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2021 GENERAL ASSEMBLY LEGISLATIVE BRIEFING

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URBAN COUNTY COALITION

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Urban County Coalition

Legislative Summary for 2021 General Assembly

*****Included in this Legislative Summary binder is this overview, selected issues that are tabbed that reflect legislative priorities, tracking of bills that passed and newsletters from the currently, just completed legislative session*****

What a year it's been, for both good and bad! The Heartland Strategies lobbying team prepared for another legislative session in the wake of COVID-19 and the presidential election, which saw the Iowa House Republicans gain more seats (59-41) and Iowa Senate Republicans hold their majority (32-18).

How business under the golden dome was conducted changed in some significant ways. This session, all Senate subcommittees and full committees were held on Zoom exclusively. Debate was still held in-person on the chamber floor, with people being encouraged to watch it online.

In the House, subcommittees and full committees were available online and in-person. However, lobbyists and the public were not allowed to speak at subcommittees if they were attending online; only those in-person were allowed to testify to the subcommittee. Also, bill filing deadlines and funnel deadlines were pushed back each by one or two weeks.

Finally, and most significantly, there were no legislative budget targets this legislative session. Disputes over a major tax proposal delayed with the end of session and the release of these targets.

There were some aspects of familiarity, however. The pace of this session remained the same, there were some all-night debates, and despite a trifecta in the Legislature and the Governor's Office, some bills fell by the wayside, and others signed by the Governor looked completely different from their introduction to her desk. Unfortunately, another familiar aspect of this session was the continued chipping away of local control.

The General Assembly finally, after numerous threats over the years, reneged on its commitment to reimburse local governments for loss of property tax revenue after cutting commercial/industrial property tax values in 2013. But the General Assembly then made another promise -- eliminating the mental health levies in County budgets and substituting state revenues. In the closing hours of the session, the General Assembly expanded operations for Emergency Medical Services, provided minimal support for derecho recovery, and made serious investments for childcare which will be beneficial for both families and businesses that want to employ those parents.

In another unusual move, the General Assembly, in the usually-noncontroversial **Block Grant Bill (HF 895)**, added an amendment in one of the last bills passed by the General Assembly which

created two funds within the Block Grant legislation into which the General Assembly transferred all \$1.8 billion federal recovery money for future appropriations by the Governor.

Tax Bill/Mental Health Funding

Bills were also introduced in the proverbial 11th hour of the legislative session. One such bill was Senate File 619 (the tax bill). This is a very extensive piece of legislation, with the main points of this bill being:

- Elimination of the income tax triggers from 2017, going into effect Jan. 1, 2023;
- Elimination of the mental health/disability services levy and shifts the funding to the state over two years. Counties will be required to lower the levy to \$21.14 per capita starting for FY '22. If a county is already below that levy, that county will not be able to raise the levy to \$21.14, because there's no re-certification process for the budgets. Starting in FY 22, unencumbered or unobligated funds are to be put in a regional services fund.
- A phase-out of the backfill, starting with the payment in fiscal year '23. The appropriation for commercial and industrial property tax replacement for local governments has two phase-out options: over five years or eight years. The number of years depends on how a local government's tax base has grown relative to the rest of the state since fiscal year 2014. It appears that most of the counties in the Urban County Coalition will fall under the five-year plan;
- Establishing telehealth payment parity. Insurance carriers will have to reimburse health care professionals and facilities for services for mental health conditions provided to a covered person via telehealth at the same rate as the same services provided in-person;
- Establishing the Downtown Loan Guarantee Program, which was in response to COVID-19. The program guarantees qualified loans up to 50 percent of the amount of the loan, subject to a maximum guarantee of \$250,000, and for a duration of up to 10 years. This is to help communities economically recover from pandemic consequences.

Back the Blue

Following the murder of George Floyd in Minneapolis last year and passage of a progressive bill "A More Perfect Union," Gov. Reynolds and the Iowa Legislature vowed to "Back the Blue." The legislation to do that changed numerous times over session, at times to the chagrin of police departments and their local governments. This bill covered a litany of issues, including data collection on police stops, punitive measures for governments who "defund the police," qualified immunity for peace officers, Giglio-Brady Lists, and enhanced penalties for certain offenses.

The final version of Back the Blue (Senate File 342) includes:

- Giglio-Brady provisions, including a study committee on statewide strategies and implementation on a uniform list;
- Loss of state funding for local governments who do not enforce federal, state, or local laws, or who pass such laws/ordinances conflicting with federal or state law. This is not

the same as denying state funding for local governments who “defund the police,” however, the provision is vague and it sounds as though if the state doesn’t like an ordinance/law, there’s room for the state to deny state funds. ● Qualified immunity for officers;

- Health insurance provisions for state patrol officers who are not part of collective bargaining agreements. This means sick leave was taken out of the final bill, though our team expects sick leave to come back up next session;
- Enhanced penalties for riots, damage to public property in the course of riots or unlawful assembly, and injury to peace officers during a riot or unlawful assembly.
- No provisions on data collection for police stops.

Guns/Firearms

Gun rights also had front and center stage this session, starting with **House File 756**. Starting July 1, lowans, age 21 and older, are not required to obtain a firearm permit to obtain or carry a firearm. The option, however, still remains. To purchase a firearm from a federally licensed dealer without a firearm permit, the buyer must pass a federal background check (one check per firearm purchased). Here’s the loophole: that background check is not required of a private gun dealer. So, speaking practically, a private gun dealer could sell to anyone. Despite making it a Class D to sell, rent or loan a gun to a person the seller

'knows or reasonably should know' is prohibited from owning firearms, “knows or reasonably should know” will make these cases very difficult to prosecute. Gov. Reynolds signed the bill April 2; enactment is July 1.

Big Tech

Dead for the session, but could potentially make a comeback in 2022 are **Senate File 580** and **House Study Bill 235**. These were the “big tech” bills, which would have punished local governments for entering into contracts with companies such as Facebook and Twitter who engage in what the Legislature believed to be censorship; however, as the bill was initially drafted, companies like Microsoft would be included. This would impact workplaces and school districts who use technology in the course of work and education. The bill also would have penalized private tech companies for censorship. The conversations during these subcommittees centered on the rights of private businesses to operate as they see fit, guidelines users must adhere to in order to access the social media platforms, and if there’s a constitutional right to have an account like Facebook or Twitter.

The House version was a bit softer, though not much better. In HSB 235, a local government or public body could not use public funds for an economic development purpose unless it first considered if a court has found that a person/company/other entity receiving the funds had violated a provision of the proposed Code chapter 554E, and whether the person is involved in litigation in which it has been alleged that the person violated Code chapter 554E. This version also would have prohibited a company from intentionally stopping someone to view, comment, or otherwise interact with certain content on the company’s internet site by restricting such content.

Due to their contentious nature and difficulty to enforce and implement, neither of these bills made it through the 2021 session. HSB 235 died in the first funnel. SF 580 was funnel proofed, meaning it could come back in 2022, though our team is unsure of the likelihood of its reappearance.

Local Control

Unfortunately for the traditional relationship between state government and local government, the past few years has seen a parade of legislative efforts to either limit, steer operations of locally elected officials or to under-fund mandates on local government continued in a very expansive way.

The one bright spot in local control legislation was **House File 523**, which allows counties to engage in flood mitigation and recovery projects now as an essential county purpose. Gov. Reynolds signed HF 523 on May 10.

House File 313, the minor-operated business bill, prohibits cities and counties from requiring fees or permits for businesses run by minors (on-site transactional businesses traditionally operated by children. Think lemonade stands). This bill is on the Governor's desk.

Senate File 352 was the forest and fruit tree exemption, which raised concerns for local governments. This legislation would have made the value of forest/fruit tree property tax credit 75 percent of the actual value and requires property to be 10 acres as of 2022 and limit the exemption for five years. Current qualifying properties that are less than 10 acres also would have had the five-year exemption. Property owners would have been required to enter into a depredation agreement with the Department of Natural Resources, with inspections by that department. The subcommittee for this bill was postponed indefinitely March 15.

Rural EMS

House File 562 would have made emergency management services an essential county purpose. It allows cities and counties to impose an additional levy for EMS; the trustees of such a district may impose an additional levy for EMS which is above the statutory rate if the current rate is insufficient. Levies must be approved by election. This bill got through the House, but a scheduled subcommittee in the Senate in early March never occurred, making the bill eligible after the first funnel deadline, but not the second. Eventually some of the issue was dealt with in the Standings Bill, a catchall bill at the end of the session. (See below)

Standings

Senate File 615 was this session's standing bill. It increases the tax credit for emergency medical services (EMS) and firefighters to \$250, and specifies if a tax levy of up to \$1 per \$1,000 of assessed value on all the taxable property within a benefited EMS district is insufficient to provide the necessary EMS services, the trustees of the district may levy an additional tax if the proposed tax levy is approved

by a majority vote at a separate election. This provision also specifies procedures relating to the discontinuance of an additional tax for EMS services.

Counties will be required to adopt a resolution which declares EMS to be essential county services, and adopt it prior to seeking approval from the voters to impose taxes for such services. SF 615 changes the requirement for voter approval of the imposition of a tax for county EMS services from a simple majority to a 60 percent majority of votes cast.

For a county that is one of the 11 most populous counties, any tax imposed for EMS services will be for a maximum of 10 years.

Finally, SF 615 specifies any monies remaining in a county EMS trust fund, following the expiration or discontinuance of the authority to impose taxes, may continue to be expended for EMS services.

This bill is on the Governor's desk.

Elections

Senate File 413, passed and enacted early in session, was a very contentious piece of legislation, resulting in public hearings and lively debate. To recap, this bill:

- Makes it a Class D felony to fail to follow guidance from the Secretary of State on implementing election laws. Interference by a county commissioner of elections (the auditor) or a precinct official with a person who is allowed to be at a polling place would be charged with 3rd degree election misconduct (a serious misdemeanor). Failure to perform voting list maintenance by an election official would be charged as 2nd degree election misconduct (an aggravated misdemeanor). The Sec. of State will be required to issue a fine of up to \$10,000 for technical violations by auditors. The auditor must appeal or pay the fine within 60 days and includes suspension for the non-payment of a fine, and requires reports to the Attorney General's Office or county attorney for possible further action;
- Authorizes law enforcement agencies to take reasonable actions to prevent interference with the canvass of votes;
- Allows county auditors to establish a single drop box location, with accompanying requirements;
- Reduces the time for requesting an absentee ballot to 70 days, and furthermore reduces the time for mailing an absentee ballot or voting in-person by absentee to 18 days. Auditors will be prohibited from sending absentee ballot requests to voters (preemptively, and this also includes pre-filled absentee ballot applications). The bill strikes the discretion of auditors to establish satellite voting stations. The Sec. of State and county auditors are further prohibited from mailing absentee ballots out without first receiving an application, and postmarks cannot be used for determining when a ballot is mailed – the new requirement would be bar codes.

The Senate passed SF 413 30-18; it passed the House 57-37. Gov. Reynolds signed it March 8.



2021 Legislative Priorities

The Urban County Coalition is a coalition of the five largest counties in eastern Iowa. We are committed to preserving local control and decision-making authority to give our constituents the greatest control and accountability over their governments. We believe that Thomas Jefferson was correct when he said, “The government closest to the people, serves the people best.”

Commercial Property Tax Backfill - Counties consistently try to find efficiencies in how they spend taxpayer resources. From 2013 to 2019 the county budgets in the UCC have increased about 1.6%, while the state’s budget during the same period has increased by 18%. The state made a commitment to backfill the revenue loss that was a result of the reduction in the commercial and industrial property tax rates. In addition, the changes in the multi residential rates took effect in FY17 (and is not backfilled) which will have an additional adverse effect on local revenues. This challenge for local government is in addition to the 102% budget cap in the budget passed in the 2019 General Assembly session. We expect the State to make sure it continues to follow through on its promise to backfill the property tax loss.

Mental Health Funding -We appreciate that the legislature followed through on the recommendation of SF 504 and appointed an interim study committee to address the issues of mental health funding. These issues are simply too important to wait until we have another funding crisis. With the pandemic and lack of a stable funding mechanism, regions are working through the process of complying with the directives of SF 504 and HF 2456, as well as the HF 690 (Children’s Mental Health Bill), we would request that the legislature consider delaying the implementation of these new requirements while the legislature considers new funding solutions. The legislature should keep its promise and discuss permanent funding solutions. We believe that with the new responsibilities that the state has asked regions to assume, any funding mechanism must be long term, sustainable, and include significant state participation. We would also respectfully request that the legislature delay the implementation of any penalty or the requirements imposed by the complex needs law and children’s behavioral health law for a minimum of one year, until a stable, reliable funding mechanism is established. The impact of the pandemic and the Derecho this year have caused a great deal of workforce instability for many of our providers and they will require some time to recover from the disaster and adapt to the new normal of the pandemic before we can expect them to be in a position to develop new services.

We would also request that the legislature revisit the residency requirements for mental health services. In the three regions represented by the Urban County Coalition, we are finding that we are still experiencing the same difficulties that we have historically faces. Those seeking treatment gravitate towards services right areas. We believe that this puts an undue burden on the resources of those areas while allowing other area to move at a slower pace in developing resources. Additionally, in our border communities, we are faced with people seeking treatment coming from outside our state and being eligible for services simply by declaring an intention to reside in the region.

We commend the legislature working with the regions in taking an important first step toward the creation of a children's mental health delivery system. Regions understand that it does make sense to have one entity coordinating the spectrum of mental health care for Iowans, but we still oppose the additional responsibilities for local governments without providing additional funding. Our current levy cap was established by simply freezing the levels in 2015 and that simply does not reflect the cost of providing services in 2021. Simply raising the current mental health levy cap puts an unjustifiable burden on local property tax payers. The state must be a reliable partner in funding any additional responsibilities placed on regions.



Additional Issues

Unfunded and Underfunded Mandates - We encourage the Legislature to act to reduce the instances of cost shifting identified and eliminate the burdens these place on property tax payers. The two areas that have the largest impact on local property taxes are colocation of state offices (DHS) and courthouse maintenance and security, but there are many others.

- **Housing State Offices at Local Taxpayer Expense** – Currently some counties are forced to house a variety of state agencies (DHS and the Courts, for example) and receive little or no reimbursement from the State. In addition, counties are forced to pay for expenses such as postage and office supplies at local taxpayer's expense. We request that the State no longer require that counties subsidize the local office expenses of state agencies. We would encourage the legislature to pay particular attention to the document storage requirements of the Department of Human Services,
- **Courthouse Security and expenses**- Like the housing of state agencies, local taxpayers are bearing the entire burden of upgrading, modifying, or even replacing aging courthouses. There is a court expense added to virtually every criminal or civil action but none of this money goes to pay actual courthouse expenses. There needs to be an update of the 1984 compromise when the state absorbed the court system from the local government costs, but left the expenses of the court system on local property tax payers. With the advent of the 911 requirements on government plus the need for security for the court system, the state needs to share in these costs. We would request that the state allocate a portion of these funds to counties for courthouse maintenance and security. This is also an area where the state imposes costs on local governments by not moving the agencies to a paperless document storage program like it has other state agencies.
- **Publishing Costs** – Reduce publishing costs to local governments to publish meeting, and legal notices on-line and require only a summary to be published in local print outlets. Additionally, allow counties to publish in only one newspaper. We would also encourage the legislature to provide a more clear definition of proceedings (example, does proceedings mean entire verbatim transcript of the meeting or does it mean an abbreviated transcript of the meeting).

- **Paper Document Storage**- We request that the state make significant investment in the courts system and the Department of Human Services to increase their document digitization efforts and review all state requirement that deal with the retention pare documents.
- **Fees** - The legislature needs to help local governments find a mechanism that make fees more accurately reflect the cost of providing the services. Last year, the legislature finally agreed to raise the fee for food inspection services but there are others that are currently still subsidized by taxpayers. For example, the medical examiners fee for cremations has been set at \$75, to reflect the cost of that service, the fee should be adjusted to \$100.

EMS Services - We encourage the state to work with counties and municipalities to help find ways to expand emergency medical services and to expand it to essential service designation. Rural Iowans deserve the same access to emergency services that those in more urban areas enjoy. In many areas of our state it simply takes too long to respond to a medical emergency. Additionally, when emergency services are available, those responding often lack the necessary training to provide advanced lifesaving aid. Where you live in Iowa should not determine if you live.

Iowa Public Employees Retirement System: Iowa has one of *the most solvent and well-funded public retirement systems in the United States. It has maintained that status with conservative investment policies and conservative growth projection.* IPERS is an important and effective recruiting tool to help government agencies attract talented workers. We would encourage the legislature to carefully consider the long-term implications to that viability before any changes are made to the current system. Additionally, we would request that the state remove the increases in IPERS contributions from the growth limitations outlined in the 2019 property tax reform bill, Local governments have no control over this and to make it subject to the growth limitations is a burden to local governments.

Water Quality - We support the funding of the Iowa Water and Land Legacy fund established by constitutional amendment as passed by two thirds of Iowa voters. We oppose efforts to change the formula to anything other than that which was overwhelmingly approved by voters. We would also ask the legislature to look closely at local partnerships that have been established and are having an effect. These efforts, including watershed management authorities, should be given the resources they need to make sure the work they are doing can continue. We believe that any additional solution that is considered should include a shared financial burden between both urban and rural partners.

Infrastructure - We request that the legislature consider allowing counties to establish a fund to address the rapid deterioration of our rural roads where funds can be earmarked for infrastructure adversely affected by rainfall, flooding and other weather events. With the increase costs of construction materials and the increase in the amount of precipitation being experienced in recent years, it is not possible to keep up with maintenance of rural gravel roads and small bridges. We also need to examine the possibility of additional revenue streams for this purpose.

Opioid Epidemic - The UCC recognizes the spread of opioid-related abuse and deaths, including abuse and deaths related to the use of heroin and abuse of prescription drugs, and the effects this abuse has on communities. The UCC encourages the General Assembly to seek additional measures that mitigate and curb the abuse of opioids and other injection-drugs. We appreciate the action the legislature took to enhance the Iowa Prescription Management, a key part of any strategy employed to reduce the use of the abuse of prescription drugs. We appreciate the Legislature's effort during the 2018 and 2019 sessions.

Though opioid-related deaths in Iowa are down, opioid abuse causes other impacts on Iowa families, including:

- An increase in accessing and using the family courts or DHS services as children are removed from homes where opioid abuse is present;
- An increase in accessing mental health services and trauma-informed care for children in families or homes where opioid abuse has been present;

The UCC continues to encourage the Legislature to adequately fund the drug courts. In addition, we urge the Legislature to work with law enforcement groups to make sure that Iowa's drug paraphernalia laws are compatible with best practices with regards to harm reduction strategies.

Tax Credits: Tax credits play a major role in rebuilding communities. While we understand that these programs should be used judiciously, we believe that the current tax credit programs work (such as Historic Tax Credit, the Endow Iowa Tax Credit, and the Renewable Energy tax credits). Any policy that proposes to change the way these credits currently work should be carefully balanced against the economic/tourist value if implemented.

Tax Increment Financing: We understand that this is an important tool (and one of the few left) to local governments to encourage economic development. We request that the legislature that county governments in a similar manner that school districts, namely consider a mechanism to replace revenue lost from TIF districts when they are established in counties. Should changes be considered, we ask that the legislature make counties more active partners in the use of TIFs.

Payment in Lieu of Taxes: we request that the state consider clarifying the statute governing PILT and make it mandatory that when a PILT agreement is reached that the payment is equitably distributed between all of the taxing jurisdictions.

Medicaid reimbursement to County owned facilities: Counties that still have county hospitals are not receiving the state set rate for RCF services. MCO's are paying the lower negotiated rate (80%). The counties in the UCC that are providing these services did not negotiate this rate and in the absence of a negotiated rate the MCO's should be required to pay the state rate. The current system of managed care has failed and the Legislature must address the issue by returning to the previous system or finding other sustainable options.

REAP - We encourage the Legislature and the Governor to continue the program and fully fund the program at the \$20 million level.

County Bonding - We believe that in matters of public finance, counties should be treated in the same manner as cities. We support allowing counties the same flexibility in bonding for certain projects that the cities currently enjoy. We also ask that the limit be raised to a consistent level with cities, currently five million dollars. In addition, the definitions of essential county purpose have not been updated to address new challenges faced by counties. We ask that the following categories be added to essential county purposes: disaster recovery, disaster mitigation, water quality initiatives and courthouse improvements and upgrades.

Emergency Management Agency Funding – The current funding formula does not adequately address the needs of the urban counties in Iowa. Eliminate the funding cap on urban counties. We also encourage the State to pass through 80% of the federal funding it receives to counties.

Early Voting—the UCC requests that the legislature return to an early voting period of 40 days rather the current 29 days.

Update State Noxious Weed Law - The threat of invasive plant species is a quickly growing problem across all of Iowa. The current Noxious Weed Law (Code of Iowa Chapter 317) addresses the control and seed production of mainly agricultural problematic species. But since the creation of Iowa’s Noxious Weed Law in the 1920s, many other invasive plant species have spread across Iowa. Because these very problematic invasive plant species are not regulated within the Iowa Noxious Weed Law, there is little County Weed Commissioners can do to combat and manage these species. Legislative action and appropriate funding is critical to modernize and update the State Noxious Weed Law, including bringing together multiple partners and stakeholders such as Farm Bureau, Iowa Department of Natural Resources, IDALS, Iowa Weed Commissioners Association and private landowners for input to more effectively and efficiently manage the threat of existing noxious weeds and invasive species.

Maintain jurisdiction of children in juvenile court - All children deserve to have their cases served in juvenile court systems, where they can have their individual needs and the specifics of their case considered. To achieve this (Code of Iowa 232.8) the law should be changed to ban the placement of children in adult jails and to remove “statutory exclusion” which automatically transfers children accused of certain offenses to adult court, thereby removing the discretion of juvenile court judges to evaluate on a case-by-case basis.

Manufactured Housing Communities - Manufactured housing communities are critical to the affordable housing infrastructure in rural Iowa. Counties have seen a dramatic increase in the purchase of these communities by out of state companies. We would like to see the state consider adopting laws that offer residents of manufactured housing communities similar protections to those offered by Iowa’s landlord/tenant laws.

Alternative Project Delivery - We request that the legislature more clearly define how a local government can determine whether or not a respondent to a public bid on a project is “responsible” as listed in Iowa code. In addition, Iowa should consider allowing alternative methods of project delivery when it is the best interest of the taxpayer to do so.

Property Definitions - The legislature should more clearly define what constitutes a farm for the purposes of property tax calculations.

Master Matrix - We request that the legislature allow local county boards of supervisors (at their discretion) the opportunity to schedule and hold a public meeting before any project that meets the master matrix requirements be allowed to proceed.

Ban the Box -- Remove any questions about criminal records from public employment applications.