

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)
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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
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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.
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Ending Balance Changes of the FY 2017 General Fund Budget



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.
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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).
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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?*
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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
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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?
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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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