

2024 Legislative Session Report

June 2024

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Setting the Stage

The 2024 legislative session marked the eighth consecutive year in which Republicans enjoyed a ‘GOP trifecta’ allowing Republicans to continue to drive the state’s policy agenda. Jack Whitver (R-Grimes) and Amy Sinclair (R-Allerton) continued to lead the Senate Republicans as Majority Leader and President. In the House, Pat Grassley (R-New Hartford) continued as Speaker and Matt Windschitl (R-Missouri Valley) as Majority Leader. Both chambers hold significant Republican majorities with the Senate at a 34-16 advantage and the House at a 64-36 advantage.



Senator Pam Jochum (D-Dubuque) was elected by her colleagues to lead their caucus as Minority Leader during the 2023 interim. In the House, Jennifer Konfrst (D-Windsor Heights) and Lindsay James (D-Dubuque) continue to lead the Minority Party as House Minority Leader and Minority Whip.

In her Condition of the State Address, Governor Reynolds identified several priorities including area education agency changes, behavioral health system reform, boards and commissions reform, foreign land ownership changes, income tax reduction, and many others. See [Governor Reynolds’ January 9th Condition of The State Address Text](#); [Video of Condition of State](#).

Moving the Agenda

Session adjourned on April 20th, four days past the target adjournment date of April 16th. In the final few days, the Senate and House passed all state appropriations bills with agreed-to amendments for a FY25 budget totaling over \$8.9 billion. See [LSA Budget Recap](#). The FY25 budget represents a 4.7% increase as compared to the FY24 budget of \$8.5 billion.

The 2024 legislative session resulted in the passage and enrollment of 188 bills. Governor Reynolds signed all but one of the remaining bills from the 2024 session on May 17th. In sum, 1,615 individual bills and study bills were introduced. One hundred and eighty-seven bills were signed into law with one bill vetoed. In her veto letter for [HF 2539](#) (a bill related to open meetings penalties), Governor Reynolds committed to working with the Legislature and stakeholders to strengthen Iowa’s open meeting laws.

The 2024 legislative session was the second in the 90th General Assembly. The 2025 legislative session, which starts on Monday, January 13th, will start the 91st General Assembly.

PASSED: The following is an overview of high-profile legislation signed into law this year.

AGRICULTURE

- **Foreign Land Ownership.** One of the Governor’s priority bills, [SF 2204](#), regulates foreign land ownership in Iowa. The bill increases disclosure requirements for a “nonresident alien, foreign business, or foreign government” who owns an interest in agricultural land in Iowa, including a statement of the purpose for conducting business in the state and a listing of all other interests in agricultural land that exceed 250 acres. The bill allows the Attorney General to investigate, including issuing subpoenas and seeking enforcement from the District Court. It also sets a civil penalty of up to 25% of the county’s assessed value for the land for failure to register with the Secretary of State. In an effort to provide more transparency, the bill also requires the Secretary of State to provide the Governor and the General Assembly with an annual report summarizing foreign landholding in the state. Failure to file or update or filing a false report is punishable by up to \$10,000 for each offense. The bill goes into effect on July 1, 2024.
- **Hemp-Derived Products.** Changes to the current Iowa Hemp Act, [HF 2605](#), were contentious this session. The bill raised the age for buying consumable hemp products to 21. The definition of consumable hemp product was changed so that a product would only be considered if the product’s maximum tetrahydrocannabinol (“THC”) concentration is less than or equal to the lesser of 0.3% on a dry weight basis or 4 milligrams per serving and 10 milligrams per container on a dry weight basis. The bill requires warnings and registration and adds penalties. The bill imposes restrictions on the sale, importation or manufacture of alcohol that includes THC.
- **Livestock Capital Gains.** The legislature made several changes to the computation of capital gains on the sale of livestock in [HF 2649](#). The new law excludes the net capital gain from the sale of livestock from the computation of net income for individual income taxpayers. It allows a taxpayer to exclude the net capital gain from the sale of cattle or horses if held by the taxpayer for more than 24 months if the taxpayer receives more than 50.0% of gross income from farming or ranching operations during the tax year. The bill also allows a taxpayer to exclude the net capital gain from the sale of breeding livestock if held by the taxpayer for more than 12 months if the taxpayer receives more than 50.0% of gross income from farming or ranching operations during the tax year. The bill is retroactively effective to January 1, 2024, for tax years beginning on or after that date.
- **Drone Regulations.** [House File 572](#) is a carry-over bill from the 2023 legislative session. The new law introduces new regulations regarding the use of remotely piloted aircraft (drones) and prohibits the operation of drones over certain properties, absent certain exemptions. These properties include private residences, correctional facilities, secure farmstead areas (certain animal feeding operations), and critical infrastructure sites such as power plants and water treatment facilities. Violations of this new law result in penalties. The bill aims to enhance privacy and security by restricting unauthorized drone activities over



sensitive areas. Notably, the bill includes important exceptions, which include operating a drone for commercial or agricultural use in compliance with federal aviation administration regulations, authorizations, or exemptions. The new law will take effect on July 1, 2024.

APPROPRIATIONS AND TAXES

- **Budget.** The funding of state government for FY25 (July 1, 2024-June 30, 2025) is done through nine different appropriations bills. Typically, these bills are the last to be debated and this year was no exception. The amount appropriated is based on Revenue Estimating Conference (“REC”) estimates. Lawmakers are required to use either the December or March estimate - whichever is lower. At the March 2024 meeting, the REC lowered the estimate for FY24 by 2.2% from FY23, but increased the FY24 estimate by \$71.3 million, or by 0.74%. After the total amount of the overall budget number is agreed to, agreements between the House and Senate determine target expenditures for each of the budget bills.
- **State Income and Property Taxes.** While the Governor and legislative leaders started the session with continued discussions about eliminating Iowa’s individual income taxes, the bill that finally passed. [Senate File 2442](#) accelerated prior year income tax reductions to a 3.8% flat rate beginning in 2025. Current law provides for a 3.9% flat income tax by 2026. The bill was signed by the Governor on May 1st and included several divisions addressing various policies, including changes to last year's property tax bill. Specifically, the bill “softens” the consolidated general fund levy ratchet mechanism for certain cities that fall within various revenue growth thresholds. Division VI creates four growth categories, redistributes the allowable base growth, and includes an assessed value reduction for each group.
- **Income Tax - Constitutional Amendments.** Two proposals to amend the Iowa Constitution passed this session. [HJR 2006](#) proposes a Constitutional Amendment to require a 2/3 majority vote by lawmakers to increase the “individual income tax rate or the corporate income tax rate, or the rate of any other type of tax based upon income or legal and special reserves.” The proposal provides that a lawsuit challenging the proper enactment of a bill under this amendment must be filed no later than one year following enactment. [SJR 2004](#) also proposes to amend the Iowa Constitution to require a single individual income tax rate. The exact language of HJR 2006 and SJR 2004 must be passed during the 91st General Assembly (2025-2026) in order for the amendment to be placed on the ballot at the next General Election (November 2026).
- **Captive Insurance Tax Changes:** [House File 2636](#) follows last year’s legislation authorizing captive insurance companies in Iowa. This bill, which was signed into law by Governor Reynolds on April 19th relates to the taxation of captive companies in Iowa. The bill amends the amount of reinsurance tax due from a captive company on assumed reinsurance premiums written. A summary of the current and new law changes are reflected in the chart below. The bill takes effect upon enactment (April 19th).




| Amount of Assumed Reinsurance Premiums Written | | | | |
|---|------------------------|-------------------------|-------------------------|-------------------------|
| (Dollars in Millions) | | | | |
| | <u>\$0.0 to \$20.0</u> | <u>\$20.0 to \$40.0</u> | <u>\$40.0 to \$60.0</u> | <u>\$60.0 and Above</u> |
| Current Law | 0.200% | 0.125% | 5.000% | 5.000% |
| Proposed Law | 0.200% | 0.125% | 0.045% | 0.020% |

EDUCATION

- School Funding, Teacher Salaries and Area Education Agency Changes.** The issue receiving the most attention this session was public education and the role of area education agencies (“AEAs”). Towards the end of session, [HF 2612](#) was passed which combined teacher pay increases, K-12 school funding, and AEA changes. The final version cleared the House on March 21st, cleared the Senate on March 26th, and was signed by the Governor the next day. The bill increases minimum teacher salaries for 2024 to \$47,500 for a first-year teacher and \$60,000 for a teacher with 12 years of experience. For 2025, the minimum salary increases to \$50,000 for a first-year teacher and \$62,000 for a teacher with 12 years of experience. The legislation appropriates \$14 million to education support staff, including paraeducators, and includes a 2.5% for the state supplemental aid (“SSA”) rate for Iowa schools. The bill gives more authority to school districts over the role of AEAs in the district and shifts money and oversight responsibilities to the Department of Education. An additional \$32 million was transferred from the AEAs in the Standings bill, [SF 2443](#), which was the last bill to be passed this session.

HEALTH CARE

- Behavioral Health Redesign.** The much discussed mental and behavioral health system reform bill, [HF 2673](#), will result in a comprehensive change to Iowa’s mental health and behavioral health system. The bill transitions behavioral health, mental health, and addictive disorder services to a new Behavioral Health Services System and transfers disability services to the Department’s Division of Aging and Disability Services. The bill combines existing mental health and substance abuse regions into districts and requires the Department of Health and Human Services (“DHHS”) to designate new Behavioral Health Districts and an administrative services organization for each district. This transition is expected to take place effective July 1, 2025. The bill contains many additional provisions including requiring DHHS to develop a new State Health Improvement Plan in collaboration with stakeholders.
- Postpartum Medicaid Coverage.** The Governor’s priority, [SF 2251](#), will extend postpartum Medicaid coverage from 60 days to 12 months for new mothers and infants. The bill also restricts coverage to families that are at or below 215% of the federal poverty level. The current law allowed for coverage at 375% of the federal poverty level. The bill directs DHHS to seek a Medicaid State Plan Amendment from the Centers for Medical and Medicaid Services and is effective on January 1, 2025.
- Biomarker Testing.** The legislature adopted [HF 2668](#) ([Fiscal Note](#)), which mandates health insurance coverage for biomarker testing. Key provisions of the bill are as follows:

- **Scope of Coverage.** The bill requires a policy, contract, or plan providing third-party payment or prepayment of medical expenses (including Medicaid and Hawki) to provide coverage for biomarker testing for select purposes when the biomarker testing has demonstrated “clinical utility” (a defined term in the bill).
 - **Biomarker Definition.** Biomarker testing is defined in the bill as the analysis of tissue, blood, or other biospecimens for the presence of a biomarker.
 - **Clinical Utility Definition.** Clinical utility is defined in the bill as sufficient medical and scientific evidence indicating the use of a biomarker test will provide meaningful information that affects treatment decisions and guides improvement of net health outcomes, including an improved quality of life or longer survival.
- **Breast Cancer Screening Coverage.** The legislature also adopted [HF 2489](#), a bill that addresses insurance coverage for supplemental and diagnostic breast examinations. The new law requires a policy, contract, or plan providing for third-party payment or prepayment of health or medical expenses to provide coverage for diagnostic and supplemental breast examinations. The bill prohibits coverage from being less favorable than coverage a health carrier offers for screening mammograms.
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- **Pharmacy Benefits Manager.** The Iowa Insurance Division brought forward a bill ([HF 2099](#)) to further regulate pharmacy benefits managers (“PBMs”) in Iowa. The bill was adopted unanimously by both chambers and imposes several additional regulations upon PBMs in Iowa, including:
 - **Duty of Good Faith and Fair Dealing.** Expands the existing duty of good faith and fair dealing that PBMs owe to third-party payors to include pharmacies.
 - **Prohibition of Retaliation.** Prohibits PBMs from retaliating against pharmacies for exercising their rights or remedies under the law. Retaliation is defined within the bill to include terminating or refusing to renew contracts, subjecting pharmacies to increased audits, and withholding payments owed to pharmacies.
 - **Fees and Remuneration.** Prohibits PBMs from charging or collecting any form of remuneration from pharmacies or pharmacists.
 - **Maximum Allowable Cost List Updates.** Amends existing law regarding maximum allowable cost lists by utilizing the national average drug acquisition cost (“NADAC”).
 - **Confidentiality in Reporting.** Specifies certain information must be provided to the Insurance Commissioner in a manner that does not publicly disclose certain information.

PUBLIC SAFETY

- **Ignition Interlock Device Requirements.** The bill contains several changes to Iowa’s drunk driving laws including adding a compliance-based removal requirement for ignition-interlock devices. [Senate File 2261](#) extends the requirement for a violator to have an ignition interlock device installed on the vehicle for an additional sixty days if the person has ten or more violations within a thirty-day period, five or more

violations within a twenty-four-hour period, tampers with or attempts to circumvent the ignition interlock device or removes the ignition interlock device without authorization. A violation is defined as failing to provide a detectable breath sample when prompted by the device or providing a breath sample with an alcohol concentration of .04 or more.

- **Minor Driver’s Licenses.** A bill which originated from the Minor Driver’s License Interim Study committee, [SF 2109](#), passed this session. Due to disagreements between the House and Senate, the bill ended up in a Conference Committee which met on the last day of session. The Conference Committee Report was one of the last bills to pass during the 2024 session. In general, the bill replaces the current special minor’s license with a new special minor’s restricted license and a work restricted license for minors under the age of 16. The special minor’s restricted license entitles a person between the ages of 14 and 18 to drive up to 25 miles from home to school, place of competent private instruction, extracurricular activities, or work shift in the hour before or after the minor’s scheduled work shift, school day, or extracurricular activity. The bill allows a minor to drive more than 25 miles if the licensee attends a public school and resides within the public school district. There are several administrative requirements and other changes in the bill including a three-month suspension for any violation.
- **Catalytic Converters.** During the 2024 legislative session, the Iowa legislature considered [HF 2707](#), which was a “clean-up bill” to the catalytic converter bill that was adopted during the 2022 legislative session. HF 2707 authorizes certain sellers (those operating a business at a fixed location) to alternatively provide a copy of the seller’s valid business license or permit (rather than a tax permit) for verification purposes. For all other sellers, the bill authorizes a seller to provide a signed affidavit attesting to the seller’s valid ownership of the catalytic converter instead of the original receipt, invoice, or junking certificate.



STATE AND LOCAL GOVERNMENT

- **Automated Traffic Enforcement.** A topic that has been discussed for many years finally moved forward this session. [House File 2681](#) gives the Iowa Department of Transportation (“DOT”) oversight over automatic traffic enforcement (“ATE”) systems. The bill requires local authorities to have a permit issued by the DOT before using an ATE system and includes provisions for existing systems. Prior to issuing a permit, the DOT is required to determine whether an ATE system is appropriate and necessary and the least restrictive means available to address the traffic safety issues at a location. Citations are limited to speeding that is greater than 10 miles per hour over the limit and cannot be issued in populations of 20,000 or less. Funds collected by local governments, after paying for the costs of the system, must be used for transportation infrastructure improvements and police and fire departments’ operational costs.
- **Boards and Commissions.** Last year’s state government reorganization bill created a Boards and Commissions Review Committee which met during the interim and made sweeping recommendations to eliminate, consolidate, and change authority over various state boards and commissions. [Senate File 2385](#)

is the result of this review which was one of the Governor's priorities and required significant negotiation between the House and Senate. In the end, 67 Boards and Commissions were eliminated, compensation was authorized for several Boards, and authority over budgets and administrative rules was changed over other Boards and Commissions. The bill creates a State Government Efficiency Review Committee which will conduct an ongoing review of all boards and commissions every four years. One of the original recommendations to remove gender-balance requirements for state and local boards and commissions was passed in a separate bill, [SF 2096](#).

- **Emotional Support Animals.** [Senate File 2268](#), which ultimately passed unanimously in both the House and Senate, allows a landlord to ask a tenant for medical confirmation that the person has a legitimate need for an emotional support or service animal. The bill includes additional requirements and outlines reasons for a landlord to deny the request.



- **Police and Firefighter Health Care Benefits.** [House File 2680](#) expands the number of disabilities eligible for an accidental disability benefit and allows retirees who are receiving an ordinary benefit and who are within three years of retirement to apply for an accidental disability benefit. The bill adds a mental health evaluation to the required examination of applicants for civil service and requires cities to provide mental medical attention for members of the Municipal Fire & Police Retirement System of Iowa if conditions are met and provides funding options for cities. HF 2680 also exempts a deceased public safety officer's pension income from the individual income tax of a surviving spouse who is not disabled or 55 years of age or older and is retroactive to tax years beginning on or after-tax year 2024.

TECHNOLOGY

- **Artificial Intelligence Generated Visual Depictions.** Two bills that addressed the misuse of artificial intelligence ("AI") generated images passed this session. [House File 2240](#) expands the definition of harassment to include a person, 18 years of age or older, who causes to be disseminated, published, distributed, or posted any visual depiction that shows another person in a state of full or partial nudity or engaged in a sex act, to which the other person has not consented. [Senate File 2243](#) addresses the crime of sexual exploitation of a minor by including any type of visual depiction that has been created, adapted, or modified to give the appearance that an identifiable minor is engaging in a prohibited sexual act or in the simulation of a prohibited sexual act. Both bills refer to the definition of visual depiction found in Iowa Code section 728.1 which includes an electronic image.

FAILED TO PASS: The following is an overview of high-profile legislation that failed to clear both Chambers this year.

AGRICULTURE

- **Eminent Domain.** A House priority to allow eminent domain actions to be determined earlier in the judicial process was not taken up by the Senate. [House File 2664](#), which was limited to hazardous liquid pipelines, would have allowed parties to an action at the Iowa Utilities Board (“IUB”) to file for a declaratory review from the Polk County District Court requesting a determination of the constitutionality of an eminent domain taking. The bill allowed a new action in a district court, other than Polk County, if more than 18 months have passed or if circumstances have changed. This declaratory review may be filed prior to final Board action. The bill would also have allowed judicial review of IUB’s final order by any party to the hearing.
- **Pesticide Manufacturer Liability.** A bill that passed the Senate but was not taken up in the House would have provided liability protections for pesticide manufacturers. [Senate File 2412](#) provided for a defense from civil liability associated with the use of pesticides that are registered with the EPA if the label provides sufficient warning. A label provides sufficient warning if it complies with any one of three criteria: (1) it was approved by the EPA; (2) it is consistent with the most recent human health assessment performed under the federal Act; or (3) it is consistent with the EPA’s carcinogenicity classification for the pesticide. If so, the label is sufficient to satisfy any requirements for a warning regarding health or safety under state law, and any other provision of state law or any other common law duty to warn. The bill did not apply to a product made by a Chinese state-owned enterprise.



HEALTH CARE

- **Opioid Settlement Fund Allocations.** A priority issue of the Governor that was discussed extensively throughout the session fell short as the two Chambers failed to find a consensus. The bill, [SF 2395](#), likely would have been sent to a Conference Committee for negotiation had there been willing parties and time not run out. The various amendments would have distributed moneys from the opioid lawsuit settlements to the Department of Health and Human Services and the Attorney General’s Office. The House wanted to establish an advisory council that would make recommendations to the legislature for grants related to opioid addiction treatment and prevention services. Since current law prevents the state share of the moneys from being distributed without legislative appropriations, this issue is likely to be revisited next session.

After session concluded, on May 16th Governor Reynolds authorized the use of funds from the American Rescue Plan of 2021 to provide the following purposes:

- \$500,000 to an Opioid Use Prevention Campaign conducted by the Iowa Department of Health and Human Services (“HHS”) to raise awareness of the dangers of opioids and prevent their use.
 - \$1 million to an Opioid Prescription Prevention Program to provide training and nurse-trained technical assistance to physicians in prescribing opioids to surgery patients.
 - \$10 million for a grant program administered by HHS and Iowa Economic Development Authority (“IEDA”) to provide physical infrastructure and capacity building grants to treatment and recovery providers.
 - \$3 million to complete the YSS Ember Recovery Campus in Cambridge, a residential addiction treatment center for teens age 12 to 18.
 - \$3 million for a grant program conducted by HHS and Iowa Finance Authority (“IFA”) to build a network of available sober living environments.
- **Iowa Health Information Network, Health Data Utility “Cync Health Bill”.** The Iowa House considered [HF 2623](#), which would have mandated hospitals, clinics, providers, insurers, and pharmacies share certain health data with the Iowa Health Information Network (“IHIN”). The stated goal is to create a state health data utility. The bill failed to advance beyond the House Committee.

STATE AND LOCAL GOVERNMENT

- **Legislator Salary Increase.** A bill that would have gone into effect for the 2025 legislative session would have increased legislative salaries to \$35,000 and leadership salaries to \$47,500 annually. This would have equated to a \$10,000 increase over current salaries. [House File 2700](#) would also have increased the Governor’s and other statewide elected officials’ salaries by \$10,000. Despite the House passing the bill, the Senate refused to consider it.
- **Casino Moratorium.** At the end of the 2022 legislative session, a two-year gaming moratorium was enacted which prevented the Iowa Racing and Gaming Commission from considering any new state-regulated casino applications. With the moratorium set to expire June 30, 2024, moratorium proponents advocated for an extension. An amendment was added to a Department of Revenue bill, [SF 2427](#), which would have extended the moratorium by five years. Additionally, it would have set the criteria under which the IRGC could consider new casino licenses moving forward. After clearing the House in the closing hours of session, the Senate adjourned without bringing the proposal to a vote.





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