



MINUTES

Legislative Council

Thursday, December 3, 2020

MEMBERS PRESENT

Senator Jack Whitver, Vice Chairperson
Senator Jerry Behn
Senator Joe Bolkcom
Senator Jake Chapman
Senator Pam Jochum
Senator Jim Lykam
Senator Amanda Ragan
Senator Charles Schneider
Senator Amy Sinclair
Senator Zach Wahls
Senator Dan Zumbach

Representative Pat Grassley, Chair
Representative Dave Deyoe
Representative Chris Hall
Representative Lee Hein
Representative Gary M. Mohr
Representative Jo Oldson
Representative Todd Prichard
Representative Sharon S. Steckman
Representative John H. Wills
Representative Matt W. Windschitl

LSA CONTACTS: Organizational staffing provided by: Glen Dickinson, Secretary to the Legislative Council, 515.281.4616; and Timothy McDermott, Division Director, 515.281.3894; Minutes prepared by: Rachele Hjelmaas, Legal Editor, 515.281.8127

CONTENTS

- I. Procedural Business
- II. Consideration of the Report of the Fiscal Committee
- III. Consideration of the Report of the Legislative Tax Expenditure Committee
- IV. Consideration of the Report of the Service Committee
- V. Additional Business
- VI. Attachments



I. Procedural Business

Call to Order. The ninth meeting of the 2019-2020 Legislative Council was called to order by Chairperson Grassley at 3:02 p.m., Thursday, December 3, 2020. All members present were in attendance via a telecommunications connection. Copies of the membership of the Legislative Council and the Legislative Council committees are attached to these minutes as Attachment A.

Minutes of Prior Meeting. Vice Chairperson Whitver moved that the minutes of the meeting of September 25, 2020, be approved without additions or corrections. The motion was approved by a voice vote.

Consideration of Reports. Legislative Council actions are summarized in these minutes.

Adjournment. The meeting was adjourned at 3:15 p.m.

II. Consideration of the Report of the Fiscal Committee

Chairperson Grassley recognized Vice Chairperson Whitver for consideration of the Report of the Fiscal Committee. Vice Chairperson Whitver moved to receive the report, and the motion was approved by a voice vote. The report was received and filed by the Legislative Council. The report is attached to these minutes as Attachment B.

III. Consideration of the Report of the Legislative Tax Expenditure Committee

Chairperson Grassley recognized Vice Chairperson Whitver for consideration of the Report of the Legislative Tax Expenditure Committee. Vice Chairperson Whitver moved to receive the report, and the motion was approved by a voice vote. The report was received and filed by the Legislative Council. The report is attached to these minutes as Attachment C.

IV. Consideration of the Report of the Service Committee

Chairperson Grassley recognized Vice Chairperson Whitver for the Report of the Service Committee. The report contains annual personnel reports from the Legislative Services Agency and the Office of Ombudsman, including recommended promotions. The report recommends that the Legislative Council approve the proposed budgets for FY 2020-2021 for the Legislative Services Agency and the Office of Ombudsman. The report recommends that the Legislative Council approve a 1.5 percent increase in the legislative staff pay matrix, retroactively effective with the pay period beginning October 2, 2020. Vice Chairperson Whitver moved adoption of the report, and the motion was approved by a voice vote. The report is attached to these minutes as Attachment D.

V. Additional Business

Senator Wahls asked Chairperson Grassley about leadership plans for the upcoming session regarding COVID-19 precautions. Chairperson Grassley responded that, at this time, session will start on time on January 11, 2021, and leadership will take all necessary precautions to reduce exposure risks while assuring the legislative process is open and transparent to all. Both Chairperson Grassley and Vice Chairperson Whitver noted each chamber may do things a little differently and they are both planning for contingencies based on the most recent COVID-19 information available when session is scheduled to begin. Chairperson Grassley noted there have been discussions about reducing the number of people gathering in each chamber and in committee meeting rooms and this may involve relocating legislative clerks or allowing the clerks to work from home and limiting in-person legislative and nonlegislative



meetings and gatherings in the Capitol. Senator Wahls responded he appreciates the discussions his caucus has had and will continue to have with leadership to ensure the safety of legislators, staff, and the public. Representative Prichard commented he is receiving many questions from his members and interest groups and he is hopeful all planning information will continue to be shared.

Chairperson Whitver and Vice Chairperson Grassley recognized the upcoming retirement of Mr. Glen Dickinson, Director of the Legislative Services Agency, and thanked Glen for his 40 years of exceptional service to the Iowa Legislature. Chairperson Whitver noted they will be appointing an interim director in the near future.

VI. Attachments

- A. Legislative Council Membership and Legislative Council Committee Memberships.
- B. Report of the Fiscal Committee.
- C. Report of the Legislative Tax Expenditure Committee.
- D. Report of the Service Committee.

DRAFT

LEGISLATIVE COUNCIL COMMITTEES 2020

IOWA LEGISLATIVE COUNCIL

Senator Jack Whitver, Vice Chairperson
Senator Jerry Behn
Senator Joe Bolkcom
Senator Jake Chapman
Senator Randy Feenstra
Senator Pam Jochum
Senator Jim Lykam
Senator Amanda Ragan
Senator Charles Schneider
Senator Amy Sinclair
Senator Zach Wahls
Senator Dan Zumbach

ADMINISTRATION COMMITTEE

Representative John H. Wills, Chairperson
Senator Jack Whitver, Vice Chairperson
Senator Jerry Behn
Senator Janet Petersen
Representative Dave Deyoe
Representative Sharon S. Steckman

CAPITAL PROJECTS COMMITTEE

Representative Gary M. Mohr, Chairperson
Senator Michael Breitbach, Vice Chairperson
Senator Joe Bolkcom
Senator Randy Feenstra
Senator Craig Johnson
Senator Jim Lykam
Representative Lee Hein
Representative Charlie McConkey
Representative Brian Meyer
Representative Skyler Wheeler

FISCAL COMMITTEE

Senator Michael Breitbach, Co-chairperson
Representative Gary M. Mohr, Co-chairperson
Senator Joe Bolkcom
Senator Jake Chapman
Senator Pam Jochum
Senator Tim Kraayenbrink
Representative Dave Deyoe
Representative Chris Hall
Representative Lee Hein
Representative Kenan Judge

Speaker Pat Grassley, Chairperson
Representative Jane Bloomingdale
Representative Dave Deyoe
Representative Chris Hall
Representative Lee Hein
Representative Brian Meyer
Representative Gary M. Mohr
Representative Jo Oldson
Representative Todd Prichard
Representative Sharon S. Steckman
Representative John H. Wills
Representative Matt W. Windschitl

SERVICE COMMITTEE

Senator Jack Whitver, Chairperson
Speaker Pat Grassley, Vice Chairperson
Senator Charles Schneider
Senator Zach Wahls
Representative Todd Prichard
Representative Matt W. Windschitl

STUDIES COMMITTEE

Senator Jack Whitver, Chairperson
Speaker Pat Grassley, Vice Chairperson
Senator Waylon Brown
Senator Amanda Ragan
Senator Zach Wahls
Senator Charles Schneider
Representative Jennifer Konfrst
Representative Brian Meyer
Representative John H. Wills
Representative Matt W. Windschitl

INTERNATIONAL RELATIONS COMMITTEE

Senator Zach Nunn, Chairperson
Representative Terry C. Baxter, Vice Chairperson
Senator William A. Dotzler, Jr.
Senator Jeff Edler
Senator Tim L. Kapucian
Senator Kevin Kinney
Representative Ako Abdul-Samad
Representative Karin Derry
Representative Thomas D. Gerhold
Representative Brian K. Lohse
Representative Heather Matson

LEGISLATIVE COUNCIL COMMITTEES 2020

TAX EXPENDITURE COMMITTEE

Senator Jake Chapman, Co-chairperson
Representative Lee Hein, Co-chairperson
Senator Joe Bolkom
Senator Michael Breitbach
Senator Pam Jochum
Senator Roby Smith
Representative Jane Bloomingdale
Representative Dustin D. Hite
Representative Dave Jacoby
Representative Dave Williams

HEALTH POLICY OVERSIGHT COMMITTEE

Senator Mariannette Miller-Meeks, Co-chairperson
Representative Joel Fry, Co-chairperson
Senator Mark Costello
Senator Liz Mathis
Senator Amanda Ragan
Senator Mark Segebart
Representative Timi Brown-Powers
Representative John Forbes
Representative Shannon Lundgren
Representative Ann Meyer

DRAFT

Report of the Fiscal Committee to the Legislative Council December 3, 2020

The Legislative Fiscal Committee held one meeting during the 2019 Legislative Interim on September 16, 2019, at Hawkeye Community College Van G. Miller Adult Learning Center in Waterloo, Iowa. The Committee heard presentations from various State agencies as well as representatives from the City of Vinton. The presentations are summarized below:

- **Northeast Iowa Community College, No-Cost Child Care Initiative.** Representatives from Northeast Iowa Community College presented on a child care pilot program developed through a public/private partnership in the greater Dubuque region that provides additional childcare options for students training for in-demand employment positions.
- **Iowa Economic Development Authority (IEDA) Market Research and Campaign Overview.** The Authority presented on IEDA market research regarding how Iowa is perceived today and factors that motivate individuals to visit or move to another state. The Authority also discussed the “thisisiowa.com” campaign advertising strategies and results to date.
- **Bottle and Can Deposit and Redemption.** Dr. Dermot Hayes, Professor of Economics and Finance from Iowa State University, presented on the history of Iowa’s beverage container law and various scenarios for ways to modernize the law. Dr. Hayes also offered to run various scenarios for the General Assembly upon request.

The Iowa Department of Natural Resources also presented on Iowa’s beverage container law, including discussion of reimbursement rates in other states and bottle bill challenges in Iowa.

- **Last-Dollar Scholarship Program.** The College Student Aid Commission presented on the Last-Dollar Scholarship Program and discussed how the Program is intended to cover any remaining gap between federal and State grants/scholarships and tuition and qualified fees. The Commission identified Program improvements for the 2020 Legislative Session, including allowing new high school graduates who are required to take prerequisite courses to access the Last-Dollar Scholarship; addressing the age 19 issue to eliminate a gap in eligibility between graduation and adult learners; and allowing new high school graduates who enroll part-time during the summer term to receive a Last-Dollar Scholarship.
- **Legislative Services Agency (LSA) State Financial Updates.** LSA staff presented information on the current condition of the General Fund budget and Iowa’s economy.

Upon adjournment, the Committee was provided a tour of the Industrial Technology Center at University of Northern Iowa.

Materials distributed to the Committee are maintained by the Fiscal Services Division and are available upon request. These documents can also be found on the LSA website at: www.legis.iowa.gov/committees/meetings/meetingsListComm?groupID=704&ga=88

Respectfully submitted,

Senator Michael Breitbach
Co-chairperson

Representative Pat Grassley
Co-chairperson



FINAL REPORT

Legislative Tax Expenditure Committee

December 3, 2020

MEMBERS

Senator Jake Chapman, Co-chairperson

Representative Lee Hein, Co-chairperson

LSA CONTACTS: Organizational staffing provided by: Joe McEniry, Senior Legal Council, 515.281.3189, joseph.mceniry@legis.iowa.gov
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 - III. Materials Filed with the Legislative Services Agency
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I. Committee Proceedings

The Legislative Tax Expenditure Committee concluded one meeting at the Statehouse during the 2019 Interim on Thursday, December 12, 2019.

II. Tax Expenditure Review

The committee received presentations and conducted a review of the following:

A. Investments in Qualifying Business Tax Credit

Mr. Tony Girardi, Public Service Manager 2, Research and Policy Division, Iowa Department of Revenue (IDR), presented a report on tax credits for investments in qualifying business, colloquially referred to as the “angel investor” tax credits. The angel investor tax credit is equal to 25 percent of an investor’s equity investment in a qualifying business. The credits are limited to a total aggregate amount of \$2 million per fiscal year. The maximum amount of the tax credit that may be issued per calendar year to a natural person and the person’s spouse or dependent shall not exceed \$100,000 combined. The maximum amount of tax credits that may be issued per calendar year for investments in any one qualifying business shall not exceed \$500,000. In order to be a qualifying business, a business must meet all of the following criteria: the business must be located in Iowa, be in operation for six years or less, participate in the entrepreneurial assistance program, and shall not have a net worth exceeding \$10 million. A total of \$9.9 million of angel investor tax credits were awarded between the years 2011 and 2018.

B. Wind Energy Production and Renewable Energy Tax Credits

Mr. John Good, Fiscal and Policy Analyst, Research and Policy Division, IDR, provided background information and statistical analysis of the wind energy production and renewable energy tax credits. The wind energy production tax credit is available for 10 years to wind generation energy production facilities and is equal to \$0.01 per kilowatt-hour of electricity sold or generated for on-site consumption. The renewable energy tax credit is available for 10 years to wind, biogas, biomass, methane, solar, refuse



conversion, and cogeneration facilities and is equal to \$0.015 per kilowatt-hour of electricity, \$4.50 per million British thermal units of heat for commercial purpose or of methane gas or other gas used to generate electricity, or \$1.44 per 1,000 standard cubic feet of hydrogen fuel. The wind energy production tax credit applies to facilities placed in service by July 1, 2012, and the renewable energy tax credit applies to facilities placed in service by July 1, 2018. A total of 363 megawatts of the renewable energy tax credit are reserved for wind energy projects and 63 megawatts are reserved for other renewable energy projects. Additionally, 10 megawatts of the maximum amount of energy production capacity equivalent of all other facilities found eligible for the renewable energy tax credit is reserved for solar energy conversion facilities. During FY 2018, \$1.5 million of wind energy production tax credits were awarded with an average award of \$376,000. During FY 2018, \$4.5 million of renewable energy tax credits were awarded with an average award of \$62,000. Mr. Good stated that 40.7 percent of the recipients of the wind energy production tax credit were nonresidents and 19.9 percent of the renewable energy tax credit recipients were nonresidents.

C. Biofuel Retailers' Tax Credit

Ms. Mandy Jia, Senior Fiscal and Policy Analyst, Research and Policy Division, IDR, presented a report on the ethanol promotion tax credit, E-85 gasoline promotion tax credit, E-15 plus gasoline promotion tax credit, and the biodiesel blended fuel tax credit. The report also included information on similar tax credits offered in other states. The ethanol promotion tax credit amount ranges from \$0.04 to \$0.08 per gallon of pure ethanol sold through December 31, 2020, depending on how close a retailer's biofuel distribution percentage is to the credit's biofuel threshold percentage. For both percentages, Ms. Jia explained the formulas and provided data. A retailer that varies from the threshold percentage by four percentage points or more is not eligible for the ethanol promotion tax credit. There were approximately 266 ethanol promotion tax credit claims in FY 2017 totaling \$700,000 in the aggregate. The E-85 gasoline promotion tax credit is equal to \$0.16 per gallon of E-85 (ethanol blends of E-70 to E-85).



Legislative Tax Expenditure Committee

The E-85 gasoline promotion tax credit claims are increasing. There were approximately 304 E-85 promotion tax credit claims made during FY 2017 totaling \$2.5 million. The E-15 plus gasoline promotion tax credit is equal to \$0.03 per gallon of E-15 gasoline sold between September 16 through May 30, and \$0.10 per gallon on E-15 gasoline sold between June 1 through September 15, to account for special blending requirements of the federal Environmental Protection Agency. Beginning July 1, 2019, the federal Environmental Protection Agency lifted restrictions on E-15 gasoline sales during the summer. There were approximately 160 E-15 plus gasoline promotion tax credits claims during FY 2017 totaling \$2.0 million. Ms. Jia also provided data on the number of stations reporting E-85 and E-15 sales by county, and the number of registered flex fuel vehicles compared to end-of-year target goals. The biodiesel blended fuel tax credit is equal to \$0.35 per gallon of fuel rated from B5 to B10 (5-10 percent ethanol), and \$0.55 per gallon of fuel rated B11 or higher sold through December 31, 2024. There were approximately 457 biofuel blended tax credits claims made during FY 2017 totaling \$19.2 million.

D. Historic Preservation Tax Credit

Mr. Zhong Jin, Senior Fiscal and Policy Analyst, Research and Policy Division, IDR, stated that the tax credit equals 25 percent of qualified rehabilitation expenditures for the preservation of historic properties located in Iowa. Mr. Jin also provided information on similar programs in other states. The tax credit was first introduced in 2001 and since inception the state has awarded \$402.44 million in tax credits to 894 projects. The annual historic tax preservation tax credit cap has increased from \$2.4 million to \$45 million since 2001. Polk County has been awarded \$123.73 million in tax credits since 2001 or about a 30.7 percent share of all tax credits awarded. The tax credit is fully refundable and transferable. Approximately 30.9 percent of the tax credits claims are against the franchise tax, 39.9 percent against the corporate tax, 21.5 percent against the individual tax, and 7.7 percent against the insurance premium tax.



III. Materials Filed with the Legislative Services Agency

1. Agenda.
2. Wind Energy Production and Renewable Energy Tax Credits, Iowa Department of Revenue.
3. Wind Energy Production and Renewable Energy Tax Credits, Utilities Division.
4. Venture Capital-Qualifying Business (Angel Investor) Tax Credit, Iowa Department of Revenue.
5. Historic Preservation Tax Credit, Iowa Department of Revenue.
6. Ethanol Promotion, E-85 Gasoline Promotion, and Biodiesel Blended Fuel Tax Credits, Iowa Department of Revenue.
7. Additional Information, Iowa Department of Revenue.

REPORT OF THE SERVICE COMMITTEE TO THE LEGISLATIVE COUNCIL

December 3, 2020

The Service Committee of the Legislative Council met telephonically on December 3, 2020, and makes the following report and recommendations to the Legislative Council for approval:

I. PERSONNEL REPORTS

The Service Committee approves the annual personnel reports from the Legislative Services Agency and the Office of Ombudsman.

II. CENTRAL STAFF AGENCY FY 2021 BUDGETS

The Service Committee recommends that the Legislative Council approve the proposed budgets for the fiscal year beginning July 1, 2020, pursuant to Code section 2.12, as submitted by the following agencies:

- Legislative Services Agency
- Office of Ombudsman

III. LEGISLATIVE STAFF PAY MATRIX

The Service Committee recommends that the Legislative Council approve a one and one-half percent increase in the legislative staff pay matrix effective with the pay period beginning October 2, 2020.

Respectfully submitted,

Senator Jack Whitver, Chairperson