Study Bill 3035: This bill would exempt a healthcare facility from the Certificate of Need process if the facility will be developed in a county where the hospital requires employees to be vaccinated against COVID.

Senate Study Bill 3037: This bill prohibits a health insurer or public employee health care plan from paying incentives to a provider for meeting COVID vaccination goals or imposing penalties on a provider for failing to meet those vaccination goals.

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House Study Bill 540: This bill moves the repeal of the Iowa Energy Center to 2027. It allows the Economic Development Agency to designate a county as economically distressed for the High Quality jobs program due to recent significant layoffs. The EDA may extend the deadline for a housing project under the workforce housing program. This bill was filed by the EDA.

House Study Bill 543/Senate Study Bill 3043: This bill updates rule citations for self-reported violations by health care facilities.

House Study Bill 544/Senate Study Bill 3006: This bill allows a registered nurse to give immunizations and vaccines under the order of a pharmacist using statewide protocols without a registration from the Board of Pharmacy. It strikes certain requirements for a non-resident pharmacy to show evidence of giving out a toll-free number on the prescriptions on its licensing application.

House Study Bill 545/Senate Study 3041: This is the Dept. of Natural Resources technical bill. This bill changes certain environmental references in regard to landfills and waivers regarding the remediation and application of certain soils. Outdated sections regarding the Interagency Missouri River Association and the mercury-free recycling act are struck.

Senate Study Bill 3042: This bill ends the Underground Storage Tank Fund and Board starting July 2023. Duties will be transferred to the Dept. of Natural Resources. Tank clean-up claims after January 2023 are not eligible for money from the funds. The bill appropriates to \$250,000 to the Iowa Dept. of Agriculture from the general fund for fuel inspections at terminals.

Senate Study Bill 3040: This comprehensive Dept. of Natural Resources bill strikes an employment preference for persons who meet green thumb qualifications. State forests are included as areas that the Department can establish fees for by rule. It requires people offering online education courses for watercraft to have a written agreement with the Department. This bill reclassifies various devices as wearable personal floatation devices. Canoers and kayakers must have throwable personal flotation devices. It also includes provisions to align boating OWI offenses with other OWI offenses.

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House Study Bill 550: This legislation would strike requirements for a person seeking a general permit to publish notice, and requires the Dept. of Natural Resources to publish electronic notice. It strikes the requirement that certain permit applications be written.

House Study Bill 552: This is the House's sale tax legislation, which includes several technical changes.

Sales/use tax: Allows combined sales/use tax receipts. Makes filings for the sales tax monthly, but allows a person who collects less than \$1,200 to file annually. Makes changes to terminology and other administrative sales tax matters.

LOST/SAVE: Requires the amounts owed to local governments and schools to be transferred to the governments or schools from the DOR. Includes a transition period.

Certified Services: Deems that a seller who contracts with a certified service provider is not liable for the sales tax on the transactions of the service provider. Makes the certified service provider liable.

Permits: Allows the DOR to cancel certain permits if the permits are not being used.

EDA: Makes changes related to EDA sales tax incentives related to completion dates, audits, criminal penalties for false claims and other matters.

Fuel: Allows the DOR to require retailers to file fuel reports electronically. Makes changes to terminology.

House Study Bill 553: This bill strikes the requirement to include a groundwater hazard statement with a deed if no hazardous conditions exist on the property. The deed must indicate the lack of hazards. The county recorder may submit a groundwater hazard statement to the Department of Natural Resources either electronically or through the County Land Record Information System.

House Study Bill 568: This bill changes the references to the annual state comprehensive financial report.

House Study Bill 571/Senate Study Bill 3029: This legislation would give state agencies, and employees, officers and agents, protection from liability for good-faith actions take in response to a state or federal disaster proclamation.

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House Study Bill 572: The disaster funds bill would allow the Dept. of Human Services/ED to use the interest from flood recovery funds to reimburse the expenses of voting board members and for other costs (effective on enactment).

House Study Bill 583: This legislation would strike language that the records of pension system having information on members and beneficiaries are not public records and deems records with social security numbers, addresses, balances or payments or information on investments by the system as not public records.

Senate File 2072: This bill contains the emergency management budgets. It requires local emergency management commissions to mail a proposed budget to county boards of supervisors and city councils in the management area. There would be a mandatory consultation with the supervisors and city councils prior to a public hearing for the budget; local government bodies would appoint a member to attend the consultation who is not on the emergency management commission. This bill would apply to budgets starting in fiscal year 2024 and subsequent years.

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