TFI STATE LEGISLATIVE UPDATE OCTOBER 2017

TFI LEADERSHIP 2017-2018 FISCAL YEAR

- The mission of the Travel Federation of Iowa (TFI) is a statewide grassroots organization dedicated to growing Iowa's tourism industry through advocacy and education
- Industry board comprised of representatives of the membership of the 3 Tourism Regions
 - **President**, Andy Milam, Shrine of the Grotto of the Redemption, West Bend (WITR)
 - President-elect, Libbey Hohn, Clear Lake Area Chamber of Commerce (CITR)
 - Vice President, Aaron McCreight, Go Cedar Rapids (EITA)
 - Treasurer, Greg Edwards, Catch Des Moines (CITR)
 - Secretary, Shirley Phillips, Ex. Dir. Western Iowa Tourism Region (WITR)
 - Immediate Past President, Keith Rahe, Travel Dubuque, (EITA)

WHO'S IN CHARGE?

Federal President – Republican US Senate – Republican Majority (52-46, w/2 Independents that caucus w/Democrats) US House – Republican Majority, 240-194 (1 Vacancy) (*218)

State

Governor – Republican Iowa Senate – Republicans, 29-20 (+ 1 Independent) Iowa House – Republicans, 59-41

POWER PLAYERS: GOVERNOR'S OFFICE





- Completed Transition
- Ultimate authority, session never ends, face of the state
- First crack at budget every year
- Governor's staff are extremely important and influential
- Veto/line-item veto power





Power Players: Senate Leadership

Majority Leader Bill Dix/Shell Rock

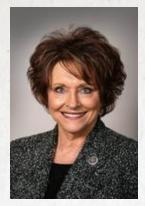
President Jack Whitver/Ankeny

Minority Leader Rob Hogg/Cedar Rapids

Others:



President Pro Tempore – Jerry Behn/Boone Majority Whip – Charles Schneider/West Des Moines Assistant majority and minority leaders Committee chairs and ranking members



Power Players: House Leadership

Speaker Linda Upmeyer/Clear Lake



Majority Leader Chris Hagenow/Windsor Heights

Minority Leader Mark Smith/Marshalltown



Others:

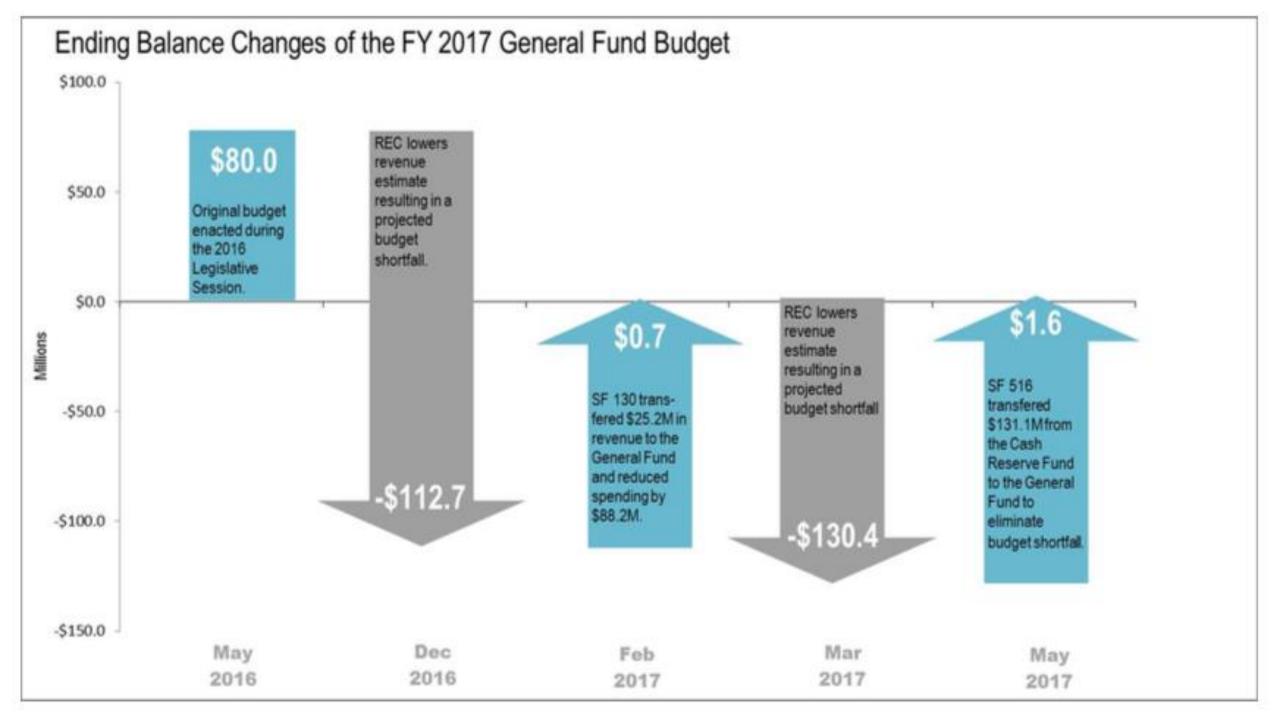
Speaker Pro Tempore – Matt Windschitl/Missouri Valley Majority Whip – Zach Nunn/Bondurant Assistant majority and minority leaders Committee chairs and ranking members

2018 LEGISLATIVE SESSION THEMES

Budget Policy

FY 2017 & 2018 IOWA BUDGET

- Fiscal Year (FY) 2017 ended on June 30, 2017.
- The gap in revenue projections required over a quarter billion dollars of adjustments (\$262M)
 - \$118 million in early session deappropriations
 - \$131 million from the Rainy Day Fund near the end of session
 - \$13 million from the Rainy Day Fund a few days ago.
- FY 2018 budget actually spends \$1 million LESS than the adjusted current year.



OTHER BUDGET FACTS

- Revenues into the State consist of the following:
 - 6% Corporate Income Tax,
 - 54% Individual Income Tax,
 - 34% Sales Tax,
 - 6% Other.

100 companies account for 56% of the Corporate Income Tax revenues.

10% of individual taxpayers account for 51% of Individual Income Tax revenues.

- State Expenditures consist of the following:
 - 56% Education (PreSchool 12 grade, Regents and Community Colleges)
 - 25% Health and Human Services,
 - 10% Justice/Public Safety
 - 9% Other. The 9% is what the majority of groups spend their time and resources fighting over.

OTHER BUDGET FACTS

- Medicaid costs \$164 per second (\$58/second from State and \$106/second from Federal). That is an increase of \$22 per second since LAST year.
- Iowa Net Farm Income was
 - \$8.9B in 2013,
 - \$7.3B in 2014,
 - and plummeted to **\$2.6** *B* in 2015 (a loss of 64% from the year before)
- Iowa PreK-12 Students receive a total of \$14,202 per child.
 - 50% State Aid (\$3.374B),
 - 36% Local Property Taxes (\$2.410B),
 - 7% SAVE penny (\$490.8M), and
 - 3% Federal funds (\$229.5M).

2018 IOWA POLICY (???)

- Water Quality IWILL, Grants to Farmers, Local Government Infrastructure
- Major tax reform Cut the Corporate Rate? Others cuts? Eliminating federal deductibility? Increasing the sales tax by 1 cent in order to cut and simplify income taxes? Revenue neutral? Broaden sales tax base?
- School Choice legislation?
- TIF Reform?
- Limiting tax credits and other economic development tools? Eliminating refundability?

ECONOMIC DEVELOPMENT TOOLS AT RISK

• TIF

• Tax Credits

- Research Activities Credits,
- Historic Preservation Credits,
- the High Quality Jobs Program,
- Redevelopment Credits,
- Workforce Housing Incentives,
- Venture Capital & Innovation Credits

IMMEDIATE CHALLENGES

- 24+ new legislators, new Senate Leadership, new Governor, new Ag Secretary?
- Limited economic development knowledge
- Myth Tax credits are dollars the State would otherwise capture
- Myth TIF projects create a loss to some taxing entities
- Myth Refundability and transferability are not necessary
- Economic Development Industry turnover?

IMMEDIATE GOALS

- Educating Legislators, especially new
 - Tourism is a revenue generator; \$466.7M
- Educating TFI Members, especially new
 - Empowerment to work individually with legislators

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