

Iowa Legislative Agenda

2020 GOVERNING PRINCIPLES

- **Economic development** should be a top priority in the state and should include leveraging the benefits of private/public partnerships.
- Continued investment in **transportation infrastructure** is critical to Iowa's economic development success.
- We support a strong preschool through post-secondary **education** system to ensure that Iowa has a **globally-prepared workforce**.
- We support a transparent health care access, delivery and financing system for Iowa's **Medicaid** population with bipartisan oversight that balances the interests of consumers, providers and payers.
- We support a **simplified regulatory and tax climate** conducive to making Iowa a more competitive location for attracting business expansion opportunities and fostering business growth.
- We support **streamlined governments** at all levels that are efficient, cost effective and responsive to business needs.
- We support a **fiscally-disciplined approach to state spending**, including limiting the growth in state expenditures to a rate that does not exceed the rate of inflation.
- State **environmental policies** and regulations should be no more stringent than their federal counterparts.
- We support protection of Iowa's **Right to Work** law.

LEGISLATIVE PRIORITIES AT-A-GLANCE

ECONOMIC DEVELOPMENT

- Maintain Tax Increment Financing (TIF) as an economic development tool.
- Protect the responsible use of economic development tools, including the Redevelopment Tax Credit, the Targeted Jobs Withholding Tax Credit, the Historic Tax Credit, and the Research Activities Credit.
- Fully fund the Iowa Economic Development Authority and its programs.

WORKFORCE GROWTH

- Support full funding of the *Future Ready Iowa* initiative to “build Iowa’s talent pipeline.”
- Continue emphasis on STEM fields and Career and Technical Education.
- Support a public/private, comprehensive statewide study of Iowa workforce issues.
- Preserve existing workforce training funds.
- Support affordable workforce housing incentives and initiatives.

QUALITY OF LIFE

- Support funding for quality-of-life projects that directly correlate to business and employee recruitment and retention.
- Address a long-term, equitable solution to Iowa’s water quality challenge.

Pre-K-12 EDUCATION FUNDING

- Embrace a system to fund each student at a uniform district cost per pupil, while pursuing equalized property tax receipts per pupil statewide.
- Increase weighted preschool funding for children living below 200% of the Federal Poverty level and allow flexible spending of preschool dollars to meet student needs.
- Support English Language Learners (ELL) and greater flexibility in expending ELL funds.
- Expand support for addressing children’s mental health needs in schools.
- Encourage the Legislature to set Supplemental State Aid levels at least 14 months prior to the certification of the school’s district budgets per statute.

HIGHER EDUCATION FUNDING

- Support adequate funding for Iowa Community Colleges to keep tuition affordable.
- Support continued funding of the Iowa Tuition Grant.

BUDGET & TAXES

- Support simplification and lowering of business and personal income taxes.

HEALTHCARE

- Support employer-directed medical care in workers’ compensation cases.
- Support increased funding of the Iowa Poison Control Center.
- Support bipartisan oversight of Iowa’s privatized Medicaid system with transparent reporting.

LEGISLATIVE PRIORITIES

ECONOMIC DEVELOPMENT

Tax Increment Financing (TIF)

TIF is a proven, invaluable tool to attracting new jobs and capital investment, increasing competitiveness, and spurring development that must be retained and protected as an economic development tool.

Economic Development Competitiveness

Iowa should pursue policies and programs that enhance economic competitiveness relative to competing states and countries. We believe that a thoughtful, targeted approach to economic development incentives enhances Iowa's competitiveness and expands economic opportunities for our citizens and businesses. Therefore, we support the preservation of tax credit programs with a proven history of value to Siouxland, including:

Targeted Jobs Withholding Tax Credits

The Targeted Jobs Withholding Tax Credit program is a valuable economic development tool that must be preserved.

Brownfield Redevelopment

The Iowa Redevelopment Tax Credit Program is a proven economic development tool that has led to the renovation and redevelopment of brownfield and grayfield sites in Sioux City and across Iowa. Every dollar in the program has leveraged \$14 dollars in owner equity investment, making it one of the most effective tax incentive programs available in Iowa, but with only \$10 million in credits available annually, additional funding is needed to meet demand. We support an increase in the Redevelopment Tax Credit Program as state resources allow.

Historic Tax Credits

Historic tax credits should be maintained as they provide good "green" policy for the state and encourage the reuse of historic properties. Studies have shown that historic preservation provides a return on investment of 51% while positively impacting surrounding properties, businesses, and employment. While we applaud recent measures that raised the cap to \$50 million, we support increasing the cap, as state resources improve, to allow qualified projects to proceed. We also support making state tax credits compatible with Federal tax credits.

Research Activities Credit

The research activities credit has proven to be a very effective economic development tool in generating and retaining high-paying technical positions in innovative companies throughout the state. The state's investments have resulted in private sector investments totaling nearly \$1 billion. We support maintaining the research activities credit.

Renewables

We support the development and deployment of affordable, reliable, and renewable fuel and energy sources for which Iowa is ideally positioned. We support policies that promote the development of renewable energy, renewable chemicals, and biofuels in Iowa.

Economic Development Funding

We support full funding of the Iowa Economic Development Authority (IEDA), along with full funding for programs and incentives administered by the IEDA.

WORKFORCE

Workforce Development

Iowa's workforce must be adequately educated and prepared to compete globally in advanced manufacturing, life sciences, value-added agriculture, professional services, energy and other high-paying, quality job-creating sectors. The Chamber supports the *Future Ready Iowa* plan, the *Skilled Iowa Initiative*, and continued emphasis on the STEM (science, technology, engineering and mathematics) fields and Career and Technical Education (CTE). We also support programs and training opportunities such as the Iowa Industrial New Jobs Training Program (260E) and the Iowa Jobs Training Program (260F), and an expansion of Iowa's Registered Apprenticeship Programs as these programs offer direct access to skilled training for employers.

Workforce Growth

Since 1900, Iowa has grown less than 1% annually and current demographic trends put extreme pressure on our businesses. Workforce training programs are extremely important but should be coupled with a focus on attracting new residents and developing the next generation. The Chamber supports collaborative, creative solutions to help retain and attract young families and new employment prospects to the Siouxland area. Additionally, we support a public/private partnership to commission a comprehensive study of Iowa's workforce issues to help better understand the challenges and to develop a broader workforce recruitment strategy.

Workforce Support

Childcare

The availability and accessibility of affordable, quality child care in our community is essential to ensure employee recruitment and retention, and to prevent employee absenteeism and lost productivity. The Chamber supports policies that address the child care "cliff effect" to increase access to quality and affordable child care assistance and allow more employees to enter the workforce. Additionally, the Chamber supports policies and programs that incentivize businesses, communities and nonprofits to develop solutions that address child care shortage and increase affordability.

Housing

The Chamber recognizes that affordable housing is one of the most important components to attracting and retaining a diverse workforce. The availability of housing is foundational to the continued economic vitality and livability of the Siouxland area. We support strategies that leverage a variety of state and local resources to increase the number and variety of homes available in the region.

QUALITY OF LIFE

Workforce Amenities

The Chamber recognizes the importance placed on quality-of-life considerations for existing and potential workforce. Creating attractive places for people to live and work includes quality-of-life projects that leverage local communities' assets. These are vital components of Iowa's workforce attraction and retention strategy. We support initiatives that leverage state, local, federal, and private funding for projects that enhance the overall quality of life in the Siouxland region. We support continued funding for the Community Attraction and Tourism grant program and the Iowa Great Places program.

Water Quality

The quality of Iowa's water is an issue that affects all Iowans regardless of location. We believe that access to clean and abundant water is a fundamental requirement for our quality of life and economic competitiveness. As the Legislature debates measures to address this multi-billion-dollar problem, we support solutions that bring together rural and urban areas to implement the Iowa Nutrient Reduction Strategy and develop sustainable funding strategies that ensure clean water for Siouxland residents and businesses. The Chamber supports discussion in the Legislature for a potential sales tax increase that would trigger Iowa's Water and Land Legacy (IWILL) to include funding for regionally transformative quality-of-life projects and addresses tax disparities that impact our overall tax climate.

PRE-K-12 EDUCATION FUNDING

Education Funding Inequity and Inequality

Iowa's outdated funding formula for public Pre-K-12 education is unfair to taxpayers and students in "property poor" districts. Sioux City ranks near the bottom of Iowa's nearly 330 school districts in property value per student, and the existing model reinforces inequity and inequality by requiring taxation of local property owners at a higher levy while providing for students and a lower district cost per pupil (DCPP). Iowa should embrace a system to fund each student at a uniform DCPP, while pursuing equalized property tax receipts per pupil statewide. As an example, Sioux City's students are funded at \$175 per pupil less than students in hundreds of other Iowa districts.

Early Education Program Funding

The Sioux City Community School District manages various early education programs, funded by a variety of public and private sources, including Head Start and the Statewide Voluntary Preschool Program (SWVPP). The SWVPP was established in 2007 to provide 10 hours per week of early education to all four-year-old children in Iowa. While the cost of the SWVPP decreased from .6 to .5 of regular per pupil cost in 2011, the program costs continue to rise. Students who continue to fall short of proficiency standards are not prepared for success in school prior to first grade, and low-income children have even greater struggles. We request additional preschool funds and the flexibility to use fund to support the costs of high-quality preschool programs for students in poverty.

English Language Learner Funding

We recommend extension of weighted English Language Learner (ELL) funding from 5 years to 7 years per pupil, in accordance with evidence-based practice. Additional flexibility in funding and blending of funds should also be considered to meet the growing needs of ELL students and families, so they can become stronger members of our communities and better contribute to our workforce. Extending the length of eligible funding will increase the length of services provided to ELL students and help develop their proficiency in the English language so they can be successful in the educational setting. We continue to enroll students from around the world. The critical needs of these students, in addition to learning English, are multiple and resource intensive. Additional recourses are necessary to close any educational gaps that exist.

Education Funding Timing

The Iowa legislature is required by statute to set Supplemental State Aid (SSA) levels for FY 2021 and future budget years, at least 14 months prior to the certification of the school's district budgets. We call upon the Legislature to comply with this statute.

HIGHER EDUCATION FUNDING

Community Colleges

We support the critical role of Iowa's Community Colleges in affordably preparing Iowa workers for in-demand careers. We are concerned that increasing costs, paired with inadequate funding, will put a community college education out of reach for many Siouxlanders and we encourage the Legislature to provide adequate funding for our community colleges.

Air and Army National Guard

We support funding tuition assistance programs for the Air and Army National Guard.

Iowa Tuition Grant

We support funding of the Iowa Tuition Grant.

Western Iowa Regents Resource Center

We support continued funding of the Western Iowa Regents Resource Center.

BUDGET

State Finances

We oppose the use of one-time or limited-time revenue to fund ongoing general fund expenditures. We believe the state needs to judiciously scrutinize all expenditures and utilize Lean principles to ensure every expenditure is allocated in the most efficient and cost-effective manner. State expenditures must also be reviewed and strategically evaluated based on best practices, the impact, and return on investment. We encourage the use of various trust funds and rainy-day funds for their stated purposes only.

Pension Reform

We support needed systemic changes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI) and the Iowa Public Employees Retirement System (IPERS) with a 401(k)-style defined contribution plan aimed at creating a fair, balanced system and controlling costs to cities. The high projected actuarial rates for cities translate to tens of millions in additional city costs to fund existing benefits. These rates highlight built-in unsustainable inequities in the system's structure, which must be addressed.

TAX & BUSINESS CLIMATE

Corporate Income Tax

The changes to the tax code in 2018 were significant and when fully implemented in 2021 will decrease Iowa's top corporate tax rate from 12% to 9.8%. Even after the reduction, Iowa corporations will remain one of the highest taxed in the nation, with only Pennsylvania and New Jersey at higher rates. We support continued efforts to simplify and reduce corporate income taxes as a means to better market Iowa as a destination for job creating investment. We support maintaining the single-factor formula.

Personal Income Tax

Iowa's personal income tax code is overly complex. Simplicity should be pursued so that Iowa can better market itself for economic development. Flattening and streamlining the personal income tax will help demonstrate that Iowa is working to attract talented people, businesses and new jobs. Reform will keep more capital in the hands of closely-held and individually-owned businesses that pay through the individual income taxes of their owners.

Unemployment Insurance Tax

Iowa routinely ranks among the highest states in the nation, and nearly double that of neighboring states, for taxable base wages used in calculating unemployment insurance. Such a disparity puts Iowa business at a competitive disadvantage. The Iowa Legislature should look into lowering the taxable wage base, while maintaining the solvency of the unemployment insurance trust fund.

One-Week Waiting Period

Iowa does not require a one-week waiting period before unemployment benefits are paid out, one of only ten states without this provision. Requiring a one-week waiting period would put Iowa businesses on a more level playing field nationally and contribute to maintaining the solvency of the trust fund.

HEALTHCARE

Workers' Compensation

Under Iowa's workers' compensation system, the employer pays for all medical expenses of an injured employee. We support employer-directed medical care for work-related injuries.

Medicaid

Iowa's privatized Medicaid system should receive heightened bipartisan oversight with transparent public audit and reporting of key measures to assure:

- Access to services for Iowa's Medicaid population
- Timely and accurate payment rates to Iowa's providers of services to the Medicaid population
- Affordability of the system for Iowa's taxpayers
- Stability of Iowa's managed care system

Healthcare Initiatives

The rising costs of healthcare are negatively affecting business growth. We urge the Iowa Legislature to:

- Support the commitment to ensure equitable access to mental health care services to all Iowans. School districts are encountering more serious mental health issues at earlier ages than at any time in our history. Meanwhile, the State lacks a comprehensive strategy for providing funding and support for children's mental health services. Additional efforts are needed at the state level to establish and fund comprehensive community mental health systems to offer preventative and treatment services for school mental health programs. Funding for ongoing teacher, administrator, and support staff training to improve the awareness and understanding of child and emotional health needs is imperative.
- Increase funding for the Iowa Poison Control Center (IPCC), which has been cited as a model for cost effective healthcare delivery. We support a continued public-private funding strategy for the IPCC which includes an increase in appropriations by \$100,00 for a total of \$600,000 to provide state matching funds necessary to draw down federal funds.
- Continue to support Iowa Child Protection Centers.
- Assure rural health/telehealth services and parity.
- Support Iowa's Healthiest State Initiative. We support state incentives for businesses to implement wellness and prevention programs for their employees. The incentives should promote the adoption of preventative and maintenance healthcare and wellness services.

TRANSPORTATION

Northwest Iowa Highway Improvements

The Chamber supports increased funding for and prioritization of Access Iowa Highways.

Rail Infrastructure

We support increasing the investment in the Iowa Department of Transportation Rail Revolving Loan and Grant Fund to help develop rail infrastructure. The freight rail system provides critical infrastructure for transporting commodities and commercial goods.

Transportation Funding

Iowa has a great need to update and repair its transportation infrastructure. Quality roads are central to economic growth. We support new or alternative sources of surface transportation revenue provided the existing cap on the TIME-21 formula is removed so that any new revenues will be distributed under the TIME-21 formula.