



IOWA CITY AREA
**Business
Partnership**
the voice of business for johnson county

THE AMERICAN RESCUE ACT

On March 11th, President Biden signed the American Rescue Plan into law. This legislation will send another stimulus check to eligible Americans, ensure a portion of unemployment benefits will remain untaxed, and provide additional funding for vaccine distribution.

Airports

- \$14 billion to extend the Payroll Support Program
- \$8 billion for costs related to personnel and sanitation

Broadband

- \$7.2 billion to create an Emergency Connectivity Fund

Child Care

- \$40 billion in aid for providers

Education

- \$122 billion for the K-12 General Stabilization Fund

Small Businesses

- \$7.25 billion for the Paycheck Protection Program
- \$10 billion for the State Small Business Credit initiative
- \$15 billion for Economic Injury Disaster Loans
- \$350 billion for fiscal relief for state and local governments
- \$29 billion to create a restaurant relief grant program
- \$15 billion for the Shuttered Venue Grant Program

State and Local Aid

- \$350 billion for fiscal relief for state and local governments

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REVENUE ESTIMATING CONFERENCE PROJECTIONS

The Revenue Estimating Conference (REC) met on March 19th to establish

the Fiscal Year 2021 General Fund estimate. The REC must meet three times a year, once on or before December 15th and once during the legislative session. The REC is comprised of three members.

Due to Iowa's resilient economy and historically consistent revenue growth trends, Iowa is ranked the second-lowest impacted state due to COVID-19. Iowa's fiscal responsibility ensures the budget reserves have continued to remain full. During the December meeting, the REC predicted FY2021 to see revenue growth at 0.5% (\$7,969,300,000.00); last week, the REC approved an increased prediction of 1.9% growth (\$8,078,900,000.00). Despite the increased revenue predictions, the Governor and Legislature must set the FY2021 budget based on the lower December prediction.

In addition to setting the FY21 General Fund estimate, the committee also provided predictions for FY22 and FY23. Both upcoming fiscal years are anticipated to see continued growth at a rate of 3.9% for FY22 and 4.5% for FY23.

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BILLS WE ARE TRACKING

SF576 – Inheritance Tax and Tax Triggers

A significant bill that passed with surprising bipartisan support: Inheritance Tax/Tax Triggers (SF576). It removes the “tax triggers” that were put into place when the 2018 tax package was negotiated and signed into law. Those “tax triggers” were guardrails established to ensure that Iowa's revenues hit a certain number before tax cuts become effective in 2023. In addition to striking the triggers, the bill also phases out Iowa's Inheritance Tax over four years.

The bill passed unanimously (46-0) in the Senate on Wednesday afternoon. The Governor had previously proposed removing the tax triggers and making a number of other tax changes in HSB174 Income Tax Changes (the bill has not moved in the House, but is funnel-proof as it is a Ways and Means bill) calling the triggers unnecessary and stating that their removal will allow the state to be more economically competitive if the changes are made.

SSB 1198 & HSB 195 - Paycheck Protection Program

The House and Senate both have bills that would provide businesses with additional pandemic relief by excluding COVID-19 grants from individual and corporate income taxes. Any relief granted by the Iowa Economic Development Authority, Iowa Finance Authority, or Department of Agriculture issued to aid individuals or businesses economically impacted by the pandemic is included in the exemption.

The bill also conforms Iowa and federal law regarding the treatment of forgiven paycheck protection loans, excluding the amount received from net income and allowing for certain deductions for business expenses paid using the funds. SSB 1198 was assigned to a Ways and Means subcommittee. HSB 195 passed subcommittee and will need to pass out of the Ways and Means Committee before seeing a full floor vote.

SSB 1253 – Mental Health Funding Tied to Backfill

This bill phases out funding for mental health from property taxes and moves it towards full state funding, with an increase in funding and a mechanism to address the large county funding discrepancies as noted by rural counties. The bill also phases out the property tax backfill and holds off changes until future local government budget years and phases out over 6 years.

UPCOMING LEGISLATIVE FORUMS

Join us for our next Legislative Forum on TODAY, March 26th at 2:30 pm.

We will be joined by legislators from Johnson County to have a conversation about the Road to Recovery! This is a great time to ask questions, give feedback on bills that impact you and your business, and connect with your legislators. Register now!



**REGISTER
NOW**



Thank you to our sponsors: [IBEW Local 405](#), [GreenState Credit Union](#), and [South Slope](#).

The Business Partnership advocates for economic growth policies on the local, state and federal levels. We collaborate with the business community and other stakeholders and partners to develop our yearly policy agendas, to create a consistent voice for the region.

We are a non-partisan organization that does not endorse or donate to political candidates. We support First Amendment rights for all people and encourage elected officials, candidates and citizens to be civil in discussions and debates on policy issues and political opinions. We are committed to leading by example.

If you have particular projects or issues that you would like addressed, contact [Jennifer Banta](#), Vice President, Advocacy & Community Development.

