

Legislative Newsletter

Feb. 25, 2022



With the end of the first funnel legislative deadline, we can expect to see plenty of floor action in both chambers. To beat the second funnel next month, a bill must pass a chamber, then pass a subcommittee and full committee in the opposite chamber. There will be a flurry of activity for the next month!

The tax bill (**House File 2317**) is headed to the Governor's desk after some last-minute negotiations in both chambers and the Governor's Office. With the first funnel week over, our team had several successes on legislation and are figuring out new strategies on other legislation that may need to find another avenue through the legislative process. Bills in Ways & Means or Appropriation committees are funnel-proof until the end of the 2022 session, meaning they remain eligible for passage the remainder of the session.

On Thursday (Feb. 24), the chambers struck a deal for a 3.9 percent flat income tax rate for individuals, The exemption the House and Senate agreed upon is retirement income like 401(k)s, pensions and IRAs from state taxes. The corporate rate will also be lowered gradually from 9.8 percent to 5.5 percent. In this bill, corporate taxes decrease once the state exceeds \$700 million in corporate tax revenue.

Finally, the one-cent local option sales tax provision which would have had the state scoop local option sale taxes passed by local governments over the past 20 years and then redistributed to local governments was eliminated. Gov. Reynolds will sign this bill on or before Tuesday, when she is scheduled to deliver her response to the State of the Union Address.

With the tax bill all but signed by the Governor, our team is anticipating the budget bills will not be far behind. We will have an update on the Health and Human Services appropriations bill as soon as it drops in the chambers.

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There was some public discussion by the Senate Ways and Means Committee chair over the weekend that the Senate may still resurrect the scoop of local option sales taxes, but thus far the House has been adamant they have no interest in raising taxes this year.

Senate File 183, the public improvement contracts bill, has also been sent to the Governor. A strike and replace amendment failed to be adopted, so the bill was passed as drafted. This bill prohibits regent universities from selecting an architect, engineer or landscape architect based on fees, and prohibits their using design-build contracts. Government entities have authority to use guaranteed maximum price contracts. These contracts are considered to be with a construction manager-at-risk, with a maximum price guaranteed. It prohibits the use of design-build and guaranteed maximum price contracts for bridge and highway improvements. This bill passed the Senate 28-19 and the House 53-44.

On the House floor this week, legislators passed:

House File 2078: This bill will require a clerk of courts to provide a certified copy of a will to an executor only on the request of the executor. This bill passed unanimously.

House File 2153: This bill would allow a county board 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. This bill passed unanimously.

House File 2357: This bill requires the Board of Review for property tax protests to set the start of the hearing period between May 1 and May 7. It passed the House unanimously.

House File 2359: This bill would allow a county treasurer who cancels the June sale of delinquent taxes to reschedule the sale after June, or to combine with the tax sale for the following year. The bill passed the House 96-1.

House File 2166: This bill defines “reconnecting floodplains” and the “restoration of wetlands and oxbow lakes” as essential county purposes in regard to flood protection. This bill

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received overwhelming bipartisan support (93-2) and the Senate has already assigned a subcommittee to continue the legislation through the process.

House File 2296: The utility access bill had an adopted strike-and-replace amendment on the House floor. The amendment prohibits municipalities from discriminating against broadband infrastructure (defined in the bill) in rights-of-way and municipally-owned conduits. The bill passed 93-4.

Across the rotunda in the Senate, the chamber passed:

Senate File 2279: This bill allows governments to accept electronic bids for public improvements. An amendment which requires the time of receipt to be recorded electronically was adopted. This bill passed unanimously.

Senate File 2285: This is the zoning and board of adjustment bill that has been discussed with supervisors. This bill adds the requirements for the members that must be added to the zoning commission and board of adjustment when a city extends its zoning jurisdiction beyond city limits. Appointees to the zoning commission must live outside city limits, and one appointment to the zoning commission and one appointment to the board of adjustment must own agricultural land. An amendment allowing a city to ask for consent to annexation as a condition for receiving approval for various changes but does not allow the city to require consent was adopted. This bill passed the Senate unanimously.

In House Committee action this week, the State Government Committee unanimously passed **House File 2138**, which 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. This bill is renumbered as House File 2515.

The Human Resources Committee unanimously passed **House File 2157**, which will require UI Hospitals and Clinics to administer a psychiatric residency program at the Cherokee and Independence mental health institutions and at the Oakdale Classification Center. The program will have 12 positions and gives preferences to lowans who attended college or medical school in Iowa. The bill also establishes a fund for the program, appropriating \$1.2 million (FY 2024); \$2.4 million (FY 2025); \$3.6 million (FY 2026); \$4.8 million (FY 2027 and later). The

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subcommittee on this legislation was also unanimous in its approval and appears to be on track to keep passing. This bill is renumbered as House File 2529.

Across the rotunda in the Senate, the Ways & Means Committee unanimously passed two bills. **Senate File 590** is left over from the 2021 and is probably best remembered as the land banks bill. Municipalities are authorized to establish land banks to deal with abandoned, blighted and tax delinquent properties, and the land bank in question being considered a government body in terms of public meetings and public records. This bill allows actions to quiet title and extinguish tax liens, but prohibits eminent domain actions.

Senate Study Bill 3130 deems that the special valuation taxation of wind energy property is in lieu of other taxation and continues until the 19th assessment year if the ordinance should be repealed. This bill is renumbered as Senate File 2366.

Although it is unusual for bills to be introduced at this point in the legislative session, it does happen. This week, the Governor's ag and natural resources appropriation bill, **Senate Study Bill 3150**, was introduced. This bill includes the appropriation proposals for the Department of Agriculture, the Department of Natural Resources, Iowa State University, and the University of Iowa.

House Study Bill 726, pertaining to local government budget notices, was also introduced. This bill would require cities and counties, township trustees and certain municipalities to direct the DOM to send notices with specified property tax information related to the city or county budget by mail to each property owner.

Finally, **Senate Study Bill 3151**, pertaining to mobile home rights, was introduced this week. This bill establishes rights for owners of mobile/manufactured homes.

Retaliation: Prohibits retaliation against a tenant for a complaint and presumes that an act by a landlord is retaliation for a tenant complaint up to one year.

Rent: Requires notice in writing 90 days in advance before a rent increase. Defines rent to include utilities, late fees and other payments made under the rental agreement. Makes rent provisions effective on enactment.

Utilities: Requires 60 days' notice for utility increases unless the landlord does not receive 90 days' notice from the utility.

Services: Allows a tenant to collect damages/recover rent based on a failure to deliver essential services such as water unless the tenant causes the failure. Sales Requires a landlord

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to give a written reason for a denial of a sale of a home by a tenant. Requires sales of homes by a landlord to be in writing and for the landlord to give the buyer the DOT certificate for the home, after the requirements of the sale are fulfilled.

Modifications: Prohibits a landlord from making modifications to a home in a way that makes it difficult for the tenant to move the home unless the modification is required by law.

Park Sales: Requires that any successor in interest to the landlord has the same obligations as the landlord.

Tax: Strikes the square footage tax on manufactured/mobile homes for years after FY 2023.

Eviction: Makes changes to forcible entry and detainer proceedings and timelines (eviction).

Abandoned Homes: Sets timelines for procedures in order to allow service of lienholders. Allows the heirs of a tenant who dies during the term of the lease to cancel the lease with 60 days' notice. Includes other notice requirements and procedural requirements related to abandoned homes.

Renumbered Bills:

House Study Bill 586 is now **House File 2490** – Indigent Probate Costs.

Senate Study Bill 3160 is now **Senate File 2347** – All Systems Weight Permits.

Senate Study Bill 3123 is now **Senate File 2361** – Governor's Regulatory proposals.

House Study Bill 719 is now **House File 2526** – Election Changes.

House Study Bill 713 is now **House File 2532** – Sanitary District Payments.

House Study Bill 655 is now **House File 2536** – Agricultural Truck Weights.

Senate Study Bill 3063 is now **Senate File 2367** – Sales Tax Matters.

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