

Legislative Newsletter

Jan. 28, 2022



Tax plans have been officially released from the House, Senate, and Governor's Office. There are several similarities and differences between **House Study Bill 626** (House), **Senate Study Bill 3074** (Senate), and the Governor's plans (**House Study Bill 551 and Senate Study Bill 3044**).

The House chamber released its tax plan on Thursday. **House Study Bill 626** reduces the individual income tax rate to a flat 4 percent, similar to the Governor's plan, and exempts retirement income and some income for retired farmers. The plan does not include a cut in the corporate tax rate as Governor Reynolds and the Senate Republicans have proposed. It does not change the local option sales taxes to a statewide tax and does not change the Taxpayer Relief Fund into the Income Tax Elimination Fund, with the goal of eliminating the income tax in Iowa. Speaker Grassley said that the House plan is focused on tax relief without raising taxes on any Iowans.

Meanwhile, the Senate plan is already receiving raised eyebrows and skepticism from various stakeholder groups, including local governments. **Senate Study Bill 3074** Phases in the flat tax from 2023 to 2027 by reducing the number of brackets and rates until reaching 3.6 percent on all taxable income in the tax year 2027 and after. The Taxpayer Trust Fund would become the Income Tax Elimination fund with a mechanism to reduce and eventually eliminate the income tax.

However, the local option sales tax (LOST) is what is most concerning in this bill for local governments. Under SSB 3074, LOST is converted into a statewide policy, imposed on all local governments. Revenues would be scooped into a statewide pool, with the first 3/8 going to IWLL (Iowa Water, Landy Legacy Fund), and the remaining 5/8 distributed to cities and counties. While this sounds like more money for local governments, cities and counties with LOST revenue purpose statements will have to stick to them for the remaining duration; upon the statement expiration, a new revenue purpose may be adopted with a restriction of 50 percent of the revenue being dedication to "property tax relief."

This week in House Committee action, the House Human Services Committee approved several bills, including:

House Study Bill 530: This bill would require the Department of Human Services to implement a tiered reimbursement methodology for Medicaid psychiatric in-patient care, based on the patient's acuity

Gary Grant, CEO
Cell 319.721.5977
gary@grantconsultingllc.com

Larry Murphy, CFO
Cell 319.361.2834
larry@llmurphy.com

Meghan Malloy, General Counsel
Cell 515.321.5825
meghan@malloyjdlaw.com

L&L Murphy Consulting / Grant Consulting

by July 2022. The inpatient bed tracking study would be used to determine other factors used for the tiered reimbursements. This bill passed the committee unanimously.

House Study Bill 532: This bill requires University of Iowa Hospitals and Clinics to administer a psychiatric residency program at the Cherokee and Independence mental health institutions, as well as the Oakdale Classification Center. This bill passed unanimously.

House Study Bill 537: This bill establishes the prescribing mental health professional loan repayment program in the CSC, similar to other loan repayment programs for healthcare professionals, with additional requirements. This bill was amended and passed unanimously.

House File 625: This bill makes additional health care professionals eligible to enter into a direct health care agreement to offer health care services. This bill passed 19-1.

House Study Bill 513: This bill strikes requirements for quarterly reports by the Department of Human Services on the savings from the Medicaid Preferred Drug list. This bill passed unanimously.

The House Local Government Committee passed the following bills this week:

Senate File 384, which would allow counties to employ a deputy assessor and related staff through a 28E agreement, in which additional requirements and provisions on the duty of an assessor who serves multiple counties are found in the bill. This bill passed 16-4.

House File 800 (now House File 2130): This bill, leftover from last session, would allow registered ATVs and UTVs to operate on non-interstate highways, using the most direct and accessible route between an ATV park or trail and a road designated for ATV use. This bill would also allow ATVs/UTVs to operate on all county roads. It would also strike the current authority of supervisors to regulate such traffic and prohibit ordinances to regulate driving ATVs/UTVs on secondary roads, unless authorized by state law.

House Study Bill 568 (now House File 2126): This bill is also left over from last session. It changes references to the annual state comprehensive financial report.

House Study Bill 570 (now House File 2116): Also from last session, this bill allows certain funds appropriated in fiscal year 2022 for a levee study for DHS/EM to roll over for an additional year.

House Study Bill 572: This bill allows the DHS/ED to use the interest from flood recovery funds to reimburse the expenses of voting board members and for other costs. Effective on enactment.

The House State Government Committee unanimously approved **House Study Bill 580**, which defines reconnecting floodplains and the restoration of wetlands and oxbow lakes as essential county purposes in regard to flood protection, and **House Study Bill 583**, which strikes language that the records of pension system that have information on members and beneficiaries are not public records and deems records with social security numbers, addresses, balances or payments or information on investments as not public records.

Gary Grant, CEO
Cell 319.721.5977
gary@grantconsultingllc.com

Larry Murphy, CFO
Cell 319.361.2834
larry@llmurphy.com

Meghan Malloy, General Counsel
Cell 515.321.5825
meghan@malloyjdlaw.com

L&L Murphy Consulting / Grant Consulting

The committee also approved **Senate File 183**, a public improvement contracts bill from the 2021 session. That bill passed 13-9.

The House Transportation Committee passed out **House File 392**, which prohibits any use of an electronic communications device while driving, with exemptions for hands-free devices and public safety/health/emergency workers. The bill also raises the fines for violations to \$100. This bill passed 19-1.

Across the rotunda in the Senate, committees were also busy with work on bills. The Senate Transportation Committee unanimously approved **Senate File 330**, which is the Senate version of the hands-free communication bill, similar to House File 392.

Gary Grant, CEO
Cell 319.721.5977
gary@grantconsultingllc.com

Larry Murphy, CFO
Cell 319.361.2834
larry@llmurphy.com

Meghan Malloy, General Counsel
Cell 515.321.5825
meghan@malloyjdlaw.com