

Legislative Newsletter

March 4, 2022



Week 8 of the legislative session started with Gov. Reynolds enacting the tax bill, **House File 2317**, in advance of her response to President Biden's State of the Union address on March 1. Late last week, the chambers and Governor's Office came to an agreement on taxes, resulting in the chambers swiftly passing the legislation. Of note, on income tax, a 3.9 percent flat tax will be phased in over the next three years, with 3.9 being the floor rate starting in 2026. On corporate taxes, the Department of Revenue is required to adjust the highest corporate income tax rates downward if the net receipts are in excess of \$700 million in the previous fiscal year. Rates cannot be adjusted below 5.5 percent.

When the provisions of the bill are fully-implemented in fiscal year 2028, the reduced individual income tax rates are expected to be cut by \$1.4 billion, with the retirement exemption cutting revenue by about \$376 million. The interaction between rate cuts and exemptions is expected to increase revenues by about \$100 million. Overall, the changes to individual income taxes are expected to reduce revenues by about \$1.7 billion. The changes to the corporate income tax are expected to decrease revenues by about \$229 million, offset by about a \$50 million increase in revenues due to tax credit changes.

The House passed **Senate File 2279**, which allows governments to accept electronic bids for public improvements. This bill passed both chambers unanimously and will now go to the Governor.

In other House debate action this week, lawmakers debated **House File 2445**: This bill enacts new UCC provisions on Controllable Electronic Records (digital assets used in electronic

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

commerce). An amendment with additional correction to the bill was adopted. This bill passed the House unanimously and now goes to the Senate.

In House Committee action this week, the House Appropriations Committee unanimously approved **House File 2125** (tiered psychiatric reimbursements).

Renumbered Bills:

House File 2125 is now **House File 2546** – Tiered Psychiatric Reimbursements.

House File 2137 is now **House File 2549** – Mental Health Loan Repayment Program.

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