



2018 LEGISLATIVE SUMMARY

The Iowa legislature adjourned for the year in May and the Governor had 30 days to sign or veto legislation which was passed during the last week of the session.

For Truckstops, the session was notable for what did not pass – rather than for laws that did pass.

TAX REFORM

As noted in the email on the tax bill back in May, [HF 2489](#) made many changes to Iowa's corporate, individual income and sales tax laws. A summary is attached but three key provisions include:

- Generally, the law conforms Iowa's corporate income tax laws to the federal tax code, beginning with Tax Year 2019.
- Reduces Iowa's corporate income tax rates beginning Tax Year 2021. Iowa's alternative minimum tax and the ability of corporations to deduct federal income taxes paid are eliminated.
- Expands the sales/use tax base to include additional types of items and services. The expansion is effective January 1, 2019. The types of items include: digital goods, ride sharing, subscription services, online sellers, online marketplaces, manufacturing definition, and online travel company websites.

Most importantly for Truckstops, while some tax credits were eliminated or reduced, no changes were made in the Iowa Biodiesel Tax Credit program. This had been our main focus leading up to the 2018 legislative session. This was a case of our pre-session work paying off. The biggest threat was to the refundability aspect of the tax credit. As you may recall, the initial tax reform legislation introduced by the House Appropriations Chair during the 2017 session would have eliminated refundability and capped the tax credit.

Critical to our success was explaining how refundability is critical, since truckstops are unable to use the tax credit against the two main sources of taxes generated by the stores – fuel taxes and sales taxes. Before session started, we had commitments from the Ways and Means chairs and the legislative leadership to not include elimination of refundability in the tax bill.

WORKFORCE DEVELOPMENT: "FUTURE READY IOWA"

[HF 2458](#), referred to as Future Ready Iowa, was one of Governor Reynolds' legislative priorities for the 2018 session. Designed to train Iowans for the jobs of today and tomorrow, the goal of Future Ready Iowa is 70 percent of Iowa workers having education or training beyond high school by 2025. It will help workers obtain certifications in a variety of fields.

WATER QUALITY

The first bill signed into law this session was [SF 512](#), a water quality bill that provides funding for water quality initiatives. Over the next 12 years, there is an estimated \$282 million going into water quality initiatives. This funding will be used to support conservation infrastructure across Iowa. The funding will come from the existing metered drinking water tax and gambling tax revenue.

ENERGY UTILITY LEGISLATION

The Legislature passed [SF 2311](#), which cut funding to energy efficiency programs that are financed by utility customers. Included in the bill are provisions to help extend natural gas to under-served communities. The legislation will reduce electric costs in the short-term. Long term, provisions in the bill could lead to higher electricity rates.

LOOKING AHEAD

As the tax reform bill highlighted, the best opportunity to impact the 2019 legislative session is during the fall of 2018.

The top priority for 2019 will be ensuring the biodiesel tax credit remains intact. Three factors could put the issue back on the table:

- 1) The increased level of credit of \$.055 per blended gallon for B11, which we obtained in 2016, just went into effect January 1, 2018, so the first fiscal impact will occur in the fiscal year starting July 1, 2018.
- 2) The Tax Reform bill passed in the 2018 legislative session will reduce revenues by \$261 million in the fiscal year starting July 1, 2019.
- 3) The House, currently controlled by Republicans, could change to Democratic control, spurring demand for increased spending.

As part of our efforts, this fall we will continue our efforts to reach out and educate key lawmakers.

We will again extend targeted invitations to legislators to visit area truckstops. The local connection has been helpful to develop connections. The legislators from Sioux City, Osceola, Newton, Charles City and the greater Walcott area all proactively ask how the truckstops are doing on a regularly basis.

Please let us know if we can be of assistance in the future. Our team is ready to assist you. Your lobby team includes the lead, Bob Rafferty, his new associate Rachel Ong, and the Rafferty Group's strategic partner, Advocacy Strategies, with their lobbying team led by Threase Harms and Dane Schumann. Bob can be contacted at rafferty@raffertygroup.com or 515-314-9462.