

IOWA HOUSE REPUBLICANS

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IowaHouseRepublicans.com

Appropriations

Governor Releases FY 2024 Budget Proposal

Governor Kim Reynolds unveiled her plan for state spending in Fiscal Year 2024 as part of Condition of the State address on Tuesday. The Governor called for state General Funding spending to increase to \$8.4866 billion starting July 1. This is an increase of 3.3 percent and has the state spend just 88.17 percent of on-going tax revenue.

The vast majority of the increased funding in the proposed budget goes to K-12 education. The largest portion goes to the proposed Educational Savings Accounts, which receives \$106.9 million in its first year of operation. For Supplemental State Aid, the Governor is recommending an increase of 2.5 percent. This increases school funding by \$82.8 million. The Governor extends the 2.5 percent raise in spending to state universities, community colleges, the School for the Deaf, educational services for the blind, and the Iowa Tuition Grant program.

Funding for the largest agency in state government – the newly merged Department of Health and Human Services – sees a slight increase in the next fiscal year. Leading the changes is a \$15 million increase for Medicaid, with the new funds designated for increasing reimbursement rates for nursing homes by that amount. No other Medicaid provider group receives a rate increase under the Governor’s proposal.

The state’s judicial and public safety programs see increases in funds, although a sizeable portion of the funding hike is the transfer of some programs. The Judicial Branch gets an additional \$18 million, but \$14.5 million of that is the transfer of two juvenile justice programs. The transfer of these programs was mandated by Congress, as part of changes to child welfare and juvenile justice programs being imposed on states. The Iowa Highway Patrol’s budget grows by \$15.6 million, but most of this is due to the Governor’s proposal to move Motor Vehicle Enforcement from the Dept. of Transportation (with funding coming from the Road Use Tax Fund) to the Dept. of Public Safety and the General Fund. Iowa’s correctional facilities receive an increase of \$13.3 million.

Funding on infrastructure projects will be significantly lower in Fiscal Year 2024, as the amount of available dollars in the Rebuild Iowa Infrastructure Fund returns to a more normal level. The Governor’s proposal spends \$216.7 million in RIIF (down from last year’s record level of \$292 million). Many of the increases approved last year in on-going RIIF programs like CAT grants and state park maintenance are maintained. The proposal creates one new multi-year commitment, with the Governor proposing the state provide \$20 million over the next two years for additional facilities to be added to the Veterinary Diagnostic Lab which is currently under construction.

The release of the Governor’s budget also provides a fairly extensive preview of the government reorganization bill that was announced during the Condition of the State speech. Many line items are proposed to be moved to different agencies. This includes the College Student Aid Commission, whose mission and programs are transferred to the Department of Education.

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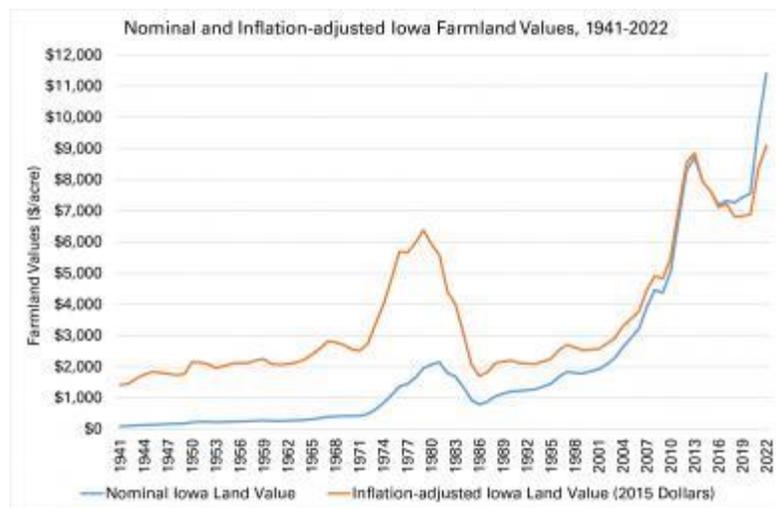
The Governor’s budget announcement is a vast difference from what some states are experiencing this week. The Iowa budget will spend 88.17 percent of the available revenue in Fiscal Year 2024. This would leave Iowa with a projected ending balance almost \$2 billion –an amount equal to 23.5 percent of the actual budget. That is a world away from the budget disaster that California Governor Gavin Newsom revealed in his budget address yesterday. Thanks to out of control spending, oppressive tax policy and general incompetence, California has gone from a \$100 billion surplus last May to staring down the barrel of a \$22.5 billion deficit in the next budget year. It is amazing what a common-sense, conservative approach to budgeting and pro-growth tax policy will do for a state’s bottom line.

(Contact: Brad Trow 1-3471)

Agriculture

Iowa Farmland Values Hit All-Time High Despite Concerns About Higher Inflation, Interest Rates

On Wednesday, December 14, 2022, the Iowa State University Extension and Outreach issued a press release noting that one year after skyrocketing 29%, the average value of an acre of Iowa farmland jumped another 17%, or \$1,660, to \$11,411 per acre. The nominal value of an acre of farmland is again higher this year than at any point since Iowa State University began surveying values in 1941. When adjusting for inflation, the 2022 average value surpasses the previous inflation-adjusted record value set in 2013 for the first time. Farmland values in Iowa have increased more than 15% in a year a handful of times since 1941, most notably in 2011, when values rose 32.5%, and last year, when values rose 29%. While inflation was a major factor that drove the increase last year, Wendong Zhang, an associate professor of economics and faculty affiliate of [Center for Agricultural and Rural Development](#) at Iowa State University, said that it did not play as much of a factor as commodity prices, limited land supply, and low interest rates through summer 2022 did this year.



Land Values by County

For the second year in a row, all 99 of Iowa’s counties showed an increase in land values. However, for the first time in almost a decade, Scott County did not report the highest overall value. O’Brien County topped the list this year, reporting a 20.6% increase, or \$2,818 per acre, to \$16,531. Decatur County again reported the lowest value, though land values there increased 10%, or \$505 per acre, to \$5,566. Mills, Fremont, Page and Montgomery counties reported the largest percentage increase, 21.6%, while O’Brien County saw the largest dollar increase, \$2,818 per acre. Wayne, Lucas, Appanoose, and Decatur counties saw the smallest percentage increase, 10%, while Decatur County saw the smallest dollar increase, \$505 per acre.

Land Values by District

Land values increased across all crop reporting districts. The Northwest district reported the highest overall value, \$14,878 per acre, the largest percentage increase, 22.3%, and the largest dollar increase, \$2,714 per acre. The South-Central district reported the lowest values, \$6,824 per acre, and the lowest dollar change, \$790 per acre, while the Southeast district saw the smallest percentage increase, 9.8%.

Land Values by Quality

Statewide, low-quality land now averages \$7,369 per acre, an increase of 15.2% or \$972 per acre. Medium-quality land now averages \$10,673 per acre, an increase of 17.7% or \$1,602 per acre. High-quality land now averages \$13,817 per acre, an increase of 16.8% or \$1,983 per acre. The Northwest district reported the highest values for low-, medium-, and high-quality land at \$9,569, \$13,710, and \$17,121 per acre, respectively. The South-Central district reported the lowest values for low-, medium-, and high-quality land at \$4,379, \$6,872, and \$9,478 per acre, respectively.

Low-quality land saw the largest percent increase in the Northeast district, 19.8%, while the Northwest district saw the largest dollar increase, \$1,481 per acre. Low-quality land saw the smallest percent increase, 7.9%, and the lowest dollar increase, \$321 per acre, in the South-Central district. Medium-quality land saw increases of more than 20% in the West Central, Northeast, Southwest, and Northwest districts, which respectively showed increases of 20.1%, 21.9%, 22.7%, and 24.2%. The Northwest district also saw the largest dollar increase in medium-quality land, \$2,688 per acre. The Southeast district showed the lowest percent increase in medium-quality land, 6.2%, and the lowest dollar increase, \$508 per acre. High-quality land in the West Central, Southwest, and Northwest districts all saw increases of more than 20% — 20.6%, 21.2%, and 22.3%, respectively. The Northwest district reported the largest dollar increase in high-quality land at \$3,124 per acre. The Southeast district reported the smallest percent change in high-quality land, 10.3%, and the smallest dollar increase, \$1,201 per acre.

Factors Influencing the Land Market

The most frequently mentioned positive factor influencing the land market was higher commodity prices. Limited land supply and low interest rates through summer 2022 were the second- and third-most frequently mentioned factors. Other frequently mentioned factors included cash on hand and high credit availability, strong yields, a good farm economy and strong demand. The most frequently mentioned negative factor affecting land values was interest rate hikes. Other noted factors included concerns about higher input costs, and stock market volatility and economic uncertainty were the second- and third-most frequently mentioned negative factors.

(Contact: Lew Olson 1-3096)

Commerce

Bottle Bill Changes in Process

Last session, the legislature passed [Senate File 2378](#), the first significant update to Iowa's bottle bill law in decades. This bill took many positive steps towards improving the current bottle redemption system.

The bill increased the handling fee for redemption centers and retailers to take empty containers to three center per container. It also gave retailers the ability to opt out of taking empty containers back as long as they either were a food establishment, had an agreement with a mobile redemption center, or was near a redemption center in their county.

Redemption centers have till January 31 to register with the DNR. Once that process and finished, the DNR will publish a map for Iowans to know where they can redeem.

This bill also increased enforcement by strengthening fines and enabling the Iowa DNR and Attorney General to work together to ensure all stakeholders – retailers, distributors, redemption centers, and recyclers are following the law. Additionally, there will be a legislative review that occurs in 2026 to review how these updates are working and see if any additional changes are needed.

(Contact: Natalie Ginty 5-2063)

Economic Growth

Tourism Grants Travel All Over the State

Last month, the Iowa Tourism Office announced \$299,200 in Iowa Tourism Grants to 33 organizations around the state. The program funds tourism-related marketing initiatives, meetings, and events that benefit both local economies and the state's economy with awards ranging from \$2,500-10,000 with a 25% cash match.

According to IEDA, visitors spent more than \$6.1 billion across Iowa's economy in 2021—an increase of 35% over 2020 spending and almost at full recovery to pre-pandemic levels. This direct visitor spending impact generated a total economic impact of \$9.4 billion in Iowa, sustained nearly 65,000 jobs, and generated \$1.0 billion in state and local tax revenues in 2021.

The Iowa Tourism Office, part of the Iowa Economic Development Authority, works closely with community partners, attractions, and events to promote the Iowa's extensive tourism opportunities.

Download a list of awards here.

<https://industrypartners.traveliowa.com/UserDocs/2023TourismGrantRecipients.pdf>

Contact: Kristi Kiouss, 2-5290)

Education

Governor Reynolds Outlines Education Savings Accounts

On Tuesday Governor Reynolds gave her Condition of the State speech. Within her speech she discussed her education plans. The number one issue is school choice. Governor Reynolds Student First Act will set up an Education Savings Account (ESA) Program. For parents who choose to enroll their children in an accredited private school, they will receive \$7,598, which is the amount of per pupil funds allocated annually by the state, to use for tuition, fees, textbooks, tutoring, curriculum or material costs, online education programs, vocational or life skills training, standardized test fees, and educational services for students with disabilities.

Funds will be deposited into an ESA each year until students graduate or turn 20 years of age, whichever is sooner. At that time, all remaining balances are returned to the state general fund.

Here is the eligibility breakdown:

Year 1 (2023-2024):

- All kindergarten students
- All current public school students
- Current private school students who are at or below 300% FPL.

Year 2 (2024-2025):

- All kindergarten students
- All current public school students
- Current private school students who are at or below 400% FPL.

Year 3 and beyond (2025-)

- All K-12 students in Iowa regardless of income.

Other student funding generated by the per pupil categorical funding formulas will remain with the respective public school district, even though a student has moved to a nonpublic school. This will be new funding that they have never been able to receive before. It is estimated that a public school district will retain about \$1,205 per pupil in categorical funding for each student who attends a private school from their district.

(Info from the office of Governor Reynolds)

(Contact: Kristin Rozeboom 1-3015)

Environmental Protection

Rules Establishing Definition of WOTUS Finalized

On Thursday, December 30, 2022, the United States Environmental Protection Agency (EPA) and the U.S. Department of the Army (the agencies) announced a final rule establishing a what they hope is a durable definition of “waters of the United States” (WOTUS) to reduce uncertainty from changing regulatory definitions, protect people’s health, and support economic opportunity. The final rule restores essential water protections that were in place prior to 2015 under the Clean Water Act for traditional navigable waters, the territorial seas, interstate waters, as well as upstream water resources that significantly affect those waters. As a result, this action will strengthen fundamental protections for waters that are sources of drinking water while supporting agriculture, local economies, and downstream communities.

This rule establishes a durable definition of “waters of the United States” that is grounded in the authority provided by Congress in the Clean Water Act, the best available science, and extensive implementation experience stewarding the nation’s waters. The rule returns to a reasonable and familiar framework founded on the pre-2015 definition with updates to reflect existing Supreme Court decisions, the latest science, and the agencies’ technical expertise. It establishes limits that appropriately draw the boundary of waters subject to federal protection. The final rule will cover those waters that Congress fundamentally sought to protect in the Clean Water Act—traditional navigable waters, the territorial seas, interstate waters, as well as upstream water resources that significantly affect those waters. More information, including a pre-publication version of the *Federal Register* notice and fact sheets, is available at [EPA’s “Waters of the United States” website](#).

(Contact: Lew Olson 1-3096)

Human Resources

Congress Finally Ends Medicaid Public Health Emergency, Welfare Reform Introduced

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.

Finally, this December, Congress has set the end date of April 1, 2023, and allowing ineligible members to be disenrolled from Medicaid. The law requires states to publish monthly reports on those individuals disenrolled and if they were connected with alternative health insurance. Now, till the end of the year, Iowa will continue to receive some enhanced federal funding as those ineligible members are gradually taken off the program.

House Republicans want to ensure that welfare programs, like Medicaid, are available for only eligible individuals. These programs provide a necessary safety net for low-income Iowans and the legislature wants to make sure these programs are sustainable for the future.

This week, House Republicans introduced [House File 3](#). This bill protects the taxpayer by codifying practices to authenticate identity of applicants and requires verification of information prior to enrollment. This bill also requires individuals to cooperate with child support enforcement prior to receiving food assistance funds. This bill importantly requires Iowa's welfare program eligibility processes to be merged into one single system that will verify all income and asset information of applicants and make sure there is no fraud in the program.

This bill will go through the legislative process and will likely have changes as stakeholder input is taken into consideration. House Republicans are dedicated to protecting Iowa's safety net for Iowans while at the same time protecting the Iowa taxpayer from paying for services for a noneligible individual.

(Contact: Natalie Ginty 5-2063)

Judiciary

State of the Judiciary Address

Chief Justice Suzy Christensen gave her State of the Judiciary address to the Iowa Legislature on Wednesday. The theme of her speech was "Listening" and she highlighted how she has worked hard to listen to Iowans across the state, both those in the legal field and those impacted by the judiciary. The Chief Justice pointed out two major concerns she heard no matter where she traveled. One, the lack of court reporters, and two, the shortage of contract attorneys. These two issues are continuing to slow the court system and limit Iowans access to justice.

Court reporters are essential to the functioning of the court. They accurately record every word said in a trial and this record is used in case of appeals. A shortage of court reporters delays cases across the state. In order to find a solution to the shortage, the Chief Justice is bringing judges, court reporters, and judicial staff together on the Court Reporter Utilization Committee. She plans for the committee to have proposed recommendations in 2024.

Contract Attorneys are key in criminal trials. Both the state and federal constitution guarantee the right to representation if you are charged with a crime. Defense attorneys can be hired by the defendant, if they can afford to pay, otherwise the court appoints an attorney. These appointed attorneys are either employees of the State Public Defender's Office, or are private sector attorneys who work on contract with the Public Defender's office, referred to as contract attorneys. According to the Chief Justice, only around 600 lawyers across the state represent indigent criminal defendants. The Courts are asking the legislature to increase pay to the contract attorneys and to pay for travel to encourage more lawyers to take cases and help indigent defendants in our state.

The Chief Justice also highlighted the Juvenile Justice Task Force. The task force was established last year to review how juveniles are treated and cared for in the court system. Throughout 2022, lawyers, advocates, elected officials, services providers, and others met to put together recommendations for the courts. Those recommendations will be coming at the end of the month.

(Contact: Amanda Wille, 1-5230)

Job Growth Continues Even as Unemployment Rate Increases to 3.1 Percent

Iowa's seasonally adjusted unemployment rate increased to 3.1 percent in November, while the labor force participation rate held steady at 67.7 percent and more than 500 jobs were added. The U.S. labor force participation rate fell to 62.1 percent in November and the national unemployment rate remained unchanged at 3.7 percent. Despite surveyed employers reporting that they added jobs, the number of unemployed Iowans rose to 52,400 in November from 49,700 in October, but 12,700 lower than one year ago.

The total number of working Iowans decreased by 3,400 in November to 1,659,000 but remains 48,300 higher than one year ago.

"Historical trends during the holiday season and throughout the winter months tend to show a rise in unemployment. On balance, Iowa employers kept hiring in November despite indications about the potential for future downturns," said Beth Townsend, Director of Iowa Workforce Development. "As companies continue to navigate the ripples from record inflation and supply chain issues, Iowa still has almost 79,000 open jobs. That far exceeds the number of unemployed in Iowa, and IWD will remain laser-focused on helping make connections between the unemployed and employers."

Seasonally Adjusted Nonfarm Employment

Surveyed businesses in Iowa added a net 500 jobs in November, raising total nonfarm employment to 1,586,100 jobs. November marks the eighth consecutive increase in jobs added within our state. Iowa now has added 23,700 jobs since the last loss in March. Private sectors combined to shed 200 jobs in November, with hiring in leisure and hospitality and construction being offset by job losses in trade and professional services. Government saw some hiring at the state and local levels, adding 700 jobs in November. Government now is up 4,300 jobs versus last year, while total nonfarm employment combined has added 42,800 jobs annually.

Leisure and hospitality gained 2,000 jobs in November to lead all sectors. Gains were evenly split between arts, entertainment, and recreation along with accommodations and food services. This sector also has added jobs in every month since March, with 12,200 positions gained during that span. Construction added 1,000 jobs in November as firms worked later into the fall to wrap up projects this year. Despite the hiring this month, this sector has shown little trend over the past 12 months. Other gains were minor and included other services (+400) and information (+200). Job losses in November were visible across many sectors -- led by trade, transportation, and utilities, which experienced layoffs in retail trade (-1,100). Part of this loss can be attributed to gas stations and convenience stores lowering staffing levels in November. Professional and business services also trended down this month (-1,000), with administrative support and waste management fueling much of the drop. Smaller November losses included finance and insurance (-800) and education, health care and social assistance (-700).

Compared to last November, leisure and hospitality and manufacturing are tied for the most jobs gained (+13,700). Accommodations and food services has added much of the employment for leisure and hospitality industries, although arts, entertainment, and recreation has advanced by 20.8 percent during the last 12 months. Manufacturing has been resilient and steadily advanced over the year with hiring in durable goods shops alone gaining 9,000 jobs. However, November's slight decline of 300 jobs halts 11 consecutive months of job gains stretching back to the labor dispute in 2021.

(Info from Iowa Workforce Development)

(Contact: Kristin Rozeboom 1-3015)

DNR Announces that Licenses for Excess Tag January Antlerless Season Go on Sale January 11th

On Tuesday, January 10, 2023, the Iowa Department of Natural Resources issued a press release announcing that deer licenses for the excess tag January antlerless season will go on sale beginning at midnight on January 11, 2023, for counties with unsold county antlerless licenses. County specific antlerless licenses quota information is available in real time at <https://gooutdoorsiowa.com/RealTimeQuotas.aspx> then select Antlerless Deer by County from the drop-down menu. Licenses will be available beginning January 11th, until the quotas are filled. Due to the compressed timeline, these licenses will not be available online. Only antlerless deer may be taken during this season. Only centerfire rifles .223 caliber to .500 caliber with a published or calculated muzzle energy of 500-foot pounds or higher are allowed in the excess tag January antlerless season.

In a somewhat related matter, just minutes earlier, DNR posted a press release observing that elk seem to be visiting Iowa more frequently each fall, and thanks to social media, their visits are now shared at the speed of downloads among tens of thousands of people among the various social networks. Most of these sightings are in western Iowa due to the proximity of the larger wild elk herd found in the Black Hills of South Dakota and in central and western Nebraska. These visitors tend to be young males conceivably searching for new territory. And this fall was no different. "I had reports coming in weekly to my office all fall," said Josh Gansen, wildlife biologist with the Iowa Department of Natural Resources Saylorville Wildlife Unit covering nine counties in central and west central Iowa.

The number of individual elk visiting the state is likely very low, state experts say, and the frequency of reports in the fall are based on these elk covering a lot of distance and appearing on different trail cameras. "It's to the point that it's no longer uncommon," Gansen said. The elk rut (breeding season) out west is in September and October, which is around the same time as the juvenile elk have been showing up in Iowa. The Iowa DNR is collecting scat and muscle tissue for DNA analysis to learn more about these animals, including where they are coming from, said Doug Chafa, wildlife biologist with the Iowa DNR's Missouri River Wildlife Unit in western Iowa. Elk were native to Iowa, but left as the state was settled. While there isn't a population in Iowa, they, along with moose, are protected in Iowa Code, which includes a \$1,000 fine if illegally killed. That does not exclude the right of a person from dispatching an elk that is causing property damage or from causing physical harm. "Three or four years ago, we had an elk that was trying to get into a penned livestock area damaging the fence in northwest Iowa, and it had to be dispatched," Chafa said.

However, most elk wander in and out of Iowa with no issues. But not all. This fall, an elk was hit and killed on I-80 and another was found dead within sight of Hwy. 20, east of Sioux City. The Woodbury County elk was a 1 to 1-1/2-year-old adolescent animal weighing approximately 450-500 pounds which is significantly larger than a white-tailed deer. "An adult elk can weigh between 750-800 pounds with hooves as large as your hand," Chafa said. As a comparison, a five-year-old buck white tailed deer can weigh up to 250 pounds at its heaviest. Large wildlife always catches peoples' attention and Chafa said if you encounter an elk, give them plenty of room and don't approach it. "Take a moment to enjoy seeing a wild elk in Iowa," he said. "As long as these animals are not causing any problems, our position is we are going to leave them be."

DNR Touts: Summer Seasonal Positions Open in State Parks, Forests and Preserves

On Tuesday, December 27, 2022, the Iowa Department of Natural Resources (DNR) issued a press release announcing that the DNR Parks, Forests and Preserves Bureau has openings for recreational aides and seasonal patrol officers for the summer 2023 season across the state park system. Jobs duties will include assisting park staff in patrolling the park, helping visitors, registering campers, and maintaining the park through duties such as mowing, trimming,

cleaning, trail work and facility repairs. Interested applicants should have skills in general maintenance, ability to work on a team or with minimal supervision, and have strong customer relations skills. For more details and how to apply, visit www.iowadnr.gov/Employment.

(Contact: Lew Olson 1-3096)

Public Safety

Public Safety Committee Prepares for a Great 2023

The House Public Safety Committee held their first meeting this week. Rep. Phil Thompson has been appointed the new committee chair and took the opportunity to introduce himself to the committee and hear from other members. Full committee meetings will begin next week and Iowans can expect strong legislation to be run out of the committee very soon.

In the House, the Speaker assigns bills to committees. Representatives on the Public Safety Committee can expect to deal with issues regarding law enforcement, prisons, illegal drugs, and other issues that impact public safety. In years past, the committee has been responsible for protecting Iowans second amendment freedoms, ensuring law enforcement has appropriate legal protections, and increasing penalties on illegal substances.

Each bill in the Public Safety Committee follows a process. The bill is assigned to a subcommittee consisting of three Public Safety members (two Republicans and one Democrat.) If a majority of the members agree, the bill will advance to the full committee. During full committee the members discuss the bill and eventually vote. This year the committee has 21 members, (13 Republicans and 8 Democrats). A bill can only advance to the floor if 11 members from the committee vote in favor of it. If a bill advances from the committee it is added to the House Calendar and is then eligible for floor debate. It is the responsibility of the Majority Leader to call bills to the floor for debate.

This session promises to be a productive one. Republicans control a large majority of the House, and Senate as well as the Governor's office. Without partisan politics delaying bills, House Republicans expect to move quickly to reduce illegal drugs in Iowa, support law enforcement, and protect Iowans.

(Contact: Amanda Wille, 1-5230)

State Government

What are ESG Policies?

You may have noticed an increased amount of coverage in the news and headlines for something called ESG investing. What exactly is ESG and what does it mean for the state of Iowa?

ESG is a set of criteria for evaluation and scoring a company based on metrics beyond the traditional financial performance metrics. Each letter stands for a set of factors; **environmental**, **social**, and **governance**. Under the Biden administration, the prevalence of such scores and policies in the private sector have risen giving larger influence to companies based on how "green" the company wants to be or how committed to "Diversity, Equity and Inclusion" the company is and not solely their financial performance.

When the environmental aspect of these scores are being compiled, they consider a company's environmental impact. Things such as carbon emissions, carbon offset policies, and *pledges* to climate action agendas such as reaching net zero emissions. Several high-profile asset management firms are divesting from fossil fuels in a form of economic

boycotts to push green policies that couldn't pass through legislative measures in Congress. Companies who are not committing to decarbonization policies are having a harder time getting investments.

When considering social scores of a company these ESG ratings demand more adherence to diversity quotas, social justice messaging, and critical race training for employees.

Governance is the last aspect of the ESG score and sounds the most reasonable when a financial firm looks at investing in a company. However, governance has blended more with social issues than purely whether a company has sound governance principles that ensure a company's success. The compilation of a company's board of directors is scored based on its' *diversity* of its members and not the *qualification* of its members. One of the more egregious examples, ESG rating company Truvalue Labs gave recently collapsed cryptocurrency company FTX a higher governance rating than Exxon/Mobil. If you aren't familiar with FTX, they are the crypto-currency platform charged by the Securities and Exchange Commission of defrauding its investors of \$1.8 billion dollars and its collapse has been described as worse than the Enron collapse.

The prevalence of these ESG scores and policies could pose a potential negative effect to the bottom line of Iowa's public funds. The public employee pension systems are the largest collection of public funds. **IPERS** (\$40.13 billion), **Municipal Fire and Police Retirement System** (\$2.59 billion), **Iowa Peace Officers Retirement System** (\$700 million), **Judicial Retirement System** (\$254.2 million). These pension systems are allowed to hire external investment managers to act on behalf of the pension funds. Each system has set investment policies for the fund, required evaluations of the performance of the investment managers, and if necessary to perform corrective measures. Iowa Code could be amended to set strict guidelines for public funds that only financially material concerns are factored into decision making for public fund action. Additional annual reports requiring explanation of proxy votes could increase transparency.

(Contact: Jason Covey 1-3626)

Transportation

Governor Releases Transportation Budget Proposal

As part of her Fiscal Year 2024 budget presentation last night, Governor Kim Reynolds unveiled her proposal for funding the Department of Transportation in the next budget year. The Governor's budget calls for \$3.8 million increase in spending for FY 2024, putting the DOT budget at \$418.1 million for the year.

Most line items within the Department's budget will stay the same in the next year. Funding for the Highway Division is reduced slightly, as spending on maintaining and replacing DOT vehicles and equipment increased by \$11 million. The increase is being driven by rising costs for replacement vehicles and parts.

The Department continues with its plan to renovate or replace at least one garage annually. This year, the project to be addressed will be the Davenport facility. This is a multi-structure facility currently, with a maintenance garage and regional offices for the Department. The new facility will bring all these into one structure, with garage space capable of fitting today's larger vehicles.

The budget proposal will now move on the Transportation, Infrastructure, and Capitals budget subcommittee which will be scheduling a presentation from the DOT on the proposed Fiscal Year 2024 budget in future weeks.

(Contact: Brad Trow 1-3471)

Veterans Affairs

Iowa Veterans Trust Fund Annual Report Released

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 \$38.5 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.

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>.

Last session, the Iowa House unanimously passed legislation to increase the allotment the Iowa Veterans Commission can provide to veterans. The bill did not proceed in the Senate. The House will again pursue this bill this session.

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

House File 1—Property Tax Reform

This week House Republicans introduced House File 1 shifting the narrative on property tax reform from providing certainty to government budgets to providing certainty to the taxpayer's budget. The bill focuses on lowering a levy, increasing property owner notification, requiring locals to have skin in the game, and creating predictability by capping assessment increases.

Iowa Code section 257.3 requires each school district to levy (each year) a foundation property tax equal to \$5.40 per \$1,000 of assessed valuation on all taxable property in the school district. Division I of the bill starts off by reducing that levy from \$5.40 per \$1,000 of value by 50 cents to \$4.90. The state will take over that amount via state aid, so the schools will not see a reduction—just the property tax payer.

Under Iowa Code section 441.21 all property subject to taxation is to be valued at its actual value and (with some exceptions) is to be assessed at 100 percent of that actual value. Actual value is defined as market value. Basically, the assessed value of a property is the market value of that property. Division II of House File 1 provides that for assessment years beginning on or after January 1, 2024, the actual value of a property (including equalization) cannot exceed 103 percent of the actual value of the property for the immediately preceding assessment year unless: the property was not assessed that year (new), boundaries change, classification change, new construction, or new additions or improvements outside of normal maintenance. This basically means that a property's assessment cannot increase by more than 3 percent year over year unless the property changes significantly. This will provide property owners with predictability in their year over year property tax increases. They will no longer have huge swings in assessments that make planning and budgeting so difficult.

Finally, Division III requires a school district, city, or county seeking voter approval for bonding (as a condition of and prior to) to designate and deposit in one or more funds at least 10 percent of the project cost. This money must be used for the project unless the bond vote fails.

This division also requires the local governments to publish a notice of the proposal to issue bonds that includes: a statement of the amount and purpose of the bonds, estimated cost of the project, and amount of and repository for the funds designated for the project. Local governments are also required to send an individual notice to each property owner in the affected area that includes examples of the estimated property tax amount that would be due annually on a property in each property classification with an assessed value of \$100,000 or one hundred acres of average agricultural property.

(Contact: Kristi Kiouss, 2-5290)