

<i>Inside This Issue:</i>	
Appropriations	1
Agriculture	2
Commerce	3
Economic Growth	4
Education	4
Health & Human Services	4
Judiciary	6
Labor	7
Local Government	7
Natural Resources	8
Public Safety	8
State Government	9
Transportation	9
Veterans Affairs	10
Ways & Means	11

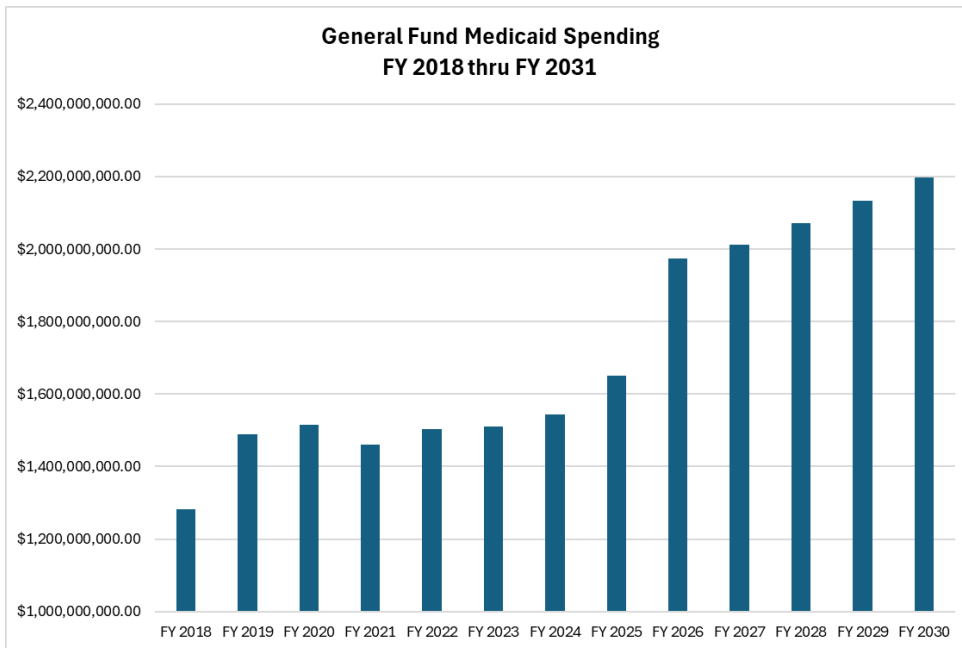
Appropriations

Medicaid Costs Impact Other Areas of State Budget

Iowa’s Medicaid program consumes an ever-growing amount of the state’s budget. In the 1990’s, Medicaid generally took about 7 percent of the budget. Since the turn of the century, Medicaid spending has grown significantly. Last year, Medicaid accounted for 22 percent of the state’s budget.

This year, the state is also absorbing the end of extra federal Medicaid funding that was given to states due to Covid. That enhanced match ceased at the end of 2023, and the state has now exhausted those funds. So, the state budget must pick up the ongoing costs that the extra Federal funding had been covering.

Below is a chart showing Medicaid funding that comes from the state’s General Fund since 2018 and projected through 2031. This projects the cost of the program to grow by over \$1 billion by the end of 2031.



Why is Medicaid spending going up? There has been significant growth in the number of people on Medicaid. In 1998, just over two hundred thousand Iowans were on Medicaid – one out of every 15 Iowans. Today, there are six hundred thousand Iowans covered by Medicaid and the Iowa Health and Wellness Plan. That means one out of every five Iowans is getting their health care coverage through Medicaid. The health care needs of many of these Iowans are significant.

Why are so many Iowans covered by Medicaid? The price of health insurance is a major driving factor in this. Many Iowans either cannot afford to purchase health care on their own or their employer can't afford the rates insurance companies charge them. Another reason for the growth in enrollment is that many Iowans find the health insurance plans offered do not cover their health care needs.

If rates are that high, does that mean the insurance companies aren't making money? That certainly is not the case. Just looking at Wellmark, Iowa's largest insurance company, one can see how much money that one company is making. Over the last five years, these are the net income figures Wellmark has reported to the Iowa Insurance Commissioner:

2021- \$143,344,614
2022 - \$82,368,021
2023 – \$216,533,140
2024 - \$181,019,246
2025 – \$176,229,257

Over the last five years, Wellmark has had profits totaling \$799.5 million. And in 2023, the state passed a bill lowering the tax insurance companies pay. Right now, they pay a tax that equals 0.95% of the insurance premiums they collect. Needless to say, insurance companies are doing very well in Iowa.

Have the taxes on insurance companies gone up in recent years? Actually, they have gone down. In 2023, the state legislature passed a bill lowering the tax insurance companies pay to just 0.95% of the insurance premiums they collect. Even with their tax bill going down, Wellmark still raised premiums for those on the company's HMO plans by 14.73%.

Do health insurers pay any of their tax money to fund Medicaid? Yes. The three managed care companies that administer Iowa's Medicaid program pay what is known as a provider tax. This is a tax that is then matched by the federal government to help states fund Medicaid. Some states have abused this, and Congress last summer lowered the amounts state could collect to a tax rate of 3.5 percent. For those states whose provider tax rates were below 3.5 percent, Congress froze them where they were. Iowa's tax rate on the managed care companies is 0.95 percent, the same as the health insurance premium tax.

So what is being proposed here? Since Iowa's tax rate is so low when compared to the other states charging the tax on managed care organizations, the federal government is allowing Iowa to raise the MCO tax until October. This allows the state to get an additional \$124.3 million from Washington for Iowa's Medicaid program.

Why are the other insurance companies opposed to this? Because the federal government said that Iowa has to tax all state-regulated health insurance companies, not just the three MCO's. A provider tax must apply to all in that field, not just those providing care under the Medicaid program.

How much would these insurance companies have to pay? The amount is expected to be \$27.7 million.

Would the insurance companies be able to raise my rates to pay for this? No. Insurance companies have already set their rates for this year and Iowa-regulated plans who would be assessed the tax are not allowed to raise your insurance in the future to collect the tax from you.

I work for a large employer. Will my insurance company have to pay a tax for my coverage? No. States are not allowed to tax these health plans, so their rates will not be affected by this proposal.

Does this affect those Iowans who are on Medicare? No, it does not. States are not allowed to tax federally-regulated health plans. This change will not impact Iowa seniors with Medicare plans.

What happens if this plan does not go into effect? The state will have to find other ways to provide additional funding to Medicaid or reduce the Medicaid program by lowering what it pays for services or reducing what services are covered.

(Contact: Brad Trow 1-3471)

Agriculture

Iowa House Passes Pro-Biofuels Bill

The Iowa House continues to support biofuels and agriculture. House File 2643 ensures better implementation of Iowa's pro-ethanol and pro-biodiesel tax credits. Farmers across Iowa and the nation have identified support for ethanol and biodiesel as a top priority this year. HF 2643 ensures full compliance with Iowa's biofuel tax credit program. For over a decade, sellers of biofuel have been required to file a report indicating the gallons sold at their establishment. This data is used to determine how the investment of tax dollars is being completed. Unfortunately, the reports have been ignored by some. This bill provides tax accountability because if documentation is not provided in the report, the taxpayer may not claim Iowa's biofuel tax credits.

(Contact: Mindy Larsen 1-3096)

Commerce

Commerce Funnel Survivors

This week marks the end of "second funnel" – a legislative deadline where bills need to be out of committee in the other chamber to move forward. This year the House Commerce Committee advanced 23 bills with every bill except one receiving bipartisan support. Below are some of the bills that advanced on energy, insurance, and health care.

HF 2227 – Transmission Line, Ag Restoration - This bill requires certain agricultural land restoration following the construction of a 200-kilovolt electric transmission line. This language originally came from the Governor's 2025 Energy Bill.

SF 2214 – Transmission Line Right of Way - This bill requires DOT to coordinate with utilities and transmission line developers regarding the use of highway/interstate right of way's for transmission line construction.

HF 2583 – Transmission Line Emergency Planning - This bill came from discussions with IUC regarding out-of-state transmission owners. The IUC recommended additional emergency planning and response requirements including filing a emergency response plan with the IUC, notifications to IUC and department of homeland security and emergency response, as well as civil penalties for violations of these requirements.

HF 2232 – Financial Exploitation - This bill comes from the Department of Insurance and Financial Services to allow for delaying disbursement of funds by insurers when financial exploitation is suspected. The bill includes notifications to permissible third parties and the insurance commissioner, timelines for delay, and requires insurers to train employees on financial exploitation.

HF 2580 – Energy Siting - This bill makes clear that eminent domain cannot be utilized for battery storage, solar, and wind. This bill establishes statewide siting standards for these same renewable energy facilities, but allows local authorities to maintain a moratorium or additional standards if they notify property taxpayers of lost revenue and hold a public hearing.

HF 2585 – Blind Prescriptions - This bill requires pharmacies to refer visually impaired individuals to pharmacies with accessible labels starting in January.

HF 2633 – Organ Donor, Life Insurance - This bill prohibits life, disability, and long-term care insurance from limiting coverage for living organ donors.

SF 572 – Health Facility Ownership - This bill prohibits Chinese, Russian, and North Korean ownership of hospitals and health care facilities.

HF 2185 – HSA HDHP - This bill comes from the Department of Insurance and Financial Services to clarify when cost-sharing applies to an individual's high deductible health plan health savings account.

(Contact: Natalie Ginty 5-2063)

Economic Growth

Iowa's Economic Competitiveness Improves

The Iowa Business Council recently released its 2026 Competitive Dashboard which reviewed Iowa's economic competitiveness. The report found that Iowa's gross state product increased to \$265.8 billion, up 4.65% from the previous year. Iowa's median household income grew to more than \$75,000 and the state continues to lead the rankings in manufacturing hubs.

Labor force participation also went up—coming in at 67.5 percent in November 2025. That puts Iowa at fifth nationally. Along those lines—during the 24-25 academic year, 36,075 Iowa high school students participated in work-based learning. This was an increase of more than 11,000 students compared with the previous year.

Finally, on taxes, Iowa improved its individual income tax competitiveness ranking, moving from 18th to 11th nationally following tax reforms enacted in 2022. House Republican fingerprints are all over these successes. With leadership on work-based learning programs and passing Iowa's largest tax cut in history—there are a lot of things to be proud.

(Contact: Kristi Kious 2-5290)

Education

House Passes Education/Immigration Bill

On Tuesday, the House passed a significantly expanded version of Senate File 2218. The original bill was an education reasonable stand-alone bill passed by the Senate that dealt with ensuring those who work with our K-12 students are authorized to work in the U.S.

Then, the House added House File 2611, which states that it's a fraudulent practice if a person falsely provides the employer or prospective employer with a social security number that doesn't belong to them while making it a fraudulent practice if an employer *knowingly* provided a potential employee with a fraudulent social security number. It also prohibits an employer from employing or continuing to employ an employee when the employer knows the social security number doesn't belong to them and outlines penalties.

Then, Republicans also added House File 2608, which requires E-verify for new state employees, including Regents employees. It states that professional licensure will go through Systematic Alien Verification for Entitlements (SAVE) to ensure the individual is authorized to work in the United States. It creates a rebuttable presumption that pretrial release should not happen for a person charged with a forcible felony or a person in the country illegally.

Why combine those three bills? House Democrats tried to play political games with two of the three bills. In order to cut through the gamesmanship, the House decided to combine the three related bills and make sure if people are working here, they should be authorized to work here. Taxpayer dollars should not be going towards someone who is unauthorized to work here.

Wisconsin Legislature Passes NIL Bill to Directly Aid Badger Athletics

In a late-session flurry on its final day, the Wisconsin Legislature sent a major college sports reform package to Democratic Gov. Tony Evers after the State Senate narrowly passed Assembly Bill 1034 (AB 1034) by a 17-16 vote

on March 17. The bill, which sailed through the Assembly 95-1 in February, formalizes name, image, and likeness (NIL) rules for University of Wisconsin System athletes while directing millions in state funding to athletic facilities — a direct response to the seismic shifts in college athletics triggered by the NCAA’s revenue-sharing settlement.

AB 1034 \$14.6 million annually for debt service and maintenance on UW–Madison’s athletic facilities, plus \$200,000 each for UW–Milwaukee’s Klotsche Center and UW–Green Bay’s soccer complex. This money frees up athletic department dollars so UW–Madison can meet its expected \$20.5+ million annual revenue-sharing obligation under the House v. NCAA settlement without slashing Olympic sports or non-revenue programs.

According to UW-Madison Athletic Director Chris McIntosh football generates about 80% of revenue but the new NIL era means \$20.5 million is obligated to direct athlete pay. Without the bill, he said cutting multiple sports was on the table.

The bill now sits on Gov. Tony Evers’ desk. If signed, Wisconsin joins several states (including Missouri, Colorado and Oklahoma) that have updated laws post-settlement giving the Badgers breathing room in the college athletics arms race.

(Contact: Kristin Rozeboom 1-3015)

Health and Human Services

House Advances Mental Health Legislation, Awaiting Senate Action

This general assembly the House has advanced several bills to expand access to mental health care in the state and to ensure proper treatment and supports are in place prior to discharge. Below is the list of bills and their status as of noon on March 18th.

HF 2256 – CINA Child Abuse - This bill broadens the ability for the court to determine a child to be a CINA if the parent is unable to secure treatment and their efforts have been exhausted and unsuccessful. This bill has passed Senate subcommittee and is eligible to be considered by the Senate HHS Committee.

HF 2292 – Mental Health Institutes - This bill requires the state to double the number of inpatient psychiatric beds at each state mental health institute and to apply for a waiver of the federal IMD exclusion. Institution for Mental Diseases (IMD) is a federal prohibition on Medicaid reimbursement for adults (age 21-64) stays in psychiatric facilities with more than 16 beds. 17 states have approved 1115 waivers with CMS to allow for Medicaid funding to be used at these facilities. 10 states have pending applications. The Senate has not held a subcommittee on this bill.

HF 2523 – Minor Commitments - This bill removes the ability for a minor to refuse mental health or substance abuse treatment if the parent is seeking voluntary treatment for their minor. This bill has passed Senate subcommittee and is eligible to be considered by the Senate HHS Committee.

HF 2543 – Subacute Mental Health - This bill makes the following changes based on the subacute mental health facility interim committee:

- Removes the 10 day limit
- Prohibits prior authorization for admission and the first 15 days of treatment. Allows MCOs to review for medical necessity after 45 days of treatment and once every 30 days following.
- Prohibits MCOs from discharging a patient without proper mental health supports in place
- Requires private health insurance coverage
- Establishes a PMIC bed tracking system
- Requires DHHS and DIAL to review rules to removes barriers to subacute care

This bill is now eligible to be considered on the Senate floor.

HF 2507 – AI Chatbot - This bill provides for disclaimers, prohibitions on certain communications with minors, and allows parental access to minor accounts with AI. This bill also prohibits AI from providing professional behavioral

health services and must have protocols in place when a user discusses self-harm. This bill includes enforcement mechanisms and penalties with the attorney general. This bill is eligible to be considered on the House floor.

HF 312 – Psychiatric Deterioration - This bill allows for individuals to be committed based on psychiatric deterioration (defined in Section 4 of the bill), in addition to current law which allows for commitment when they are a danger to themselves or others. According to the Treatment Advocacy Center, an organization with a mission to eliminate the barriers to timely and effective treatment of serve mental illness through advocacy, public education and support, there are over 30 states that allow for psychiatric deterioration for their commitment laws. The Senate has not assigned a sub in 2026.

HF 313 – Commitment Hearing Testimony - This bill allows for physician assistants and advanced registered nurse practitioners to testify at committal hearings if they witnessed the examination, reviewed the report, and the professional that examined the individual is unable to attend the hearing. The Senate has not assigned a sub in 2026.

HF 385 – Commitment Discharge - This bill requires facilities that are discharging individuals committed for substance abuse or mental health to provide the following at discharge:

- Refer the individual committed to the administrative services organization (ASO) for evaluation, case management, and post-discharge services
- Assess for suicide risk
- Provide a 30-day supply of medications prescribed
- A discharge report to the individual committee or their legal representative. The discharge report will have all their appointments and medications outlined, ASO contact information, an aftercare plan with crisis prevention, and education materials developed by DHHS
- Notify the ASO and legal guardians

This bill also requires the ASO to coordinate post-discharge care for individuals after commitment. This bill is eligible to be considered by the Senate floor.

(Contact: Natalie Ginty 5-2063)

Judiciary

Judiciary Bills Through the Second Funnel

Here are some of the House Judiciary Bills that passed second funnel:

HF 2720- Name Change in a Divorce Decree

In a divorce the court shall issue a name change order, if requested, that is separate from the divorce order.

STATUS- Passed Senate Judiciary Committee

HF 2515- No Deferred Sentence for Sexual Exploitation of a Minor

The bill prohibits courts from granting deferred or suspended sentences to individuals convicted of sexual exploitation of a minor if the victim was under twelve years of age or prepubescent at the time of the offense.

STATUS-Passed Senate Judiciary Committee

HF 2717- REINS Act

House File 2717 changes how Iowa approves major state agency rules. It requires that any major rule with significant public or economic impact must be approved by the legislature and governor before it takes effect, rather than just by the agency. The bill increases transparency by requiring detailed reports and independent analysis of these rules. It also shortens the term lengths for certain state board appointments from six to four years starting July 1, 2026. Most new rulemaking procedures would apply to actions begun on or after July 1, 2027.

STATUS- House Unfinished Business. Senate Companion SF 2395

HF 2697- Pecuniary Damages

House File 2697 is in response to an Iowa Supreme Court Ruling and proposes a change concerning the payment of pecuniary damages, restitution, and prosecution costs in criminal cases. It allows the court, with the agreement of both the defendant and the prosecuting attorney, to require that a defendant pay compensation to the victim, certain restitution costs, and prosecution costs as a condition for dismissing a charge.
STATUS- Passed Senate Judiciary Committee

HF 2678 - Secretary of State Business Protection

This bill modifies law governing a broad range of business entities, including partnerships, limited partnerships, limited liability companies (LLCs), corporations, cooperatives, and nonprofit corporations. The bill grants the Secretary of State two new powers: first, to remove certain personal or business information from state filings if the information was provided without proper authorization, and second, to initiate administrative dissolution proceedings against a business entity if there is credible information the entity is being used for fraudulent, criminal, or unlawful purposes. The Secretary of State may require entities to answer written interrogatories and can immediately dissolve entities that concede to violating the law or fail to respond.

STATUS- Unfinished Business- Senate Companion SF 2402

(Contact: Amanda Wille 1-5230)

Labor

House Labor Committee Passed Bill Allowing Students to Participate in a Junior Firefighter Program

On Wednesday, the House Labor and Workforce Committee passed a bill allowing juniors and seniors to participate in a Junior Fire Fighter program. School districts will work with their local fire department to set a curriculum, approved trainers will teach the students, and upon completion of the class, the students will be allowed to sit for the Firefighter I certification test.

This bill makes sure the students are safe, while being able to learn invaluable skills.

SF 2086 encourages students to try something new while also giving back to their community. This helps the communities by being able to get more fire fighters at their fire departments. There are workforce issues in many places around the state, but here is a way Iowans can help local fire departments.

If interested, you can read the bill here: <https://www.legis.iowa.gov/legislation/BillBook?ga=91&ba=SF2086>

(Contact: Kristin Rozeboom 1-3015)

Local Government

Expanding Access to Public Records

Last week the House advanced legislation to provide additional transparency to public officials who leave their positions. [House File 2638](#) focuses on Iowa's public records laws while increasing transparency around how and why government employees leave their positions. Currently, when someone separates from public employment, the details surrounding that departure are often kept confidential. This bill changes that by making more of that information available to the public.

Across Iowa there have been high profile cases of public employees receiving large settlements following their departures and very few details about the situation. Taxpayers have a right to access information about how those institutions are managed and how employees are held accountable. HF 2368 would expand the definition of public records to include specific details of a separated employee including their last date worked and any money or benefit paid to the individual as a result of the separation.

Trust in government depends on openness. When information is accessible, it reinforces confidence that decisions are being made fairly and responsibly.

(Contact: Jason Covey 1-3626)

Natural Resources

Water Quality Funding in Iowa Exceeds \$500 Million Per Year

Water quality remains a priority in the budgeting process for the legislature. The Iowa Nutrient Reduction Strategy (INRS) funding is received through many different line items. While the Agriculture and Natural Resources Appropriations bill has not even been introduced yet, it will include significant funding for water quality. Voluntary programming, and the cost-share that is needed, continue to be the cornerstone of Iowa's success. Iowa's water has benefited from over \$500 million annually from state or federal water quality programs.

Iowa's Nutrient Reduction Strategy is a long-term program with incremental and positive results. Last month, the House Natural Resources Committee hosted a speaker from the Iowa Department of Natural Resources (DNR) to update legislators on the state of water quality programming in Iowa. The INRS summary from DNR demonstrates farmer's adoption of practices, and the ever-increasing acres that are protected in Iowa. The DNR presentation also showed aerial lidar images of farms over time, showing startling detail of conservation practices. The watershed specific lidar images that monitor the adoption of practices over the past few decades show the huge increases in farmer's investments.

(Contact: Mindy Larsen 1-3096)

Public Safety

Protecting Iowa Families: House Votes to Classify Kratom as a Schedule I Substance

This week the House approved House File 2133, a bill that addresses the growing presence of kratom in Iowa. The legislation passed with bipartisan support, 69 to 26.

Kratom is a plant native to Southeast Asia that contains compounds with psychoactive effects. While it is often marketed as a "natural" supplement or energy booster, medical professionals and law enforcement have raised concerns about its safety and addictive potential.

House File 2133 classifies kratom as a Schedule I controlled substance under Iowa law. This is the most restrictive category and is reserved for substances that have a high potential for abuse, no accepted medical use in the United States, and no accepted safety use under medical supervision.

Kratom has been linked to addiction and withdrawal symptoms similar to opioids. It can also cause serious health complications including seizures, liver damage, and respiratory issues. Because kratom products are largely

unregulated, they are often sold in smoke shops, convenience stores, and online without oversight. Some products have also been found to contain heavy metals or harmful bacteria, like Salmonella.

By categorizing kratom as a schedule I controlled substance, law enforcement will have the tools they need to remove these products from store shelves and prevent the spread of kratom retail outlets in Iowa communities.

At the end of the day, this bill is about protecting Iowa families. Just because something is marketed as “natural” doesn’t mean it’s safe. House File 2133 takes a proactive step to address a growing and unregulated drug before it becomes a larger problem across the state.

(Contact: Amanda Wille 1-5230)

State Government

AI Statements for Campaign Material

Last week House Republicans advanced legislation to provide transparency and accountability for campaign material and advertisements that use artificial intelligence to create or manipulate media. [House File 2609](#), aims to address evolving use of AI and other technology in campaign material. With the proliferation of AI platforms and services more media is artificially created or manipulated. When it comes to Iowa’s elections and campaigns it is important that the material being used by campaigns is transparent and not fake.

HF 2609 requires that any campaign material that has been intentionally manipulated with the use of any digital technology to create realistic, but false images, audio, or video of an individual to have a prominent label that contains “THIS CONTENT GENERATED USING SYNTHETIC MEDIA”. These materials would include “deep-fake” videos or images of candidates, AI-generated images, or altered audio recordings.

If enacted this legislation will help provide clarity and context of the campaign images and videos to Iowans. As AI becomes more powerful, accessible, and cheaper, it’s increasingly difficult to identify what is real and what isn’t. HF 2609 helps preserve trust in the election process and provide consequences for those who try and manipulate their campaign media.

(Contact: Jason Covey 1-3626)

Transportation

House Transportation Committee Moves Senate Files

The House Transportation Committee moved a number of Senate Files during the second funnel period during their meeting on Wednesday.

The most prominent bill moving before the committee was Senate File 2187, which requires the DOT to verify citizenship or legal residency before issuing a driver’s license or state ID card. The bill requires the department to use the federal government’s SAVE program to check when a person does not provide evidence that they are a US citizen or legally in the country.

While House Democrats raised issues with the bill, it still passed the committee unanimously.

Another bill that will attract attention is Senate File 378. That bill raises the speed limit on state roads currently at 55 miles per hour to 60 miles per hour.

Another bill that will be popular with snowbirds is Senate File 2189. This allows those people who do not reside in Iowa long enough to be considered state residents to still get Iowa license plates for vehicles used in this state at the person's residence of business. Under these circumstances, a person who must provide evidence that they own a home or business in Iowa and that is where the vehicle will be used.

The Committee completed its work for the year with a return to subject it has spent significant time on this year and previous sessions – automated traffic enforcement systems. Senate File 2284 is the Senate's effort to regulate the use of license plate cameras. The bill also prohibits the use of "noise cameras", which identify vehicles making excessive sound. One community in the state has deployed these cameras. And the bill also changes language passed two years ago about speed cameras.

Veterans Affairs

House Veterans Affairs Second Funnel Bills

This week marks another legislative deadline to get bills out of a committee in the opposite chamber, with some exceptions. Below is a list of bills from the Veterans Affairs Committees that have advanced and continue to be discussed to support veterans in Iowa. The following seven bills are still alive:

- **Regent Tuition** – House File 2491 provides free tuition to the regent schools for veterans with a permanent service-connected disability rating of 100%. This bill is on the Senate Calendar.
- **Service Animal Training Grant** – House File 2467 establishes a \$5,000 grant program to fund service animal training for veterans. Provides a \$100,000 appropriation to establish the program. This bill is in House Appropriations Committee.
- **In-State Tuition** – House File 175 requires Iowa's community colleges and regent universities to provide in-state tuition for veterans, their spouse, their dependent children, and their survivors, no matter state of residence. This bill is on the Senate Calendar.
- **Veteran License Plate** – House File 779 allows reserve forces and Iowa national guard members to receive the United States veterans license plate. This bill is on the Senate Calendar with amendment.
- **Hyperbaric Oxygen Program and Fund** – House File 2481 establishes a veterans traumatic brain injury recovery program and fund to allow for the free treatment of veterans with PTSD or traumatic brain injury with hyperbaric oxygen treatment. This bill is in House Appropriations Committee.
- **County Commissions** – Senate File 93 allows national guard members and reservists to serve on the county commissions of veterans affairs.
- **Child Visitation for Short-Term Deployment** – Senate File 2186 allows deploying parents to make up their missed physical care or visitation 30 days before or after the short-term deployment.

(Contact: Natalie Ginty 5-2063)

House Committee Passes Historic Property Tax Reform

House Study Bill 596 passed out of the House Ways and Means committee this week. The historic property tax reform bill contains multiple divisions and covers a breadth of topics that holds the property taxpayer's interests at heart—not the government's.

First, the bill limits local government reserve accounts to 35 percent of current budget. This will keep local governments from hoarding taxpayer money and building up unnecessarily big reserve accounts when that money is better off in the pockets of its residents. Next, the bill caps local tax revenue at 102 percent year over year. No more hiding behind increased assessments while saying, “but we did not raise the levy!” While true, that statement was never the whole story. With assessments soaring, local governments never had to raise levies to collect more money. With this revenue cap in place—it will not matter what assessments do, local governments cannot collect more than 2 percent over last year. Everyone realizes that local government costs are going up—but so are the costs to everyday Iowans. This revenue limitation provides a reasonable amount of growth to the local government while keeping things stable and predictable for property taxpayers.

House Study Bill 596 also creates a new residential property tax for everyone. No more picking categories of people. The exemption is 10 percent of taxable value up to \$25,000. That is a big chunk of property that will not be taxed. The bill also revamps the outdated and confusing property tax statement everyone is mailed. The new statement will provide taxpayers with a better understanding of where their hard-earned money is going and what services they receive.

Additionally, the property tax reform bill creates a new FirstHome program modeled after Iowa's very successful 529 education savings accounts. This will be a new way for Iowans to start saving early for their first home. Finally, House Study bill 596 creates a \$10.0 million government efficiency grant program at Iowa State University. For long-lasting reform to happen, local governments need to do things differently and the goal of this program is to help them find efficiencies and savings.

House Study Bill 596 represents months of meetings and lots of listening to put together the best reform package possible for taxpayers not tax collectors. With this bill, property taxpayers will see more predictability and stability for generations.

(Contact: Kristi Kiou 2-5290)