

# Legislative Newsletter

April 1, 2022



Late Wednesday, an amendment to Senate File 2285, the zoning/board of adjustment bill, was adopted and passed before being eligible to go to the Governor. What was once a fairly non-controversial bill was amended to prohibit cities & counties from adopting or enforcing ordinances requiring firework sales to be from permanent structures. This means local governments requiring fireworks dealers to store fireworks in industrially-zoned areas are now in violation of this amendment. Another amendment to have limited the ordinance prohibition to cities with fewer than 20,000 residents failed on party lines. The House passed the bill 56-37; the Senate concurred 31-17. This bill is eligible to be sent to the Governor.

The sales tax matters bill (**Senate File 2367**) passed the Senate unanimously this week. This bill allows combined sales/use tax receipts, and makes filings for the sales tax monthly but allows a person who collects less than \$1,200 to file annually. The bill also makes changes to terminology and other sales tax matters.

**LOST/SAVE:** Requires the amounts owed to local governments and schools to be transferred to the governments or schools from the Dept. of Revenue, and includes a transition period.

**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 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.

This bill has been sent to the House.

Finally, the Health and Human Services budget finally has an official number: **House File 2578**. This bill proposes the fiscal year 2023 appropriations to the Dept. of Human Services, the Dept. of Veteran

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Affairs, the Iowa Veterans Home, the Iowa Dept. on Aging, the Long-Term Care Ombudsman, the Dept. of Public Health, the Iowa Finance Authority, and finally the Dept. of Human Rights. This is often the largest budget bill every session. This year, the proposed grand total is \$2.1 billion – almost double the typical proposal – due to the realignment of Public Health and Human Services into a single department.

The total proposed for the Dept. of Human Services is \$1.9 billion. Various assistance programs, including Medicaid, are the largest portion of the DHS allotment. Approximately \$1.54 billion has been proposed for the Medicaid program, with another \$93.5 million for children and family services, and another \$96.5 million for the mental health institutions. A new, unique feature to this year's HHS budget document is taking a "block approach" to funding the various programs. Instead of line items delineating what the General Assembly desires, there is general description of the goals of the program and the agencies have discretion on how to spend the money to reach those goals. As a result, it is challenging to see if the General Assembly kept its word on funding mental health after the transition last year.

Other various health programs are slated for a \$17.45 million slice of the DHS pie.

For the Dept. of Public Health, about \$55.3 million is slated. Other provisions are included in the bill to bring DPH and DHS under the same agency. Upon approval of the merger, it will become the Dept. of Health and Human Services.

In House floor action this week:

**House File 2515:** This bill allows the Dept. of Human Services/Emergency Dept. to use the interest from flood recovery funds to reimburse the expenses of voting board members and for other costs. The House passed this bill unanimously; it now goes to the Senate.

**House File 2551:** The ag property taxation bill creates an exemption for the value of an agricultural property that is in a levee and drainage district that is adjacent to both the Mississippi River and the Iowa River and is at least 35,000 acres. It requires the taxes on the property to exceed certain five-year averages and does not allow the exemption to be for more than 50 percent of the value of the property. The House passed this bill with overwhelming bipartisan support, 93-1; it now goes to the Senate.

**House File 2556:** This bill extends the deadline to apply for solar credits for 2021 installations to June 30, 2022, and strikes the \$5 million cap for specified residential solar applicants. The House passed this bill unanimously and it now goes to the Senate.

**House File 2574:** This bill pertains to the volunteer length of service for firefighters and emergency management. The bill specifically authorizes various municipal entities that offer

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volunteer fire or emergency management services, or those with reserve peace officers, to establish a length of service program for those providers. The municipality and the head of the department must set eligibility requirements and to handle other matters. The bill also creates a fund under the State Fire Service & Emergency Response Council for matching grants. An amendment to move the fund to the Dept. of Revenue was adopted. The House passed the bill unanimously; it now goes to the Senate.

Across the rotunda, the Senate adjourned early on Thursday for the annual memorial and pioneer lawmaker ceremonies. However, there were still some debates held to clear mostly non-controversial bills.

**Senate File 2376:** This is the all systems weight permits bill. It authorizes the Dept. of Transportation to issue an annual all systems permit for overweight vehicles (not exceeding 90,000 pounds). An amendment striking the bridge earmark and credits to 75 percent of the fee for county secondary road funds was adopted.

The bill replaces the current-single trip permit system with a new annual permit of \$500 for oversize loads and is expected to increase revenues by about \$1.66 million overall. \$371,00 will go to RUTF, and with the amendment, \$1.2 million will go to the county secondary roads. One-time costs for updating the permitting and mapping system are expected to be about \$48,000, with \$2,000 in annual updating costs.

The Senate passed the bill 46-1 and it now goes to the House.

**Senate File 2378:** This year's bottle bill. It allows retailers (dealers) to refuse to accept bottles and cans for redemption if there is a redemption center within 20 miles as of July 2023. Increases the handling fee paid to redemption centers to 3 cents. Requires the Dept. of Revenue to require products to have a UPC label. Lowers the beer barrel tax to \$4.03.

An adopted (32-17) amendment moves requirements over the UPC to the DOR. Defines mobile redemption centers, and preempts local ordinances on mobile redemption centers. A person who redeems more than 2,000 cans at one time must be able to show proof of residency, with established criminal and civil penalties for attempting to redeem out-of-state cans.

The House version, **House File 2571**, adds high alcohol beer and canned cocktails as beverages covered under the redemption law. The bill also raises the handling fee, with 0.5 cents paid by retailers until 2027 and 1.5 cents paid to distributors, and creates a tax credit of 0.5 cents

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for distributors. A dealer/retailer may opt-out of being a participating dealer if it sells fresh produce/prepared food, sells fewer than 3,500 beverages annually or is within ten miles of a redemption center (in counties over 30,000) or fifteen miles (in counties under 30,000). Redemption centers/mobile redemption centers must register with the Dept. of Natural Resources.

The fiscal estimates for the bills differ slightly; both project \$170,000 in annual expenses but different amounts for one-time expenses. The LSA revised the estimate for one-time IT expenses for the DNR in HF 2571 and from \$45,000 to \$90,000. In SF 2378 one-time IT expenses for the DNR are estimated at \$45,000 but additional IT expenses are expected "ABD estimates they will incur a one-time expense of \$65,000 for IT updates." The Senate bill cuts the beer tax by about \$4.3 million; the House bill creates a tax credit, and the LSA does not offer an estimate on the amount of lost revenue or the costs of the tax credit. The bills could also bring increases in civil penalties, but those increases are unknown.

The Senate passed its version of the bottle bill Tuesday on a 31-18 vote and sent it to the House. Rep. Lohse is handling the bills in the House.

**Senate File 2366:** This bill pertains to wind energy property and 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. The Senate passed the bill unanimously; it now goes to the House.

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