

Iowa House of Representatives

State Representative

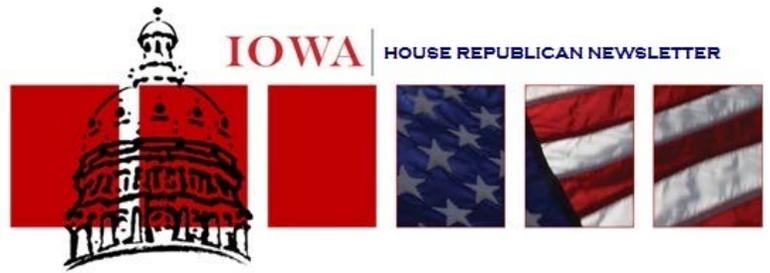
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House Republicans Advance Bipartisan Comprehensive Mental Health Bill

On Tuesday, led by Republicans, the Iowa House passed [House File 2456](#), a bill that addresses gaps in the mental health system in the state.

This is an issue that is personal to many Iowans. Few people are immune from the loss of a family member or friend who suffered from a lifelong battle with depression. Too often there is another tragic story in the news of a family feeling hopeless as they seek treatment far from home for their loved one's chronic mental illness; but sadly, even more frequently, the stigma associated with mental illness drives the family to silence.

Legislators are regularly contacted about the costs for law enforcement to drive across the state and find inpatient psychiatric beds; the costs to the hospitals that are not reimbursed for a patient no longer in need of acute level placement; and the costs to our jails and prisons for unintentionally becoming the default locations to treat individuals with mental illness.

House Republicans carefully modeled HF 2456 based on recommendations from mental health experts in the state. This bill takes a significant step forward to address these complex issues.

This bill increases access to mental health services and creates new services for urban and rural communities in Iowa. By removing the statewide sub-acute bed cap and adding new services to the core list required by Iowa's 14 Mental Health and Disability Service Regions, this bill will deescalate mental health patients before crisis and wrap services around them when they

are prepared to return home. The non-partisan Legislative Services Agencies estimates that Medicaid members will make up 80% of the clientele using these preventative services, and this bill ensures long-term sustainable funding for these mental health and substance abuse services as Medicaid covered services.

Importantly, this bill returns mental health care determinations to medical professionals, instead of judges and law enforcement officers. Mental illness is a health condition, and it should be treated as compassionately as any other illness.

House Republicans also passed [House File 2305](#) this week to expand telehealth services in Iowa. Many rural parts of the state have limited access to psychiatrists and other mental health professionals. This bill expands the options for a mental health provider to see a patient using modern technology.

Governor's Tax Reform – Tax Year 2019 Changes

This week's newsletter will continue the discussion of the Governor's tax reform bill (House Study Bill 671). The focus of this article will be changes that the bill makes to tax year 2019. That is the return that will be filed in April of 2020 and based on decisions and behaviors you make next year.

The bill makes several additional changes in tax year 2019 (as well as continues the 2018 provisions discussed last week). By way of reminder—those 2018 changes were mostly what people would think of as traditional coupling provisions (teacher education expenses, IRA distributions, etc) as well as provisions in response to federal tax reform. Probably the biggest coupling provision in tax year 2018 is the Section 179 coupling. The Governor's bill would raise the Section

179 limit to \$100,000/\$400,000, a number up from current law's \$25,000/\$200,000.

It is important to note at the outset that the changes for tax year 2019 are not tied to triggers of any kind. House Study Bill 671 does contain triggers—but not for tax year 2019. Absent subsequent legislation—these are the changes would happen under the bill for tax year 2019:

- Begin phase-out of individual federal deductibility—allowing only 25 percent of net federal payments to be deducted.
- Raise the standard deduction to \$4,000 single/\$8,000 married (indexed) up from \$2,070/\$5,090.
- Create an additional \$1,500 deduction for elderly/blind taxpayers (indexed).
- Eliminate the individual Iowa Alternative Minimum Tax (allow for a transition year and eliminate the corresponding tax credit later).
- Allow 25 percent of the federal qualified business income deduction from Iowa taxable income (an effective 5 percent deduction).
- **Reduce tax rates. Starting in tax year 2019—reduce all individual income tax rates 11 to 23 percent, reducing the top rate to 6.9 percent (down from 8.98 percent) and applies to income above \$150,000 (up from \$73,260)**

Individual Income Tax Rates Current Brackets v. Governor Reynolds' Tax Reform Plan

Iowa Current Law TY 2019			TY 2019			
Over	But Not Over	Tax Rates	Over	But Not Over	Tax	
[1]	\$0	\$1,628	0.36%	[1]	\$0	\$1,628
[2]	\$1,628	\$3,256	0.72%	[2]	\$1,628	\$3,256
[3]	\$3,256	\$6,512	2.43%	[3]	\$3,256	\$6,512
[4]	\$6,512	\$14,652	4.50%	[4]	\$6,512	\$14,652
[5]	\$14,652	\$24,420	6.12%	[5]	\$14,652	\$24,420
[6]	\$24,420	\$32,560	6.48%	[6]	\$24,420	\$48,840
[7]	\$32,560	\$48,840	6.80%	[7]	\$48,840	\$150,000
[8]	\$48,840	\$73,260	7.92%	[8]	\$150,000 or more	
[9]	\$73,260 or more		8.98%			

TY 2021			TY 2022		
Over	But Not Over	Tax Rates	Over	But Not Over	Tax
[1]	\$0	\$1,686	0.30%	\$0	\$1,716
[2]	\$1,686	\$3,372	0.60%	\$1,716	\$3,432
[3]	\$3,372	\$6,744	2.00%	\$3,432	\$6,864
[4]	\$6,744	\$15,174	4.00%	\$6,864	\$15,444
[5]	\$15,174	\$25,290	5.30%	\$15,444	\$25,740
[6]	\$25,290	\$50,580	5.60%	\$25,740	\$51,480
[7]	\$50,580	\$155,345	6.30%	\$51,480	\$158,110
[8]	\$155,345 or more		7.00%	\$158,110 or more	

Note: All rate changes after TY 2019 only occur if revenue targets are met (known in November before the tax year starts), triggering the following year's cut.

The cost of the tax year 2019 changes outlined above is estimated at \$88 million in fiscal year 2019. It is important to note that number takes into account some sales tax changes that will be discussed in a future article and that tax years and fiscal years do not line up so the fiscal impact is best understood by looking at the entire thing—not just one fiscal year. Next week, we will cover the provisions in the Governor's bill that relate to tax year 2020 and beyond as well as discuss how the triggers will work. Those changes include further rate reductions.