



Legislative Newsletter

March 2021

Policy Update

The Iowa Legislature is halfway through the 2021 Legislative Session following the first legislative funnel completion on March 5th. All key ICA priorities have survived the first funnel and continue to see movement. The second funnel deadline is April 2nd, where bills must pass out of committee in the opposite chamber it was introduced in to remain eligible. Additional information on the legislative funnel process can be found [here](#).

Recovery and Resiliency

The House and Senate each have a bill that would provide businesses with additional pandemic relief by excluding COVID-19 grants from individual and corporate income taxes. Any relief granted by the Iowa Economic Development Authority, Iowa Finance Authority, or Department of Agriculture issued to aid individuals or businesses economically impacted by the pandemic is included in the exemption. The bill also conforms Iowa and federal law regarding the treatment of forgiven paycheck protection loans, excluding the amount received from net income and allowing for certain deductions for businesses expenses paid using the funds.

Talent

Several bills aimed toward addressing childcare needs across the state have been filed and survived the first funnel. Most of the bills filed provide grants, tax credits, and incentives to increase childcare providers and encourage businesses to offer childcare options. The House passed the following childcare bills earlier in session:

[HF 230](#) – Increases the income threshold for a Child Care Tax Credit from \$45,000 to \$90,000.

[HF 370](#) – Creates an incentive for employers to provide child care for their employees by providing a tax credit up to \$150,000.

[HF 260](#) – Allows individuals providing child care in their homes to take care of 6 or fewer children, an increase from 5 or fewer.

[HF 292](#) – Raises Iowa's child care rates to the 50th percentile according to the Market Rate Survey.

[HF 302](#) – Creates an "off-ramp" from Child Care Assistance program so parents can continue to grow in their career without losing their child care assistance entirely, all at once.

[HF 301](#) – Creates a fund to provide child care workforce grants on a dollar for dollar matching basis from communities. These programs will help move child care providers up the pay scale and the education pathway.

[HF 606](#) – Creates additional tax incentives for employers to invest in an onsite daycare option for employees.

[HF 712](#) – Creates a child care incentive for developers to construct more childcare centers.

Policy Update continued

Economic Development

Another one of Governor Reynolds's priorities is a housing omnibus bill to address housing needs across the state. [SF295](#) and [HF582](#) will increase workforce housing tax credits, establish a housing tax credit program, expand redevelopment tax credits, create disaster recovery housing assistance, support main street revitalization efforts, and support the state housing trust fund. ICA fully supports this effort as these bills address the backlog with workforce housing tax credits and extends the sunset for the brownfield / grayfield program.

A bill addressing port authorities was introduced this year. [HF 812](#) passed the full Economic Growth Committee before the funnel. This bill helps delineate liability and creates flexibility to jointly fund projects with no additional taxing authority. Doing this helps to expand Iowa Code Chapter 28J beyond traditional port authority uses for commerce by allowing utilization for commerce, quality of life, and economic development projects.

House Ways and Means Chairman Hein filed [HSB194](#). This is language that has been filed in previous sessions to impact TIF districts that do not have a statutory sunset. This new ratcheting up of the base would impact both slum & blight districts as well as economic development districts formed prior to 1995. The committee adopted an amendment to change some mechanical issues identified in the process. ICA opposes the bill as currently written. TIF incentives are one of the few economic development tools local governments utilize in order to remain competitive for economic growth projects.

Business Climate

[HF 763](#) would provide short term relief for resident physician's medical liability insurance premiums by reimbursing the cost of premiums attributed to employed resident physicians of certain family practices and nonprofit organizations. Subcommittee members discussed the possibility of amendments to the bill that would provide a long-term solution for medical resident programs being closed due to the high cost of premiums. In addition, [HF592](#) and [SF 557](#) would cap noneconomic damages in medical malpractice cases. ICA supports both pieces of legislation.

Infrastructure

One of Governor Reynolds's priorities for the 2021 session is expanding broadband to meet the needs of Iowans with a commitment of \$450 million of investment over three years. [HF 796](#) and [SF 390](#) both survived the first funnel and remain eligible for further consideration. Iowa Economic Development Authority (IEDA) Director, Debi Durham and the Iowa Chamber Alliance continue to push for 100 upload/100 download speeds to support IEDA's Manufacturing 4.0 initiative. Both bills are eligible for floor debate in their respective chambers and are expected to pass once an agreement is reached regarding the appropriation amount.

Revenue Estimating Conference

The Revenue Estimating Conference (REC) met on March 19th to establish the Fiscal Year 2021 General Fund estimate. The REC must meet three times a year, once on or before December 15th and once during the legislative session. The REC is comprised of three members. Current members include:

- Michael Bouselot, Governor's Designee
- Holly Lyons, Fiscal Division Director of the Legislative Services Agency
- David Underwood, retired CFO and Treasurer, AADG, Inc.

Due to Iowa's resilient economy and historically consistent revenue growth trends, Iowa ranked the second-lowest impacted state due to COVID-19. Iowa's fiscal responsibility ensures the budget reserves have continued to remain full.

During the December meeting, the REC predicted FY2021 to see revenue growth at 0.5% (\$7,969,300,000.00); last week, the REC approved an increased prediction of 1.9% growth (\$8,078,900,000.00).

In addition to setting the FY21 General Fund estimate, the committee also provided predictions for FY22 and FY23. Both upcoming fiscal years are anticipated to see continued growth at a rate of 3.9% for FY22 and 4.5% for FY23. Despite the increased revenue predictions, the Governor and Legislature must set the FY2022 budget based on the lower December prediction.

The detailed December and March REC predictions can be found [here](#).

America Rescue Act

On March 11th, President Biden signed the America Rescue Plan into law. This legislation will send another stimulus check to eligible Americans, ensure a portion of unemployment benefits will remain untaxed, and provided additional funding for vaccine distribution. The Tax Foundation's analysis of the tax provisions can be found [here](#) and the US Chamber's Small Business Update can be found [here](#). Below are key pieces of the American Rescue Plan aimed at assisting business.

- Airports
 - \$14 billion to extend the Payroll Support Program
 - \$8 billion for costs related to personal and sanitation
- Broadband
 - \$7.2 billion to create an Emergency Connectivity Fund
- Child Care
 - \$40 billion in aid for providers
- Education
 - \$122 billion for the K-12 General Stabilization Fund
- Small Businesses
 - \$7.25 billion for the Paycheck Protection Program
 - \$10 billion for the State Small Business Credit initiative

American Rescue Act Continued

- \$15 billion for Economic Injury Disaster Loans
- \$29 billion to create a restaurant relief grant program
- \$15 billion for the Shuttered Venue Grants Program
- State and Local Aid
 - \$350 billion for fiscal relief for state and local governments

Member Spotlight: Mason City Chamber of Commerce/North Iowa Corridor EDC

This month the Mason City Chamber of Commerce and North Iowa Corridor EDC hosted Governor Reynolds during her 99 County tour to highlight one of Mason City's largest placemaking efforts, the River City Renaissance Project.

The River City Renaissance Project is an extensive placemaking effort that will revitalize downtown Mason City and highlight the community's unique history and location. The project includes a multi-purpose area, pavilion, improvements to The Music Man square, a hotel conference center, and downtown housing options.

The River City Renaissance projects were made possible through the ICA-proposed Iowa Reinvestment Act. With these projects in the home stretch, Mason City is focusing on development of the Downtown Riverfront. The Willow Creek Master Plan is a multi-phased plan to turn Mason City's waterways into an authentic community asset.

More information and updates on the project can be found [here](#).

Member News and Upcoming Events

- [Dustin Miller: Accentuate the Positive Developments in Iowa](#)
- [Iowa Chamber Alliance Applauds the Iowa House Bipartisan Efforts on Childcare](#)
- [Chris McGowan: Reynolds Gives Broadband in Iowa a Boost](#)
- [Progress: Metro Sioux City Retains First-in-the Nation Economic Development Ranking](#)

March 24th: Cedar Valley – Government Affairs Update

March 26th: Ames - Legislative Forum

Cedar Rapids - Public Policy Discussion with Business Leaders and Legislators

Council Bluffs- Legislative Coffee

Fort Dodge- Eggs and Issues Legislative Forum

Iowa City – Legislative Forum

April 3rd: Muscatine – Legislative Conversation

April 6th: Sioux City – Zoom call with U.S. Rep. Hinson

April 9th: Quad Cities – Legislative Event Series: Federal Update Featuring U.S. Rep. Miller-Meeks

April 9th: Sioux City –Government Relations Meeting Discussing Childcare with Guest Speaker Jenee Harvey