

Iowa Legislative Report
87th General Assembly, 2018 Session
Iowa Talented and Gifted Association
Week 13: April 2nd – April 6th, 2018
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Hopefully, the finish line for the 2018 Iowa Legislative session is coming into sight as the few bills still eligible for debate are either getting signed by the governor, being bounced between the two chambers, or have found a silent place to rest for the remainder of the session. Now the legislative focus will turn to taxes and spending. The end of session always means the negotiation, debate, and passage of a state budget. This year is no different – taxes and spending go hand in hand.

The final priorities will be hammering out the FY19 budget, tax reform package, and finishing negotiations on other bills that are a priority for the Senate, governor, and the House. Legislators have yet to release joint targets or introduce any of the budget bills for this year. The Senate approved **SF 2383 SENATE TAX BILL** and sent it to the House; the House has not moved it or the Governor Reynold's proposals (**HSB 671 GOVERNOR TAX BILL**) out of committee yet. Per diems for legislators are scheduled to end on April 17; the Senate reduced the number of per diem days from 100 to 85 in **SF 2117** but the House struck the per diem reduction in its amendment.

We hope by this next Monday to have legislative spending targets, that amount the leadership decides will be spent for FY 2018. The next step will be to establish the amount that will be delegate to each subcommittee to spend. We will get those "targets" out as soon as we get them. Most of the subcommittees held relatively few meetings compared to past years, but it is likely that the bills will pass quickly and largely intact when the targets are released.

There are distractions to the budget process. There is a special election next Tuesday to fill the senate seat vacated by the resignation of former Majority Leader/Senator Bill Dix. The Republicans selected former State Representative **Annette Sweeney** (from Buckeye) as their nominee and the democrats selected **Tracy Freese** (from Dike). This has been a traditionally republican district.

Complicating the adjournment process is the number of retirements. **House republicans number 12** and include **Chip Baltimore of Boone, Cell Baudler of Greenfield, Kristi Hager of Waukon, Greg Heartsill of Melcher-Dallas, Dave Heaton of Mount Pleasant, Chuck Holz of Le Mars, Dawn Pettengill of Mount Auburn, Ken Rizer of Marion, Larry Sheets of Mouton, Rob Taylor of West Des Moines, Guy Vander Linden of Oskaloosa and Ralph Watts of Adel.**

Four democratic house members are not seeking reelection and they are from predominately democratic districts. They include Representatives **Helen Miller of Ft. Dodge, Jerry Kearns of Keokuk, Abby Finkenauer of Dubuque and Todd Taylor of Cedar Rapids.**

In the **Senate** there are **5 retirements - three democrats (Wally Horn of Cedar Rapids, Matt McCoy of Des Moines and Bob Dvorsky of Coralville)** and **two republicans (Mark Chelgren of Ottawa and Rick Bertrand of Sioux City)**. The republican retirements are in swing districts while the democratic retirements are in districts traditionally held by democrats.

A brief mention about a few of issues you will see on the sheet: **HSB 678** will significantly reduce the amount of the commercial and industrial property tax backfill to local governments. The commercial and industrial property tax replacement claims, or backfill, is part of the state's agreement with cities and counties in 2013 when the state reduced property taxes for commercial and industrial property. Since 2013 it has been a standing, limited appropriation to reimburse local governments for the loss of revenue due to the reduction in taxable value for commercial and industrial property. **HSB 678** would reduce the **\$152 million standing appropriation to \$100 million in FY 2019, to \$75 million in FY 2020, to \$50 million in FY 2021, and limit the appropriation to \$25 million in FY 2022** and each year after.

This proposal is troubling for a number of reasons. First, the taxable value of commercial and industrial property hasn't even returned to the pre-SF 295 level so if the backfill is significantly reduced counties will be behind where they were **five years ago**. Second, this bill calls for reductions to the backfill that are far too rapid for most counties to absorb without significant property tax increases or reductions in services. Third, the reimbursement to counties and other local governments is cut by over one-third in FY 2019, the budgets for which were certified last month. This would force budget amendments to raise property taxes or cut back on services the citizens of Iowa depend on. Finally, and perhaps most important, **HSB 678** abandons the partnership between the state and county governments by breaking a promise to reimburse local governments for lost commercial and industrial property tax revenue. The lack of full funding of the backfill will cause a **property tax burden shift to homeowners** and farmers, or a cut to important services that constituents depend on, like **funds for education**.

HF 2441 EDUCATION FUNDING PURPOSES was finally sent down to the Governor this week. The bill allows the use of the Early Intervention categorical supplemental for any purpose and strikes the requirement for approval from the DOE for programs paid for by at-risk funds. It allows the use of at-risk funds for administrator and staff costs and school security costs and makes changes to the at-risk modified supplemental requirements. It requires schools using a modified supplement to have uses be approved by the School Budget Review Committee and limits the SBRC to asking for revisions of the uses. It allows reconditioning of athletic equipment under acceptable uses of some funding for athletic equipment purchases and allows the use of materials purchased for home school instruction for other purposes as long as it does not interfere with the home schooling program. The bill allows excess after-school program funding to be transferred to the school GF after a public hearing. **Thanks to everyone's hard work, our ITAG categorical is not damaged by the bill.**

SF 2360 DYSLEXIA TASKFORCE was also sent to the Governor for signature. The bill directs the DOE to establish a dyslexia taskforce and specifies the membership on the committee. It also requires the DOE to staff the taskforce. The bill requires a report by November 15, 2019.

Also this week the Senate received from the House a bill the Senate passed last year making a number of changes for **online education** in the state of Iowa. **SF 2131** strikes limitations on online education, including which schools may have online learning, enrollment caps, and a school's ability to develop and offer online education. Ostensibly, this bill is intended to improve educational opportunities for students in rural schools in Iowa.

The bill increases student opportunities beyond the classroom as well, allowing students open enrolled in online education to participate in extracurricular activities locally. The proposal also creates a working group to make recommendations to legislators in an effort to make student health requirements uniform and more streamlined in order to reduce the administrative burden on our schools.

Additionally, the bill works to recognize the work of students who are proficient in two or more world languages, one of which must be English, by requiring the Department of Education to develop a seal of bi-literacy program. Students who successfully fulfill the requirements of this program will receive some type of authorized endorsement to add to their high school diploma to show the completion of the program.

The Senate Appropriations Committee moved out **HF 633 SUPPLEMENTAL SCHOOL WEIGHTING**, a bill from last year. The bill includes the principal as one of the positions that can be shared between a school and political subdivision and that is eligible for supplement weighting and strikes the time limit on the number of years that the supplemental weighting can be received.

Finally, on the last day of this week the House subcommittee for **HSB 684 SPENDING LIMITS** voted to move the bill to the full Appropriations committee. The bill establishes a new Revenue Stabilization Fund, in addition to the current reserve funds, and **reduces the amount of the revenue estimate that can be spent**. Representative Hinson, who is managing the bill, said that the fund will help with budget problems if revenue estimates are as inaccurate as they have been the last seven years.

Other bills that are of interest are detailed on the attached excel spreadsheet. The text of any bill, any amendments and current status can also be view on the legislative website at:

<https://www.legis.iowa.gov/legislation/findLegislation/billNumber?ga=87>.

Have a great weekend and please call us if you have questions.