

Iowa Legislative Report
Iowa State Police Association
89th General Assembly, 2022 Session
Week 4: February 4, 2022
Fitzgerald, Smith & Associates, Lobbyists

Week four has started to pick up as committee process is moving more bills through the system. The income tax reduction bills seem to be taking up the most energy. Below is a summary of the House and Senate plans. As you will see they are similar except for the Corporate Income tax and the sales tax changes that, in part, will fund water quality projects. Both bills are moving through the committee process this week.

House Plan:

Income Tax: Phases in the flat tax from 2023 to 2025. Reduces the number of brackets and rates until reaching 4% on all taxable income in the tax year 2026 and after. Retirement income: Increases the retirement income exclusion to cover all income. Does not use such excluded income in calculations to determine net income. Corporate Income: Requires the DOR to adjust the highest corporate income tax rates downward if the net receipts are more than \$700 million in the previous fiscal year. Prohibits the rates from being adjusted below 5.5%. Capital Gains: Allows an employee-owner to take a one-time irrevocable election to exclude the capital gain from the sale of stock from the income tax. Requires the corporation to have employed Iowans for at least ten years, to have had specific numbers of shareholders and meet other requirements. Phases in the provisions over three years. Farmers: Excludes payments for leased farmland to retired farmers. Requires the farmer to be 55, to no longer be actively farming and for the farmer to have farmed the land for at least ten years. Expands the capital gains exclusion for farmers to include retired farmers, and to exclude the sale of cattle and horses and for breeding livestock.

Senate Plan:

Sales Taxes: Repeals local option sales taxes and increases the state sales tax to 7%. Scoops 0.375% of the increase for the Natural Resources & Outdoor Recreation Trust fund. Makes changes to allocations of money in the trust fund. Changes REAP funding and eliminates the standing appropriation as of 2026. Ends sales tax exemptions for web hosting and cloud computing and for the sales of software and some digital services. Makes changes in administrative/filing matters related to the sales tax. Sales Tax Increases: Increases the taxes for automobile rentals, equipment and water service. Income Tax: Phases in the flat tax from 2023 to 2027. Reduces the number of brackets and rates until reaching 3.6% on all taxable income in the tax year 2027 and after. Changes the Taxpayer Trust Fund to the Income Tax Elimination fund with a mechanism to reduce and eventually eliminate the income tax. Retirement income: Increases the retirement income exclusion to cover all income. Does not use such excluded income in calculations to determine net income. Corporate Income: Reduces corporate tax rates until the rates reach 5.3%/7.8% in the 2028 tax year. Franchise Tax: Reduces the franchise tax to 4% by the 2027 tax year. Capital Gains: Allows an employeeowner to take a one-time irrevocable election to exclude the capital gain from the sale of stock from the income tax. Requires the corporation to have employed lowans for at least ten years, to have had specific numbers of shareholders and meet other requirements. Phases in the provisions over three years. Farmers: Excludes payments for leased farmland to retired farmers. Requires the farmer to be 55, to no longer be actively farming and for the farmer to have farmed the land for at least ten years. Expands the capital gains exclusion for farmers to include retired farmers, and to exclude the sale of cattle and horses and for breeding livestock. National Guard: Exempts the military pay of Guard members. Tax Credits: Makes changes to reduce the refundability of some tax credits and to reduce or eliminate other corporate tax credits. Repeals the geothermal pump tax credit. Does not allow new charitable conservation credits. Requests a review committee in 2029.

There are also a handful of policy bills moving that are of interest to ISPA. We will continue to update the bill watch list as each bill moves through the legislative process. Some of these bills are effectively “dead although they will remain active on the bill watch until the end of the first funnel (February 18th).

Feel free to reach out to any of us for further clarification or if you have any questions.

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Name	Bill Number	Sponsor	Title	Bill Status	ISPA Position
411 Benefits	HF 797	Kaufmann (R)	Defines an ordinary disability beneficiary as a member retired for less than five years. Makes other definitions. Accidental benefits: Allows an ordinary disability beneficiary to apply for an accidental disability benefit. Includes provisions on determination of payouts. Makes a person who is otherwise eligible for disability benefits ineligible if the person is fired for certain reasons. Rates: Increases the employee contribution to 9.55%. Hospitalization: Requires cities to continue to offer hospitalization and medical benefits for injuries received on duty to members who are receiving disability benefits. Exempts the member from various costs. Requires actions to require the city to pay to begin with two of the date the city denied a claim. Disease: Requires a fire fighter or police officer to be granted a leave without loss of pay if the person has been exposed to an infectious disease.	Passed House Passed Senate Committee	Support
Traffic violations involving stationary vehicles	HSB 557	Worthan (R)	A bill for an act relating to traffic violations involving the approach of certain stationary vehicles, including by providing for reporting of violations, requiring investigations, and providing for enforcement against vehicle owners.	Passed Sub	Support

Hands Free Devises	HF 2129	A. Meyer (R)	A bill for an act relating to the use of an electronic device in a voice-activated or hands-free mode while driving, providing penalties, and making penalties applicable.(Formerly HF 75.)	Passed Committee	Support
Hands Free Devises	SF 330	Rozenbom (R)	A bill for an act relating to the use of an electronic device in a voice-activated or hands-free mode while driving, providing penalties, and making penalties applicable.(Formerly SF 46.)	Passed Committee	Support
Confidentialiy of informatioon for law enforcement	SF 395	Dawsen (R)	A bill for an act relating to the confidentiality of certain law enforcement information involving a person experiencing a mental health crisis, substance-related disorder crisis, or housing crisis		Monitoring
Release of records for fire and police retirement systems	HSB 583	Siegreest (R)	A bill for an act relating to release of certain records maintained by the statewide fire and police retirement system.	Passed Committee	Support
Window Tint	SF 332	Shipley (R)	A bill for an act relating to the minimum standard for transparency for motor vehical window tint.	Passed Sub	Against
Officer bill of rights	SF 2123	Riechman (R)	A bill relating to the Iowa law enforcement academy council including the revocation or suspension of certifications of law enforcement officers and reserve peace officers in this state and certifications of law enforcement officers in other states, and the peace officer, public safety, and emergency personnel bill of rights including formal administrative investigations of officers.		Monitoring
Move over	SF 2133	Riechman (R)	Allows an officer, a driver of a protected vehicle, to file a written report 72 hours after an incident regarding a vehicle that fails to move over for a stopped emergency/law enforcement vehicle. Requires the investigating officer to contact the owner of the vehicle. Allows the owner to be cited and creates a permissible inference that the owner was the driver.	Passed Committee	Support

<p>DOT employees designated as peace officers</p>	<p><u>SSB 3059</u></p>	<p>Brown (R)</p>	<p>A bill for an act relating to department of transportation employees designated as peace officers, and including effective date provisions.</p>		<p>Support</p>
<p>Police authority on RAGBRI</p>	<p><u>SF 2162</u></p>	<p>Schultz (R)</p>	<p>A bill for an act relating to the authority of a law enforcement officer over local businesses operating during an annual recreational bicycle ride across the state.</p>		<p>Against</p>