



December 15, 2022

[IowaHouseRepublicans.com](http://IowaHouseRepublicans.com)

## Appropriations

### Revenue Estimating Conference Makes Slight Adjustments to Forecasts for Fiscal Year 2023 & 2024

There was little change in the economic outlook or projected revenue expected to be collected by the state, according to the Revenue Estimating Conference. The three-member panel held its annual December meeting on Wednesday to revise state revenue projections for the current fiscal year (FY 2023) and to set the official revenue estimate for the next budget year (FY 2024).

**Fiscal Year 2023** – The panel increased expected revenue for the current fiscal year from its October forecast of \$9.5341 billion to \$9.6152 billion. This is an increase of \$81.1 million over October’s number. When compared to FY 2022’s final revenue number, state revenue would be down 1.9 percent in FY 23. The decline in annual revenue is due to the implementation of this year’s tax reform bill, which will return \$575 million to Iowa taxpayers over the final six months of the fiscal year.

**Fiscal Year 2024** – For the new budget year, the REC is now projecting that General Fund revenue will be \$9.6255 billion. This would be a slight increase in state revenue of \$10.3 million when compared to Fiscal Year 2023. The small amount of revenue growth also is due to the implementation of the 2022 tax reform bill. In Fiscal Year 2024, Iowa tax payers will get back an additional \$450 million from the state. That amount is figured into the REC forecast. As for state gaming tax revenue, the panel kept their forecast for FY 2023 at the level set in October, when they expected. The state is expecting to collect \$317.6 million in gaming this year. In Fiscal Year 2024, gaming tax collections are expected to fall to \$285.8 million. The new amount is a decline of \$15.9 million from the October forecast. These funds are deposited into the Rebuild Iowa Infrastructure Fund.

Iowa’s economy remains strong, in spite of the national and international headwinds facing it. The REC’s decision to make minimal adjustments to their forecast of two months ago was guided by the fact that many of the economic indicators relied upon by the panel haven’t changed. While inflation has started to slightly cool off, so has consumer spending. Housing sales in the state and nation are down, but the supply of available houses also continues to be tight. Iowa continues to have one of the lower unemployment rates in the nation, with the state expected to return to pre-pandemic employment levels after the start of the new year. But some sectors of the economy, including tech and financial services have sent out pink slips to a growing number of employees. And economists still see a recession as possible in the upcoming year, the opinion on its potential impact varies.

All these factors show Iowa’s economy continuing to remain on track in 2023 and beyond.

(Contact: Brad Trow 1-3471)

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## Agriculture

### **IDALS Announces Crop Insurance Discount Program Applications Now Available**

On Thursday, December 1, 2022, the Iowa Department of Agriculture and Land Stewardship (IDALS) issued a press release in which Iowa Secretary of Agriculture Mike Naig encouraged farmers and landowners who planted cover crops this fall to apply for the Crop Insurance Discount Program by January 13, 2023. Eligible Iowa farmers and landowners can receive a \$5 per acre discount on spring crop insurance premiums for cover crop acres located within Iowa.

Farmers can sign up now for the cover crop insurance premium reduction program at--[Cover Crop - Crop Insurance Project — Clean Water Iowa](#). To qualify, the cover crop acres cannot be enrolled in other state or federal cost share programs. Cover crops help improve soil health, prevent soil erosion and lock in nutrients, especially during extreme weather events. Cover crops are a proven way to reduce the loss of nitrogen and phosphorous from the soil, which helps to improve water quality. Cover crops also offer weed control and livestock grazing benefits for farmers and landowners. Detail directions can be accessed at--<https://www.cleanwateriowa.org/cropinsurancediscount>.

#### *Program Details*

This is the sixth year the Crop Insurance Discount Program is being jointly administered by IDALS and United States Department of Agriculture Risk Management Agency (USDA-RMA). Interest in the program continues to grow with new farmers and fields joining each year. To date, approximately 1,800 farmers have enrolled nearly 1 million acres of cover crops in the program. Iowa's program has also served as a model for other states, including Illinois and Indiana. Some insurance policies may be excluded, like Whole-Farm Revenue Protection, or those covered through written agreements. Participants must follow all existing farming practices required by their policy and work with their insurance agents to maintain eligibility. Farmers should visit their local USDA service center to learn about additional programs and resources that support the implementation of conservation and water quality practices.

*(Contact: Lew Olson 1-3096)*

## Commerce

### **Iowa Addresses Catalytic Converter Thefts**

According to [Pluribus News](#), catalytic converter stealing saw a 1,215% increase since 2019. “The skyrocketing thefts coincided with the COVID-19 pandemic and a jump in the value of the rare metals found inside smog-cutting devices.” This “pushed nearly two-thirds of states to pass laws over the past two years aimed at stemming the rampant pilfering, including at least 10 states in 2021 and 22 states” in 2022.

Iowa was one of those states, passing [Senate File 2287](#). This bill will protect Iowans by requiring sellers of catalytic converters to provide evidence of ownership to the buyer. Buyers must also keep records at least 2 years. Those that violate these provisions are subject to civil penalties up to \$10,000.

*(Contact: Natalie Ginty 5-2063)*

## Economic Growth

### More Destination Iowa Grants

Recently Governor Kim Reynolds and the Iowa Economic Development Authority (IEDA) announced \$13.97 million in grant funding for the following two projects through Destination Iowa. The \$100 million program, announced in April, invests in transformational projects that improve the quality of life in Iowa communities and attract visitors and new residents.

The City of Davenport has been awarded \$9,600,000 toward three signature projects that combine art, architecture, and play. The projects include Main Street Landing, an all-season riverfront plaza for both recreation and events; technology enhancements to the lighting on the Davenport Skybridge; and the creation of an evanescent light field at the Figge Museum. These projects are part of a larger creative placemaking effort and represent 40% of \$193 million in public and private investment in the Davenport riverfront area.

The City of Clear Lake has been awarded \$4,370,000 toward their Clear Lake Surf District project, which will assist in the expansion and relocation of Clear Lake's Music Enrichment Center to allow for improved performances and educational experiences; gateway and streetscape enhancements around and on Buddy Holly Place; and waterfront connections from the Surf Ballroom to the lakeshore. This award represents 40% of \$35.2 million in public and private investment in the Clear Lake Surf District.

IEDA began accepting applications on May 9 and will continue to review applications as they arrive through December 31 or until funding runs out. Applications are scored based on eligibility, completeness, and the project's ability to meet the program goal of creating transformational tourism attractions. Cities, counties, nonprofits and other organizations can apply for Destination Iowa grants through four separate funds: Economically Significant Development, Outdoor Recreation, Tourism Attraction, and Creative Placemaking.

Funded projects must be completed by June 30, 2026. For more information on the Destination Iowa program, visit [iowaeda.com/destination-iowa/](https://iowaeda.com/destination-iowa/). Funding for this program is being made available through the federal American Rescue Plan Act.

*Contact: Kristi Kiious, 2-5290)*

## Education

### Open Enrollment—What Changed?

Since the government imposed school shutdowns of 2020 and early 2021, parents demanded more choice, more input and more control of the educational setting and experience of their children. While debates over educational savings accounts has dominated headlines, one form of expanded parental choice already enacted by Republicans over the last two legislative sessions is open enrollment. Open enrollment is a cost-free process by which parents/guardians residing in an Iowa district may enroll their children into another Iowa school district.

There were essentially two phases of changes in open enrollment. The first happening in 2021, and the second happening in 2022.

In 2021 and years prior, a parent/guardian was required to complete an application and file it with the resident and receiving districts by March 1<sup>st</sup>. One could still apply for open enrollment past the deadline and school districts could

both agree to accept the application. There were also “good cause” exceptions for the March 1 deadline which consisted of the following:

- Change in family district of residence.
- Change in the marital status of the student’s parents resulting in change in resident district.
- Placement of the child in foster care resulting in a change of residence.
- Adoption.
- Participation in a foreign exchange program.
- Participation in a substance abuse or mental health treatment program resulting in a change of residence.
- Serious health need
- Pervasive harassment
- Failure of district negotiations to reorganization or rejection of a proposed reorganized plan after March 1.
- Failure of district negotiations for whole grade sharing or rejection of a whole grade sharing agreement after March 1.
- Loss of accreditation or permanent closure of a private school after March 1.

With the passage of House File 847 in 2021, there were additions to what constituted “good cause.” These are a change in a child’s residence from one parent or guardian to the residence of a different parent or guardian, placement of a prekindergarten student into a special education program, or if a child’s assigned attendance center in the district of residence is identified as in significant need for improvement. (This changed again in 2022 with the removal of the deadline, therefore no longer needing the “good cause” exceptions as we’ll see below.)

It also directs the state board to adopt rules for determining a resident’s district consistent failure to reasonably respond to a student’s failure to meet basic academic standards to allow open enrollment.

Previously, schools could deny an on-time open enrollment request for lack of capacity or due to a voluntary diversity plan being in place. Five school districts had a board-adopted voluntary diversity plan to keep diversity-based balance of students in the district. Each plan specified the percentage of students that could open enroll in and out of the district with the goal to maintain balanced diversity factors. A district could deny a timely filed application that adversely impacted that plan. House File 228 removed voluntary diversity plans as a reason to deny open enrollment.

Further changes in open enrollment include eligibility for participation in interscholastic sports. If a student open-enrolled under a “good cause” application, if the resident district discontinued or suspended interscholastic sports activities, if the school boards of the sending and receiving districts agree to waive the ineligibility period, or if the open enrollment application came from a school district that had a voluntary diversity plan prior to the enactment of House File 228, one could be immediately eligible to participate.

In 2022, House File 2589 eliminated the March 1<sup>st</sup> deadline for open enrollment. This means parents and guardians can choose to apply for open enrollment at any time without needing to meet good cause. While the changes in 2021 did increase control for parents, the 2022 changes completely changed open enrollment. The receiving district may only deny an open enrollment request if one of the following applies:

- The application violates the district’s insufficient classroom space policy.
- The district does not have the appropriate special education program.
- The application would adversely affect the district’s implementation of a court-ordered desegregation plan.
- The student has been expelled or suspended.

This change did nothing to athletic eligibility. Students who open enroll in grades nine through twelve are not eligible to participate in varsity contests and competitions during the first 90 school days of transfer (not counting summer school) unless an exception applies allowing immediate eligibility. Examples would be if a school discontinued all fall sports due to budget cuts or if a school board decides to suspend varsity sports. A student would be able to immediately participate if the board of directors of the resident and receiving district agree to waive ineligibility.

So, what does this look like for funding? First, let’s look at how tuition works for open enrollment.

Open enrollment tuition is based on the state cost per pupil from the previous fiscal year (\$7,227) and is billed and paid on a semester basis (on or before February 15 and July 15). Under special circumstances that terminate or suspend open enrollment status, a district must prorate tuition for payment on a per diem basis. Partial semesters should be based on a per diem rate, prorated for days served under open enrollment. For students under Competent Private Instruction for dual enrollment and are open enrolled in the district's home school assistance program, combine the appropriate below rows in the billing chart. The resident district may deduct transportation expenses incurred from the amount of tuition I sends to the receiving district. However, for a qualifying student with an IEP, the cost of transportation is not deducted from the special education tuition.

Now, there is also supplementary weighting. Districts will bill and pay for open enrollment for Teacher Leadership and Compensation (TLC) per pupil (\$349.07). Districts should only use the Limited English Proficiency (LEP) weighting if the English learner was included in the resident district's October 2021 LEP supplementary weighting calculation. For Concurrent Enrollment (CE) weighting calculations the receiving district will use the fall and spring Student Reporting in Iowa (SRI) application data to generate their billings. The resident district will use the CE and non-fall supplementary weighting applications to verify the amounts being billed.

For more information on open enrollment and to find the application click [here](#).

(Contact: Kristin Rozeboom 1-3015)

## Environmental Protection

### **DNR Reminds Livestock Farmers that Winter Land Application Limits Start December 21<sup>st</sup>**

On Tuesday, December 6, 2022, the Iowa Department of Natural Resources (DNR) issued a press release noting that dry conditions and warm weather provided an early harvest and manure application season. But with the arrival of winter conditions, here are a few reminders, if winter manure application is still necessary.

#### *Confinements with liquid manure—restrictions start December 21<sup>st</sup>*

Runoff into our streams is more likely to occur during winter manure application. State law limits liquid manure application for confinement operations (roofed facilities) with more than 500 animal units. Restrictions on applying manure to snow-covered ground begin Dec. 21 and continue until April 1. Liquid manure cannot be applied to fields covered with 1 inch or more of snow or 0.5 inches of ice, except in an emergency. Starting February 1<sup>st</sup>, applying liquid manure on frozen ground is also restricted until April 1<sup>st</sup>. If manure application has to occur in this timeframe, call the local [DNR field office](#) prior to any emergency application. Other limits may apply if you took credit for injection or incorporation as part of a construction permit application using the Master Matrix. Winter land application of liquid manure from confinements is allowed when producers can inject or incorporate manure on the same date, and when the ground is not frozen or snow-covered.

#### *Rules for all producers*

While limits on winter land application do not apply to open feedlots, dry manure and small confinement producers, all producers must prevent water quality violations. Often they can help protect water quality by using common sense, and choosing application areas far from a stream on flat land with little snow cover. All surface land application must [follow setbacks](#) from buildings and environmentally sensitive areas. Look for more information on [winter application rules](#) on DNR's animal feeding operations web page.

In a related press release by DNR issued on the same day, DMR remind the Iowa State Association of Counties that counties interested in evaluating construction permits for proposed animal feeding facilities must adopt a construction evaluation resolution. On average, 88 counties pass a resolution each year, allowing them to review construction

permit applications required for larger, totally roofed animal feeding operations (confinements). County boards of supervisors may approve the resolutions at any time, but must submit resolutions between Jan. 1 and 31, 2023. Producers in counties that file the resolutions must meet additional standards in their construction permits than sites in other counties. They must earn points on a master matrix by choosing a site and using practices that reduce effects on the environment and the community.

The Master Matrix development, submittal and approval process allows applicants and county supervisors to discuss options for site selection, facility type and management. The county submits a recommendation to the DNR on the permit application after reviewing the master matrix items the applicant selected. Counties that participate in the master matrix process may accompany DNR on site visits to proposed locations. The county board of supervisors may also appeal the DNR's preliminary approval of a permit to the Environmental Protection Commission. For historical information on counties that adopted resolutions, check for Master Matrix information on the DNR's animal feeding operations construction permit webpage. More information is available from the Iowa State Association of Counties at [www.iowacounties.org](http://www.iowacounties.org).

(Contact: Lew Olson 1-3096)

## Human Resources

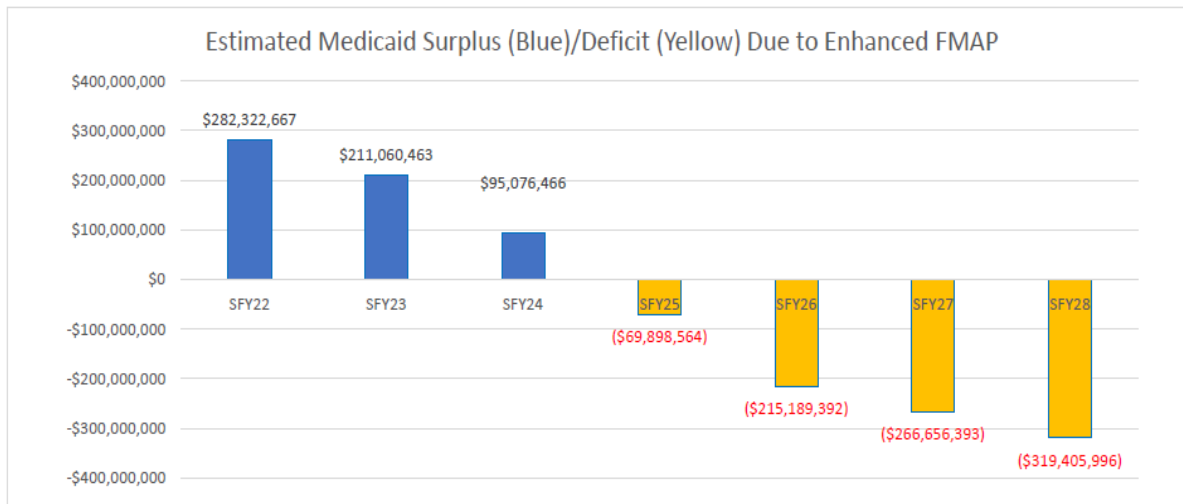
### Medicaid Public Health Emergency – Is There No End in Sight?

For the last two and a half years, the federal government has prevented states from disenrolling ineligible Medicaid members. **This has resulted in an estimated 100,000 ineligible Iowans receiving free health insurance, without paying any premiums or copays, and the state paying a monthly capitation payment for every single ineligible member.**

Section 6008 of the [Families First Coronavirus Response Act](#) (March 18, 2020) provided states increased funding (Iowa receives \$72.9 million each quarter) to account for the increased enrollment. The Biden administration determines when the federal public health emergency ends, and at this point, there seems to be no end in sight.

At the very least, it will remain until April 13, 2023, but the Biden administration must provide notice to states by February 12<sup>th</sup> if it were to finally choose to end in April. Even after that date, it will take many months for the state to do [eligibility determinations](#) and disenroll ineligible Iowans. In the meantime, more and more Americans creep towards socialized medicine through Medicaid for all.

With accepting over two years of significant additional federal funds, this will have a long-term impact on state budgeting for Medicaid that will last many fiscal years. Below is the LSA fiscal projection for the shortfall coming to Iowa Medicaid.



## Governor to Appeal Heartbeat Ruling

On Monday, Polk County District Court [ruled against dissolving the permanent injunction](#) on the heartbeat bill. This case specifically asked the state to dissolve the permanent injunction that it issued on the fetal heartbeat bill in 2019. The district court ruled against dissolving the injunction based on:

- The Iowa Rules of Civil Procedure not providing a path for vacating a judgment
- Failing to show that the court has authority to dissolve a permanent injunction
- Under the *Casey* undue burden test, the fetal heartbeat law places a prohibition on previability abortions

The Governor has announced she will appeal this case with likely a decision by the Iowa Supreme Court in June 2023.

### Background

In 2018, the legislature passed fetal heartbeat legislation that would prohibit an abortion following the detection of a fetal heartbeat by an abdominal ultrasound, with exceptions for medical emergency, rape, incest and fetal abnormality. On January 22, 2019, Polk County district court ruled on summary judgment for a permanent injunction on the heartbeat bill, based on the former Iowa Supreme Court precedent establishing a fundamental right to abortion in Iowa. At that time, Governor Reynolds decided not to appeal.

Following this summer's rulings in [Planned Parenthood v. Reynolds](#) and [Dobbs v. Jackson Women's Health](#), Governor Reynolds [requested](#) that the Iowa Supreme Court rehear it's June decision to determine if a lower standard than *Casey* undue burden, such as "rational basis" could be utilized in Iowa. The Iowa Supreme Court [declined to take up that request](#).

Alternatively, the Governor also pursued dissolving the fetal heartbeat injunction that is discussed above

(Contact: Natalie Ginty 5-2063)

### Happy New Year—2023 Will See the Lowest Unemployment Insurance Tax Rates in 24 years

Governor Kim Reynolds and Iowa Workforce Development announced earlier this year that the schedule of unemployment insurance rates used to tax Iowa employers will drop to its lowest level in 24 years – the lowest rates currently allowed by Iowa law.

“Today’s announcement is great news for our employers who are already dealing with significantly increased costs due to historic inflation,” Gov. Reynolds said in August. “Iowa faced the pandemic and its economic impacts head on, and due to our conservative fiscal practices and prudent investment in Iowa’s Unemployment Trust Fund, unemployment insurance taxes in our state will soon reach their lowest rates since 1999.”

Iowa law requires Iowa Workforce Development to establish a table each year to determine the unemployment tax rates that will impact eligible employers. The trigger for deciding which unemployment insurance rate table to implement is derived from a formula based primarily on the balance in Iowa’s unemployment insurance trust fund, unemployment benefit history, and covered wage growth.

Based on this formula, contribution rates will be drawn from Table 8 in calendar 2023 after five consecutive years of being drawn from Table 7. The switch means that a business paying the median tax rate (on employee wages totaling \$36,100 or more annually) and remaining in the same tax rank as 2022 would pay \$72.20 less per employee in unemployment taxes in 2023.

This announcement follows a decision by Gov. Reynolds last year to invest \$237 million in ARP funds to stabilize the unemployment trust fund following record payouts due to COVID-19. In 2020, at the heart of record unemployment, Gov. Reynolds also directed that \$490 million of CARES Act coronavirus relief funds be used to support the UI trust fund.

“Governor Reynolds’ commitment to maintaining and preserving the Unemployment Trust Fund throughout the pandemic will result in real savings for Iowa employers in 2023,” said Beth Townsend, Director of Iowa Workforce Development. “Employers will see, on average, a 25 percent reduction in their unemployment taxes next year, and those savings will provide more resources for Iowa employers to invest in growing their businesses.”

*(Info from Iowa Workforce Development)*

### Iowa Top Job Postings

With 78,865 job postings, make your employment Christmas wish come true!

Employers with most posted openings are as follows:

1. The University of Iowa—1,895
2. UnityPoint Health—1,423
3. Hy-Vee, Inc—1,131
4. Trinity Health—907
5. Care Initiatives—800

The top 25 job postings are as follows:

1. Registered Nurses - 4,664
2. Nursing Assistants - 1,305
3. Retail Salespersons - 1,029
4. Licensed Practical and Licensed Vocational Nurses - 989



5. Physicians, All Other - 881
6. Heavy and Tractor-Trailer Truck Drivers - 830
7. Customer Service Representatives - 740
8. Janitors and Cleaners, Except Maids and Housekeeping Cleaners - 623
9. Stockers and Order Fillers - 590
10. First-Line Supervisors of Food Preparation and Serving Workers - 581
11. General and Operations Managers - 577
12. First-Line Supervisors of Retail Sales Workers - 540
13. Fast Food and Counter Workers - 525
14. Cooks, Restaurant - 511
15. Physical Therapists - 508
16. Managers, All Other - 496
17. Laborers and Freight, Stock, and Material Movers, Hand - 489
18. First-Line Supervisors of Production and Operating Workers - 487
19. Merchandise Displayers and Window Trimmers - 486
20. Production Workers, All Other - 434
21. Accountants and Auditors - 429
22. Bus and Truck Mechanics and Diesel Engine Specialists - 409
23. Speech-Language Pathologists - 332
24. Driver/Sales Workers - 321
25. Maids and Housekeeping Cleaners – 320

*(Info from Iowa Workforce Development and IowaWorks.gov.)*

*(Contact: Kristin Rozeboom 1-3015)*

## Natural Resources

### **DNR Notes that 2023 Hunting, Fishing Licenses on Sale December 15, 2022**

On Tuesday, December 6, 2022, the Iowa Department of Natural Resources (DNR) issued a press release announcing that Iowans can begin buying 2023 resident hunting, fishing and other licenses on December 15, 2022. Licenses purchased for 2022 expire on Jan. 10, 2023. The menu of license options includes the popular Outdoor Combo annual resident hunting/fishing/habitat combo license for \$55; the Angler's Special three-year fishing license for \$62; and the Hunter's Special three-year hunting license with habitat included for \$101.

Also available is the Bonus Line option for \$14 letting resident and nonresident anglers to fish with one more line in addition to the two lines allowed with the regular fishing license. Paper licenses can be upgraded to a durable hard card with custom art from Iowa artists for an additional \$6. To access one's license information and to purchase, download the GoOutdoorsIowa mobile app for iPhone and Android, no matter where you are. Then sync your hunting and fishing licenses on the app to show in the field. License purchaser may download multiple customer licenses to offer one secure digital license document location for families, groups, and more. Licenses are available at 700 locations across the state, and on the DNR website at [www.iowadnr.gov/GoOutdoorsIowa](http://www.iowadnr.gov/GoOutdoorsIowa). DNR notes that hunting and fishing are often enjoyed with family and friends and a fishing or hunting license makes a great stocking stuffer.

*(Contact: Lew Olson 1-3096)*

### Drug Use Trends in Iowa- The Good and the Bads

The Governor's Office of Drug Control Policy (ODCP) has released their annual Drug Control Strategy. This report highlights drug related issues facing Iowa and recommendations for how to address these serious problems.

The good news- the use of illegal drugs and drug overdoses in Iowa are lower than that of most states and the rate of youth substance use is declining in most cases.

The bad news- alcohol related deaths have increased, marijuana related hospital visits are up, and both opioid and methamphetamine deaths are at an all time high in the state.

The ODCP has summarized their findings in a press release, and you can find them below. The full report can be found here <https://odcp.iowa.gov>

#### Alcohol

The rate of binge drinking in Iowa continues at a relatively high level, compared to most other states, as alcohol sales have nearly doubled over the last decade. In 2021, alcohol-related deaths (e.g., poisonings, accidents, and chronic disease) claimed the lives of a record 827 Iowans, up 38% compared to 2019.

#### Marijuana/THC

Marijuana-related hospital emergency department visits increased in Iowa to 6,503 in 2021, up over 58% from five years ago, amid rising drug potency (THC concentrations) and associated health risks. On the other hand, 8% of 11th graders said they used marijuana in the past 30 days during 2021, the lowest level in nearly 20 years.

#### Methamphetamine

Only 11 methamphetamine (meth) labs were found in Iowa in 2021. However, during the same year, amounts of highly-pure meth reportedly smuggled into Iowa remained at or near record high levels. Also, in 2021, psychostimulant-related deaths (e.g. meth overdoses) in Iowa reached an all-time high of 196, up 20% compared with 2019.

#### Opioids

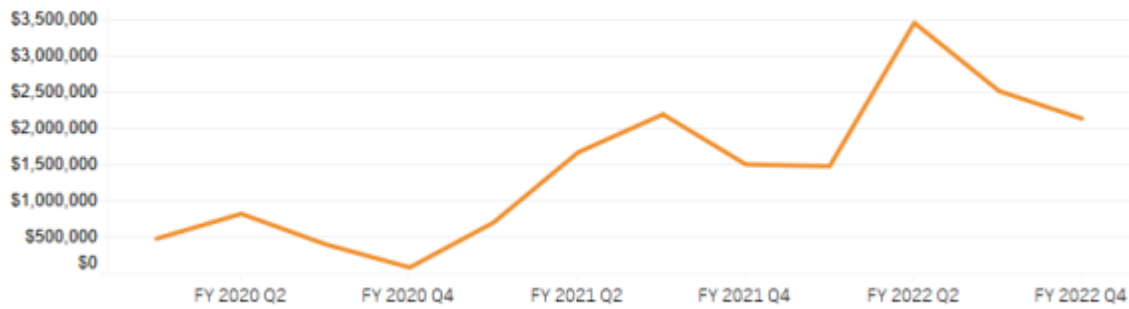
Opioid-related deaths in Iowa reached a record high 258 in 2021, up 64% compared with 2019, with the largest increase occurring among young Iowans (up 290% among those under the age of 25). Illicit fentanyl was implicated in 83% of the most recent deaths, reflecting how widespread powerful synthetic opioids have become in a short amount of time, including as an adulterant in other substances—such as counterfeit pills—for unsuspecting users.

*(Contact: Amanda Wille, 1-5230)*

## State Government

### Sports Wagering Continued to Grow in FY2022

Online sports wagering continues to see steady activity and provide revenue for the state of Iowa. According to a [report](#) published by the Fiscal Services Division of the Legislative Services Agency, the Sports Wagering Receipts Fund received \$9.6 million in Fiscal Year 2022. FY 2022 saw large increases in wagers across the state in large part due to a return to normal professional and collegiate sports seasons and playoffs that were cancelled or limited due to COVID-19. Iowans placed over \$2.45 billion worth of sports wagers in FY2022.

**Chart 1 — Sports Wagering State Tax by Quarter**

Source: Iowa Racing and Gaming Commission

In FY 2022, the Sports Wagering Receipts Fund added \$9.6 million in taxes on sports wagering net receipts and \$28,416 in interest earned on the current unappropriated funds. The General Assembly appropriated \$1.75 million to Gambling Treatment Programs within the Department of Public Health and \$1.5 million to the Sports Tourism Program under the Iowa Economic Development Authority. Currently the Sports Wagering Fund does not have a dedicated appropriation. The ending balance of the fund for FY 2022 was \$12.2 million dollars.

**Table 1 — Sports Wagering Receipts Fund**

	FY 2020	FY 2021	FY 2022
<b>Revenue</b>			
Beginning Account Balance	\$ 0	\$ 1,499,735	\$ 5,846,701
Balance Adjustment	0	0	0
Pari-Mutuel Receipts	1,788,241	6,091,872	9,603,539
Interest	11,494	5,094	28,416
<b>Total Revenues</b>	<b>\$ 1,799,735</b>	<b>\$ 7,596,701</b>	<b>\$ 15,478,656</b>
<b>Appropriations</b>			
Sports Tourism Program	\$ 0	\$ 0	\$ 1,500,000
Gambling Treatment Program	300,000	1,750,000	1,750,000
<b>Total Appropriations</b>	<b>\$ 300,000</b>	<b>\$ 1,750,000</b>	<b>\$ 3,250,000</b>
Reversion	0	0	0
<b>Ending Balance</b>	<b>\$ 1,499,735</b>	<b>\$ 5,846,701</b>	<b>\$ 12,228,656</b>

Last legislative session, House Republicans passed [House File 2566](#), which would have addressed the question of how and where to spend the revenue generated by sports wagering. The proposed legislation would have appropriated current and future funds to the County Endowment Fund, a collection of 84 counties that do not have a licensed casino in the county. The County Endowment Fund Program has distributed grants in several focus areas including public/societal benefit, human services, education, arts and culture, health, and environment improvements and protections. The goal of the bill was to help evenly spread the revenue from gambling and sports wagering across every county in Iowa. Iowans from all 99 counties gamble in casinos and on sports wagers. However, currently the County Endowment Fund Program only receives 0.8% of the commercial gaming tax revenue. In 2021, the County Endowment Fund Program distributed \$12.5 million across the 84 counties.

As Iowans continue to wager on sports and the Sports Wagering Receipts Fund continues to grow the legislature will need to decide how to appropriate the funds to serve Iowans.

(Contact: Jason Covey 1-3626)

## Transportation

### Additional CDL Training Programs Available

Governor Reynolds recently announced the newly created Iowa Entry-Level Driver Training Program to provide more opportunities for interested truck drivers to obtain their commercial driver's license (CDL) in Iowa.

The new Iowa Entry-Level Driver Training Program will provide \$6 million to support employers, nonprofits, or related organizations who sponsor or partner on key training programs designed to prepare potential drivers for CDL skills or knowledge tests. The grant program hopes to remove costly barriers and, ultimately, create more drivers with CDL licenses across the state.

Earlier this year, the Federal Motor Carrier Safety Administration implemented Entry-Level Driver Training, requiring all new drivers to undertake additional training requirements on top of existing CDL standards. Current CDL training can be costly and/or limited, making the pathway to obtain or upgrade a license more difficult despite a much higher demand for drivers. All training providers and drivers are required to meet all Federal driving standards under the ELDT program.

Grant funding for the Iowa Entry-Level Driver Training Program will reimburse eligible organizations in Iowa that offer these critical training programs either in-house or through partnerships with certified training providers. If the program is provided in-house, reimbursement can be used on instructor wages, curriculum materials, and maintenance needs. If the program is offered via outside training providers, reimbursement must go towards Entry-Level Driver Training program tuition.

Additional requirements:

Eligible applicants: Iowa-based employers, employer consortiums, and non-profits who employ Iowa CDL drivers and provide Entry-Level Driver Training either in-house or through partnership with third-party certified training providers.

Funds are administered as reimbursement only following documented training certification and a CDL exam within 30 days of a participant's first day of training (first day of either behind-the-wheel or theory).

**Applications will be accepted at [IowaGrants.gov](https://www.iowagrants.gov) beginning on Tuesday, December 13, 2022 and are due on Friday, February 3, 2023, at 11:59 AM.**

- Visit [this link](#) for more information on the grant, its requirements, and the application process.

*(Contact: Natalie Ginty 5-2063)*

## Veterans Affairs

### Veterans Trust Fund Revises Rules for Eligibility

Recently, the Iowa Commission of Veterans Affairs has revised the eligibility requirements for veterans seeking assistance through the Iowa Veterans Trust Fund. These changes can be found here: <https://www.legis.iowa.gov/docs/aco/arc/6344C.pdf>.

These changes come after the passage of House File 2501 this session to find additional ways to increase the investments of the Veterans Trust Fund and result in more support for veterans here in Iowa. This bill allows for greater flexibility in the state's investment strategy to help grow the Veterans Trust Fund, a fund used to improve the quality of life for our Iowa veterans.

The Iowa Veterans Commission released its annual report on the status of the Iowa Veterans Trust Fund. The report can be found [here](#). Currently the Trust Fund has \$36.2 million. Annually the Iowa Lottery transfers \$2.5 million to the Trust Fund based on proceeds. Additionally, the Trust Fund accumulates interest that increases the balance.

In 2021, the Commission expended \$1.7 million to assist veterans based on statutorily allowed expenditures. Our Iowa veterans stepped up to serve our country and they deserve our support when they return back home.

If you are an eligible veteran and need of assistance, please click [here](#) to find the application process.

(Contact: Natalie Ginty 5-2063)

## Ways & Means

### Happy New Year and Happy Tax Cuts

Last session, House File 2317 was signed into law. It is largest tax cut ever passed in Iowa. Here is a look at the tax cuts hot off the Christmas cookie sheet for 2023.

#### Retired Farmer Lease Income Exclusion

Provides that a retired farmer's income from rental of their property is exempt from tax. The farmer must be 55/farmed for at least 10 years. If the farmer chooses this exemption, they are not eligible for the capital gains exclusion. This change begins tax year 2023.

Who does this help? Farmers do not always have access to traditional retirement vehicles and accounts. They have been investing their entire lives in their "retirement account"—their land! This exclusion will allow a farmer to rent their land to the next generation and not pay taxes on that "retirement" income.

#### Individual Income Tax Rates—Tax Years 2023-2025

The bill also cut individual tax rates further from the 2018 tax cuts. Here is a look at how the next couple of years will ramp up to an eventual 3.9 percent flat tax:

Income Tax Brackets		Rates			
Lower Limit	Upper Limit	TY 2023	TY 2024	TY 2025	TY 2026
\$0	\$6,000	4.40%	4.40%	4.40%	3.90%
\$6,001	\$30,000	4.82%	4.82%	4.82%	3.90%
\$30,001	\$75,000	5.70%	5.70%	4.82%	3.90%
\$75,001	And Over	6.00%	5.70%	4.82%	3.90%
Note: Brackets Double for Married Filing jointly					

#### Retirement Income Exemption

Currently, Iowa Code provides for an income tax exclusion for the first \$6,000 of retirement income. This provides that all retirement income would be excluded from tax. The change begins in tax year 2023.

Who does this help?

Retired teachers, nurses, and police officers. Any kind of qualified retirement plan would be tax free. This includes IPERS, 401(k)s, 403(b)s, IRAs, etc. We want people who grew up, worked, and raised families in Iowa to keep Iowa as their home in their golden years. This provision will make that Christmas dream a reality.

So Merry Christmas Iowans—May your 2023 be full of tax cuts and candy canes.

*(Contact: Kristi Kiious, 2-5290)*