

March 3, 2023 – Funnel Week Edition

Today marks the first funnel deadline, which is the date by which policy bills must pass through their respective committee in the chamber of origin to remain viable. It's been a hectic week, with more than 100 bills considered by subcommittee just in the past few days. Committee meetings continued late into night Thursday as deliberation and discussions continued. Tax and appropriations bills (Ways and Means and Appropriations committees) are considered "funnel proof" and exempt from the funnel. Keep in mind, too, that measures that did not make it through now can be added as amendments to other legislation later in session.

A proposal to increase funding to the Workforce Housing Tax Credit program was introduced this week. Additional details can be found below.

Property tax remains a top legislative priority and an ongoing conversation at the capitol. There are several bills introduced and the Senate legislation, introduced by Senator Dawson, will be the likely vehicle going forward. With the first funnel out of the way, legislators will turn their attention to property tax and budgeting in the upcoming weeks.

Key Legislation:

HF506: Rep. Bossman introduced legislation this week to increase funding to the Workforce Housing Tax Credit program. The measure increases funding from \$35 to \$50 million with a set aside for small cities. The set aside currently reserves \$17 million; this bill would increase it to \$25 million. The bill is assigned to Ways and Means. **Support.**

HF141: The legislation increases the property tax exemption for veterans. It increases the exemption to the assessed property value from \$1,852 to \$4,000. The exemption has not been increased since 1974 and the Legislative Services Agency estimates that veterans will receive average relief of \$100-\$150 annually. The bill is now in Ways and Means and a [fiscal note](#) was published. **Support.**

SF174: The bill prohibits cities or counties from adopting rules, ordinances, code or other regulations that are more restrictive building standards than national code. The Senate Local Government committee passed the bill out of committee and is eligible for consideration by the Senate. The House companion, [HF490](#), was introduced this week and assigned to State Government. It did not clear the funnel. **Undecided.**

SF15: This legislation appropriates an additional \$500,000 to the military homeownership down payment assistance program. The Veterans Affairs committee passed it this week and it has been assigned to the Appropriations committee and a subcommittee has been assigned. Further action will be later in the session, as it is now funnel proof in the Appropriations committee. **Support.**

HF1: The House released its first draft of its property tax reform legislation. Division 1 impacts the school aid formula, shifting 50 cents of the \$5.40 school aid foundation levy to state aid. Division 2 limits future assessments of “actual value” on individual parcels to 103% of the previous assessment year (3% cap on increase). Division 3 relates to bonding requirements and public noticing. A Ways and Means subcommittee discussed the bill on February 6. **Undecided.**

HF111/SF150: This legislation exempts transfers to beneficiaries of a trust from paying the real estate transfer tax. The bill essentially codifies what is current practice and is not expected to impact funding to the housing trust funds. HF111 passed the House unanimously and the Senate Ways and Means subcommittee moved it forward to be considered by the Ways and Means committee. **Undecided.**

SF182: The bill is a “re-brand” of the land banks bill that has been introduced in recent years by Senator Mark Lofgren. While the new name, land redevelopment trusts bill, has caused some confusion among housing advocates, the legislation is the same as previous years and establishes a land bank, not a trust. There is more discussion and attention to this bill than in recent years and the team is encouraged. **Support.**

HSB124: This is the companion bill to SF182 (above). A subcommittee was held on February 8 and moved it forward to the full Ways and Means committee for consideration. **Support.**

HF 163: This bill expands the disabled veteran homestead tax credit. The Veterans Affairs committee passed it and the Ways & Means subcommittee discussed on Monday, February 27 and will move it forward. A fiscal note can be found [here](#). **Support.**

SF479 (formerly SF334): This legislation repeals the energy conservation requirements for new construction. The Senate State Government committee approved the bill this week and it is eligible for consideration by the Senate. There is not a House companion bill currently. **Undecided.**

SF356 (formerly SSB1124): Passed the Senate Ways and Means Committee this week. The bill makes several changes to Iowa's property tax system. It lowers the threshold to trigger voter approval requirements for lease-purchases to a level comparable to essential county purpose

advocacy updates



bonds. The bill modifies the city levy rate based on the growth of assessed value compared to previous years, and limits the use of emergency levies to natural disasters. **Monitoring.**

SSB1125: Increases the state retail sales and use tax rate from 6% to 7% and eliminates the local option sales and services tax. The bill then transfers a portion of retail sales tax revenues to cities. Creates a supplement fund for cities, to be funded by a portion of use tax receipts, to offset revenue reductions compared to a baseline year for affected jurisdictions. The supplement fund expires in 2043. Converts the Homestead Tax Credit and Veterans Property Tax Credit into exemptions. Increases eligibility for the Senior and Disabled Person Tax Credit. **Monitoring.**

SF76/HF436: Creates a neighborhood revitalization program. Both bills are individual sponsored by minority members, so highly unlikely to see action this session. **Monitoring.**

Key Dates:

March 31: Second Funnel Deadline

April 28: 110th Calendar Day of Session (*per diem* expenses end per Iowa Code)

For more information, please contact:

[Rachel Ong](#)

Government Relations & Advocacy Manager

515.829.2775