

# Iowa House of Representatives

State Representative

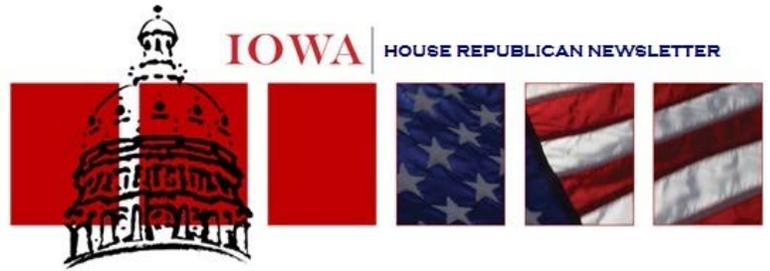
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## State Expected to Take in More Revenue, Thanks to Federal Tax Cut

Iowa taxpayers will see an even bigger reduction in federal tax liability thanks to President Trump's tax cut, according to the Iowa Department of Revenue. This reduction also means the state will take in even more tax revenue, due to the deductibility of federal taxes on Iowans' income tax forms.

Revenue updated their projections at an informational meeting of the Revenue Estimating Conference last Friday. At the meeting, Revenue stated that Iowans' federal tax liability will be reduced by \$1.775 billion under the new federal tax law. This is nearly \$300 million higher than what Revenue had projected in their initial analysis on January 5.

The change in federal tax liability will result in additional state tax revenue, according to the Department's analysis. Based on their new data, the General Fund is expected to take in an additional \$33 million in the current fiscal year. This is a significant increase over January's analysis, when the state was expected to have a net increase of \$11.2 million. State tax revenue is also expected to grow even more in FY 2019 (+\$148 million) and FY 2020 (+192 million).

Revenue's updated figures were based on actual tax returns received in January, their initial analysis of the federal law's impact on corporate taxes, and the updating of income tax withholding tables.

Iowans also were making tax payments to take advantage of the previous tax policy. In terms of estimate payments, the state took in an additional \$22.5 million in December and \$104.3 million in January. A number of Iowans took advantage of the existing law's allowance for deducting state and local taxes by paying their March property tax payment

early. Iowans ended up paying \$57.8 million of property taxes in December, which will lower their income tax liability by \$4 million.

The new figures are still estimates, which Revenue expects to update at the March meeting of the Revenue Estimating Conference.

## House Committee Approves Education Priorities

The House Republicans this week unveiled their legislative priorities this session for education. It included several measures meant to increase, extend, and provide for local decision making on funding for our education system. Here is the status of those priorities at this point:

### Increased School Funding

**House File 2230 – Fiscal Year 2019 Supplemental State Aid** – This bill established a 1% growth in the per student amount that our school funding formula is based on. This increased the state's per pupil amount from \$6664 to \$6731. This per pupil number is then used to calculate what the state spends for our K-12 education system. That equates to a \$32 million increase, taking total state funding from \$3.179 billion to \$3.211 billion. The bill passed the House February 7<sup>th</sup> and is currently in the Senate awaiting approval.

### Transportation Cost Relief and District Per Pupil Equity

**Senate File 455**, amended – The Appropriations committee passed out a proposal this week, amending a similar but more costly, long-term proposal from the Senate. The amendment passed by the house would

provide a slight bump in equity for districts with less authority to spend per student. The current gap between the highest and lowest districts is \$175 per pupil. The bill would decrease this gap to \$170, providing an additional estimated \$2.8 million to districts who don't currently have this authority.

The second piece of the bill of appropriates \$11.2 million to districts for FY19 to help provide relief to those districts with high transportation costs. Some districts have costs up to \$970 per student just to get them to the door of the school, leaving the district with fewer funds than other districts to educate that student. The bill "buys down" those at the top as far as the funding will take them, creating a new estimated ceiling of \$432 per student. This relief will help 140 districts next year which will in turn provide more dollars for the classroom.

### **Infrastructure Funding Extension, Accountability, and Property Tax Relief**

**House Study Bill 647** (will receive a new bill number before floor consideration) – The House Education committee considered and passed it this week. This bill extends the one-cent sales tax that goes into the SAVE (Secure an Advanced Vision for Education) fund that is used by districts primarily for infrastructure funding. The fund is set to expire in 2029 currently. The bill would extend that another 20 years, providing districts with surety that the funding will be available in future years for backing of infrastructure projects.

The bill also provides some accountability measures for the funding, ensuring that voters have options to see and block use of these funds on projects that the public may view as unnecessary, such as athletic facilities. It also provides a larger transfer to a fund (PTER – Property Tax Equity Relief) that helps districts with low property value and high property tax rates, providing relief for the property tax payers in those districts. And the bill places more emphasis on ensuring that SAVE dollars are used to pay down existing debt within the district.

### **Flexibility and More Local Decision Making**

**House Study Bill 650** (will receive a new bill number before floor consideration) – The House Education committee considered and passed the bill this week. This bill piggybacks on last year's efforts to return

more decision making on how to spend local funds to the local school board instead of the Department of Education. It makes some changes to a few more funds to continue this trend that local school boards should have more control over the funds they receive. These efforts would provide more control of at-risk and dropout prevention dollars, early intervention supplement dollars, student activity funds, and enterprise funds.

## **House Judiciary Committee Advances Firearms Constitutional Rights for Iowans**

On Tuesday, the House Judiciary Committee voted on party lines, 13-8, to advance a constitutional amendment that guarantee firearms rights for law abiding Iowans. HJR 13, as amended, reads; "The right of the people to keep and bear arms shall not be infringed. The sovereign state of Iowa affirms and recognizes this right to be a fundamental individual right. Any and all restrictions of this right shall be subject to strict scrutiny"

The Iowa Constitution is similar to the federal Constitution in many ways, but does not guarantee any firearms rights. Only six state constitutions do not protect the right to keep and bear arms. While the Second Amendment of the United States Constitution grants Americans this right, most states have added their own constitutional language to make it clear they support this right.

If this language is added to the constitution, Iowa will become one of four states that require the courts to use strict scrutiny when evaluating firearms laws. Alabama, Louisiana and Missouri have added a strict scrutiny standard in their Constitution to ensure when the Court reviews firearms rights that any restrictions placed on those rights meets a compelling government interest.

When a court reviews a Constitutional right there is three levels of judicial scrutiny that can apply. Rational basis is the lowest level of scrutiny and requires the person challenging the law to prove the government has no legitimate interest in the law or there is no reasonable rational link between the interest and a challenged law. Intermediate scrutiny requires the government show the law serves an important government objective and is substantially related to

achieving the objective. The highest level of scrutiny is strict scrutiny, and it requires the government to prove there is a compelling state interest behind the challenged law and the law is narrowly tailored to achieve its result.

Some have question if the strict scrutiny standard will make all gun laws invalid. Case law out of Louisiana and Missouri prove this fear is unfounded. Both state supreme courts have ruled that even using a strict scrutiny standard, there are reasonable gun laws that meet a compelling government interest. The rulings have made it clear that the state has a compelling interest in keeping firearms out of the hands of felons and those laws have been upheld.

HJR 13 is now available for debate on the House floor. If the amendment passes both the House and the Senate, it will be up for debate again in the next general assembly. If it passes without any changes the constitutional amendment could appear on the ballot for public approval by 2020.