**Iowa Legislative Report**

**87th General Assembly, 2018 Session**

**Iowa State Police Association**

**Week 15: April 16th – April 20th, 2018**

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  We have waited all weekend for the Legislative Leaders and Governor to announce that they came to some agreement on the income tax this weekended but have decided it probably won't happen today.  We did want to give you a brief update.

            The Iowa Legislature reach and passed its 100th day Tuesday, the target day for adjournment.  As expenses and per diem ran out for legislators and staff was let go for the remainder of the session, negotiations aimed at hammering out a compromise on tax cut and budget differences intensified. The big complication is still the effort to cut taxes.  House Republicans have proposed a plan to cut individual income taxes by **$1.3 billion** over the **next five years**.  The Senate Republicans have drafted a plan to reduce state individual income **and corporate taxes**by about **$2** **billion** over the same period.  The Governor recommended **$1 billion**.

            One of the major issues, besides the amount to be cut, is the issue of credit union taxation.  Currently, banks pay a **5%**state tax on income and credit unions do not, although banks maintain they offer the same services.  Banks want credit unions to pay the tax and the Senate agrees.  Also, the Senate wants to cut taxes on businesses, the House does not, and the Governor suggested a task force review before making changes.  For the first time, however, the three sides are saying they are only $5 million apart.

            Cutting taxes means less money is available for budgets, so it is impossible to come up with a final budget until there is a decision on taxes.   The Senate plan would take nearl million off the table, making unavailable for social services, education, or other budget needs.  The House/Governor plan would be a **$200** million hit on the state budget for Fiscal year 2020.  Having said this, once the tax agreement is reached, there are promising signs for agreement on the budget:  **both chambers issued budget targets** which are not too far apart and and Gov. Kim Reynolds **canceled a** **trip**to New York City to facilitate agreements.  It is the first encouraging sign we have had that session end might be in sight.

            The Senate released a proposed general fund operating budget for the fiscal year beginning July 1 that would total **$7.48 billion**, which would be a **3.2% increase** over spending for the current fiscal year. Senate Republicans maintain their budget plan would fully fund Medicaid, replenish the state's reserve fund, and fully fund mental health improvements and the Governor's Future Ready Iowa Program.  The Senate proposal would also fully fund a state "backfill" to local governments that replace cuts in local property taxes, provide more money for state universities, corrections courts, public safety and fund an **8% tax** **cut.**  It would leave a balance in the state's general fund of about $156 million at the end of the 2019 fiscal year.

            Remember that the House plan calls for $235 million in increased spending which includes **$32 million extra in state aid to schools**and **2.9 million in school transportation equity funds**approved earlier this session. The House plan also calls for repaying $111 million borrowed from reserve funds to balance previous budgets, and anticipates **increases three budgets**:  Education, Health and Human Services, and Standings.

            Historically, the first step in getting a budget moving is to announce budget targets. Once **leaders** decide how much money they want to spend next year, they will divide it up between the **10 budget areas** and decide **which start** in the House and which start in the Senate**:**

1.    Administration/Regulation

2.  Agriculture/Natural Resources

3.    Economic Development

4.    Education

5.    Health/Human Services

6.    Judicial Branch

7.    Justice Systems

8.    Infrastructure

9.    Standings

10. Transportation

            After receiving the "lump sum" designated by leadership for the subcommittee, each of **those budget subcommittees** will decide how much each agency, service, or program within their purview will receive.  Without joint budget targets from leadership in both chambers, the House and Senate CAN **come up with their own budget bills,**and then **have to negotiate**.  The **House** did just that this week by introducing **6 budget bills**which they intend to pass this next week (they are eligible for debate Tuesday) and send over to the Senate.  They are hoping that when tax agreements are reached, having some bills over in the Senate will save time – the bills can either be amended or agreed with by the Senate.  Toward this end, the plan to debate the following six bills this next Tuesday and Wednesday.  REMEMBER, these are not agreed upon bills – these are HOUSE bills.  However, members think the Senate can accept many of the provisions.

[HSB 690](https://clicks.memberclicks-mail.net/wf/click?upn=p-2BAb9MYBCFYQnqWsG3jZzydeaGlIP72JHkCAvAbufTF-2BGcYs3-2BiHTrclJv7tXuMC7ZJELkxvWh5GWqLDHGf1cJqj7HYNP5Mc26-2BaBmVHozW3ECHKjVhkTdr-2BTUuH8q-2FV_Y74tINlikMjgM9nGQ4FAKyKJP0lXUW-2F7gzamsAtQf1f4M6FeWwtod0EPhAXGM2r1aWqIPFMt-2BdHAoFkV3Wpt3D1wZHyH4tL6zoBVkRLq996DJeNHC7lFlGgyP8gbyr7Xvsp1X-2B5PgVEfcQXVJ-2FhbZxPAQlbc8mYEwt0aftNXSmrJftLIhQTZZfIdCl-2FXpgM1xTaht6RUUYEdbQlHe-2BsdWKJUiC7csUlhjqYI6lQYqfPudRocl9o6HLmja48Yngz6Mx-2FP5H4TLsE2SXHxBecVOUHrmB4IGCKk8-2BbkwNa2jD9SUipE1nAMPabBzkKfojqbKSGwMEB9j-2FdIXmq0tC529g-3D-3D) – Standing Appropriations

[HF 2494](https://clicks.memberclicks-mail.net/wf/click?upn=p-2BAb9MYBCFYQnqWsG3jZzydeaGlIP72JHkCAvAbufTF-2BGcYs3-2BiHTrclJv7tXuMC7ZJELkxvWh5GWqLDHGf1cJqj7HYNP5Mc26-2BaBmVHozVwUkxFeLXqNxZvrHZFOqtM_Y74tINlikMjgM9nGQ4FAKyKJP0lXUW-2F7gzamsAtQf1f4M6FeWwtod0EPhAXGM2r1aWqIPFMt-2BdHAoFkV3Wpt3D1wZHyH4tL6zoBVkRLq996DJeNHC7lFlGgyP8gbyr7Xvsp1X-2B5PgVEfcQXVJ-2FhbZxPAQlbc8mYEwt0aftNXSmrJftLIhQTZZfIdCl-2FXpgM1EBGElBDjevHYV-2Bil6WbiJz5iuI9Ib5WVPU-2FK7vGFpAAzeyiyVFQmGsaoCpWehmfIjlot5HQu6-2F6WDQhZmK5WQt-2BJahso5WiunaIwjOrWgSWyDzCfHnCvG0l3YvTWbnFWHSlV-2FZYvpt9gi2N66JzWXw-3D-3D)– Transportation Appropriations

[HF 2495](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=HF%202495) – Judicial Branch Appropriations

[HF 2491](https://clicks.memberclicks-mail.net/wf/click?upn=p-2BAb9MYBCFYQnqWsG3jZzydeaGlIP72JHkCAvAbufTF-2BGcYs3-2BiHTrclJv7tXuMC7ZJELkxvWh5GWqLDHGf1cJqj7HYNP5Mc26-2BaBmVHozVAx4YGwfdzFaHYiQwn0orV_Y74tINlikMjgM9nGQ4FAKyKJP0lXUW-2F7gzamsAtQf1f4M6FeWwtod0EPhAXGM2r1aWqIPFMt-2BdHAoFkV3Wpt3D1wZHyH4tL6zoBVkRLq996DJeNHC7lFlGgyP8gbyr7Xvsp1X-2B5PgVEfcQXVJ-2FhbZxPAQlbc8mYEwt0aftNXSmrJftLIhQTZZfIdCl-2FXpgM1FpB73F7xVEE4rgjpaybNzAZEjiU2mTAOzqpyLZUe-2BFeHjXg83LRb-2FNzFvuIw9R95DmEiEvSr87fi-2Bbe9mnpXB2GOhqqbisWduWfEjU-2BpErChL0iw7gyoieqPK-2Bj1DqKtzoogxiyBbO1XkqbS3pD-2FSg-3D-3D)– Agriculture & Natural Resources Appropriations

[HF 2492](https://clicks.memberclicks-mail.net/wf/click?upn=p-2BAb9MYBCFYQnqWsG3jZzydeaGlIP72JHkCAvAbufTF-2BGcYs3-2BiHTrclJv7tXuMC7ZJELkxvWh5GWqLDHGf1cJqj7HYNP5Mc26-2BaBmVHozUs2U1jJO-2B6-2BVvt7Feh88Bm_Y74tINlikMjgM9nGQ4FAKyKJP0lXUW-2F7gzamsAtQf1f4M6FeWwtod0EPhAXGM2r1aWqIPFMt-2BdHAoFkV3Wpt3D1wZHyH4tL6zoBVkRLq996DJeNHC7lFlGgyP8gbyr7Xvsp1X-2B5PgVEfcQXVJ-2FhbZxPAQlbc8mYEwt0aftNXSmrJftLIhQTZZfIdCl-2FXpgM19cTLrtpw5jJfgyuD5uXxSNjCQfwmB7JCMWM2l5lUD0iWUiIG8dfMfGqXcq8qmP-2BmIt8Vn1EEAuTs0mukXS-2Bmt0aaWbvyEX3KvaOO2TY39alwjFtmlLSFeNSA43OCunkvDEBKZMQUPjwKiTzn7fpPyQ-3D-3D)– Justice Systems Appropriations

[HF 2493](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=HF%202493) – Economic Development Appropriations

            Sadly, this is our attempt at good news for the upcoming week – at least there has been some movement.  Please call if you have questions!