



**IOWA
ASSOCIATION
OF BUSINESS
AND INDUSTRY**

2025 POLICY HANDBOOK

The Voice of Iowa Business

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INTRODUCTION & 2025 PRIORITIES

The Iowa Association of Business and Industry (ABI) has been the Voice of Iowa Business since 1903. Its mission is to provide a strong, unified voice for business and industry on issues affecting Iowa employers. ABI is comprised of member companies representing all industries and sizes in Iowa's 99 counties. ABI members employ more than 330,000 Iowans.

Iowa businesses are the backbone of the state economy. The wealth they create and share with employees is what allows Iowa workers and communities to thrive. Employers are in the best position to attract and retain a qualified workforce. The Legislature should recognize and allow businesses to determine how to best run their enterprises.

Taxes

Policymakers have made significant strides in enhancing Iowa's tax climate over the last several years. ABI encourages the Legislature to turn its focus to property taxes by reducing the burden faced by all classes of payers.

The integrity of Iowa's unemployment insurance trust fund is strong because of sound public policy decisions and Iowa's good business climate. Therefore, ABI supports legislation that right-sizes insurance premiums collected through unemployment insurance taxes with the requirement to provide for unemployment claims.

Workforce

ABI supports innovative solutions and incentives to help businesses and employees overcome barriers to employment, such as childcare and available quality workforce housing. ABI supports legislative efforts to recruit, retrain and retain talent in the state. ABI encourages the Legislature to continue funding Manufacturing 4.0 grants, Future Ready Iowa, work-based learning opportunities, apprenticeship programs, and other initiatives that will help upskill our existing workforce and prepare students for the careers of tomorrow. Further, as part of ensuring a qualified workforce, ABI encourages the Legislature to support policies conducive to safe workplaces that allow employers to address drug and alcohol use.

Regulatory Reform

ABI members strive to comply with a wide scope of regulations at the local, state and federal levels. These regulations can often overlap, be outdated or are overly burdensome. Therefore, ABI supports:

- Streamlining permitting requirements and processes, in particular environmental, reducing cost and time for businesses and the state.
- Modernizing notification requirements for employment drug testing.
- Reviewing and eliminating policies and regulations that hinder small business expansion.
- Ensuring state agency collaboration with stakeholders during the rulemaking process.

ECONOMIC GROWTH

Mission Statement

To advocate for economic growth policies that foster the prosperity of Iowa through the successful investment and development of new and existing business and industry. Vigorous economic growth results from a superior business, regulatory and tax climate as well as safe and reliable infrastructure. To improve the competitiveness of Iowa's business climate, federal, state and local government must work in partnership with business, industry, capital sources, education and agriculture.

Iowa Economic Development

ABI strongly supports economic growth efforts to improve business and community development programs and to foster an environment for new and existing businesses to succeed, and invest throughout urban and rural Iowa, increasing prosperity for Iowans. Areas of priority include:

- Quantity and quality of Iowa's workforce
- Fair, consistent and simplified regulatory and tax policies
- Enhanced quality of life
- Accessibility to safe and reliable infrastructure
- Streamlined government
- Creative placemaking, arts and culture

Workforce Housing

ABI recognizes the importance of available quality workforce housing in maintaining and growing our state's economy and workforce. We support private and public partnerships, policies and incentives that will help communities develop strategies and solutions for housing construction, associated infrastructure and rehabilitation.

Workforce

Economic growth is dependent upon immediately obtaining an adequate and qualified workforce with the skills needed today and into the future. ABI supports policies and effective programs that attract and retain the workforce needed to grow the state's economy, including those improving Iowa's natural resources, rural infrastructure, remote work access, and quality of life and place.

Immigration

Hard-working global talent and workers who choose to live and put their skills to work in America will enhance our international competitiveness and increase the number of high-paying jobs for all Americans. ABI encourages policies and practices by the federal government to support and simplify legal immigration in Iowa that will strengthen talent acquisition and retention, business development and economic growth.

Economic Growth Incentives

ABI supports transparent, accountable, predictable and effective business development incentives, while protecting competitive and proprietary information. ABI supports those tax credits, exemptions and incentives that encourage business growth and job creation and retention. These programs should be focused on quantifiable factors such as job creation, business expansion, economic opportunity, and similar concepts, rather than perceived industry actions and/or corporate philosophies. Some examples of this include:

- **Tax Increment Financing:** ABI supports Tax Increment Financing (TIF) as a valuable and highly versatile economic development tool. It is imperative this resource be retained as a flexible, viable and locally controlled economic growth tool for projects that generate property taxes.
- **Job Training:** ABI supports adequate funding for job training programs at levels necessary to leverage Iowa's competitive advantage for job skills training and retraining.
- **Ownership Transfer & Business Continuity:** ABI supports policies and resources that encourage ownership transfer of Iowa businesses through employee stock ownership plans (ESOP) and other business transition strategies in an effort to maintain in-state presence.
- **Community Enhancement and Development:** ABI believes the image of our neighborhoods, communities and the state reflects on our ability to both attract and retain economic development opportunities, qualified workforce and builds pride by residents and respect by visitors where we live, work and play. ABI supports programs designed to enhance local community development efforts in addition to the work of community foundations as tools for enhancing the quality of life in Iowa's communities.
- **Economic Development Funding:** ABI supports funding for state marketing, technical assistance to businesses and communities such as workforce, infrastructure, hazard mitigation and disaster recovery, as well as business development incentives.
- **Research and Development:** ABI strongly supports investment in research and development (R&D) through workforce, technology and innovation in Iowa.

ABI strongly supports state R&D and assistance programs that leverage federal program funding. Priority should go to those programs that are frequently, consistently and independently monitored for their effectiveness and where tax revenues are generated in excess of their program costs.

- **Start-ups and Small Business Capital Needs:** ABI believes a critical need for Iowa is access to additional capital for start-ups and small businesses. ABI supports policies that continue to facilitate the attraction of seed and venture capital and debt financing for start-ups and small businesses. ABI supports increased investment and removal of impediments to enable a more diverse population of innovators to create transformative, future-focused businesses. ABI also supports the continuation of tax credits that encourage start-ups and small business development.

Broadband Infrastructure

ABI supports policies governing broadband and Internet Protocol (IP) that encourage and incentivize investment in these services while avoiding mandates and new regulatory authority. This will enable continuous, uninterrupted access to a host of services—all contributing to a vibrant business community and quality of life for Iowans. It is critical to economic growth that all areas of the state have access to wired and wireless broadband and Internet Protocol enabled services.

Transportation

ABI believes high quality, accessible and affordable transportation services are critically important to the ongoing economic growth of Iowa and the enhancement of Iowa's quality of life. Competitive access, pricing and reliable transportation of people and goods—which will result in increased productivity—should include:

- Air service
- Highway, bridge, and safety infrastructure
- Pipeline
- Freight rail services
- Waterway infrastructure
- Intermodal container availability
- Autonomous vehicle technology
- Transit services

ABI supports continued cost-effective allocation of state financial resources for transportation with a focus on impacting economic development and quality of life. ABI supports final design and corridor route decisions, including those requiring policy decisions that are made by the Iowa Department of Transportation. ABI opposes policies that add exorbitant costs or delays to transportation infrastructure improvements.

Transportation Funding

ABI encourages action to sustain long-term state and federal funding to address the critical needs of Iowa's transportation infrastructure. Revenue sources should be sought to diminish the reliance on the gas tax over the long term.

ABI believes that user fees assessed for one mode of transportation should not be used or diverted to another mode of transportation, or diverted for non-transportation uses. Any sources of funding should give consideration to having Iowa remain competitive with border states. ABI supports modernization of Iowa air passenger terminals.

ABI supports a review of the transportation revenues at least once every three to five years per Iowa code.

Higher Education

ABI recognizes the important role the state's universities, private colleges and universities, and community colleges play in economic development. We encourage and support policies, programs and research that enlist these institutions more fully in our state's economic development approach.

Energy Policy

Our state's economy is dependent upon the availability, reliability and affordability of energy. ABI urges our lawmakers and regulators to protect and develop energy policies that will bring long-term benefits to all Iowans and implement regulatory changes that will allow Iowa businesses to better compete on a national and international level. ABI encourages the expansion of all forms of base load generation, renewable energy and increased transmission capacity and the promotion of efficient use of energy, while avoiding mandates.

Entrepreneurial Growth

ABI supports and works in collaboration with the state, universities, colleges, communities, the private sector and capital sources to drive commercialization and empower Iowa's entrepreneurs.

Government Purchasing

Government purchasing procedures should continually be reviewed and updated to incorporate contemporary and state-of-the-art purchasing and bidding practices, while continuing to support companies with operations in Iowa.

Privatization/Government Competition

ABI supports the state requiring all public agencies to demonstrate consideration of private sector services instead of the use of public services. ABI supports the practice of the government submitting requests for proposals in subcontracting of appropriate public services to the private sector to reduce government expenditures or to avoid unfair competition with the private sector. ABI believes government entities, such as Iowa Prison Industries and the Iowa Communications Network, should not compete with taxpaying, private sector vendors for goods and services offered by the private sector.

Strategic Growth

ABI supports an economic strategy that balances retention and growth of existing businesses with the recruitment of high value workers, new businesses, and emphasizes workforce attraction throughout Iowa.

ABI further supports collaborative efforts of the public and private sectors toward economic development opportunities including but not limited to renewable energy, biosciences, information technologies, information technology infrastructure and advanced manufacturing.

EMPLOYMENT AND WORKFORCE

Mission Statement

To advocate for legislation and policies that support mutually beneficial employment relationships free from government intrusions in the free market. To advocate for workforce initiatives, a market-driven employee benefit system and a fiscally sound unemployment compensation system providing benefits to those who become unemployed through no fault of their own.

Right to Work

ABI supports Iowa's Right to Work law as a vital freedom for all Iowans. No one in the public sector or in private industry should be forced to join a union or pay dues or fees to a union to get or keep a job. ABI opposes any modification or repeal of Iowa's Right to Work law (in Iowa Code Chapter 731 or Iowa Code Chapter 20).

ABI supports a constitutional amendment limiting the designation, selection or authorization of employee representation to secret ballot election conducted no earlier than 40 days after a valid election petition is filed with the appropriate federal or state agency. Any changes to the Right to Work law would have an adverse effect on job creation and economic development in Iowa.

Workforce Recruitment, Retention, and Development

Iowa businesses continue to face a critical need for reliable skills measures that help identify qualified individuals (or job candidates) for entry-level and middle-skilled positions.

- ABI encourages further collaboration between public and private sectors to meet the workforce needs, career pathway strategies and increased business engagement.
- ABI supports the use of incentives and educational programs to encourage businesses, educators, government, community based and other organizations to collaboratively address the workforce needs in Iowa.
- ABI actively supports and values attracting, training and retaining a diverse and inclusive workforce with respect and fairness for all.
- ABI supports innovative solutions and incentives to help businesses and employees overcome barriers to employment, such as childcare and access to workforce housing that is affordable.
- ABI supports age appropriate employment.

ABI FOUNDATION OVERVIEW

For more than 40 years, the ABI Foundation has been dedicated to developing Iowa's workforce and leaders through statewide educational programs.

Business Horizons

Who: High School Students
When: 5 Days, Every July
Where: Des Moines
Yearly Participants: 60+
Schools Represented: 40+



Leadership Iowa University

Who: College Students
When: 5 Days, Every August
Where: Des Moines
Yearly Participants: 25+
Colleges and Universities Represented: 10+

LEADERSHIP★IOWA
UNIVERSITY

Leadership Iowa

Who: Business Professionals
When: Monthly Sessions, October - June
Where: Iowa Communities
Yearly Participants: 40
Entities Represented: 40

LEADERSHIP
IOWA
THE COURSE FOR OUR STATE

Elevate Advanced Manufacturing

Elevate promotes careers and educational pathways in advanced manufacturing. This begins with building a positive perception of these careers while addressing misconceptions of work environment, safety and wages. Each year, Elevate recognizes icons in the industry, as well as awards high school seniors who are attending an Iowa Community College for a career in advanced manufacturing.

ELEVATE
ADVANCED MANUFACTURING

Learn more: www.iowaabi.org/abi-foundation

Iowa Education

Iowa must continually improve its educational system—at all levels (PK-20)—to recapture leadership status among the states. ABI supports K-12 education reforms that will lead to improved outcomes for students statewide and higher levels of accountability. ABI also supports educational opportunities that will ensure students are prepared to compete in a global economy and build foundational employability skills. Appropriate funding should be tied to metrics and statewide accountability standards.

ABI supports educational programs, work-based learning opportunities, economic incentives, skills development strategies and recruiting initiatives. ABI supports policies that will lead to improved and additional K-12, career and technical education (CTE), certification programs, licensing and post-secondary opportunities.

Unemployment Compensation

ABI supports continual efforts to reevaluate and reassess Iowa's unemployment system for improvement for employers and employees.

- **Trust Fund:** The Unemployment Compensation (UC) Trust Fund consists of funds paid by employers for the sole purpose of providing unemployment compensation benefits. ABI supports protecting the UC Trust Fund and to guarantee that the monies are used only to pay unemployment compensation benefits.

ABI supports an unemployment compensation tax system that ensures Iowa businesses are appropriately taxed.

- **Benefits Eligibility Requirements:** ABI supports increasing the eligibility requirements for qualification for unemployment compensation benefits to ensure that only those individuals with actual attachment to the workforce are eligible. This may include:
 - Requiring a minimum of 20 weeks of earnings in a base period
 - Requiring earnings in a non-high quarter to be 50% of the high quarter earnings rather than 25%
 - Repeal of the provisions that automatically increases wage credits by 50% where a business closing is involved
 - Disqualifying benefits in labor disputes, including lockouts
 - Disqualifying benefits due to failed drug or alcohol tests
 - Maintaining work search requirements and reasonable measures of accountability
 - Disqualifying benefits due to any compensation or pay, regardless whether payment is pursuant to an agreement with the former employer

LEGISLATIVE IMPACT

\$107,000,000
SAVINGS

to Iowa employers
via unemployment insurance tax reform

2025 projection; HF 2355, 2022

Scope of Iowa Civil Rights Act

ABI believes the Iowa Civil Rights Act should not allow for the award of punitive damages or additional remedies, the expansion of new protected classes or the creation of more lenient proof standards for claimants. ABI supports aligning the Iowa Civil Rights Act with the Federal Civil Rights statutes, including recovery (appropriate non-economic damages and reasonable attorneys' fees) and evidentiary standards.

Wages

ABI believes wages are driven by market forces of supply and demand, and Iowa businesses are operating in an environment where there is strong competition for a qualified workforce and low unemployment.

- **Prevailing Wage:** ABI opposes establishment of a prevailing wage requirement for any publicly funded project.
- **Wage Payment Collection:** ABI believes the current wage payment enforcement law is sufficient to prosecute violators. ABI supports additional resources for education and enforcement of existing Iowa Code Chapter 91A.

MANUFACTURING IN IOWA

4,272

manufacturing locations across Iowa

223,949

Iowans employed by manufacturer

\$69,219

average annual wage

Source: Iowa Workforce Development, 2022



Iowa Governor Kim Reynolds speaks to attendees at the 2024 Taking Care of Business Conference in the Quad Cities.

Workplace Flexibility

Iowa employers compete in a global economy, which dictates workable and universally beneficial policies that retain and promote flexibility of programs and choices for employees and employers. Employers are in the best position to decide the type and scope of necessary benefits to attract and retain a qualified workforce.

The Legislature should recognize and support the voluntary efforts of employers to respond to individual employee needs for work schedule flexibility.

Public Sector Employment

ABI supports public employment compensation and benefits that are comparable to the private sector. ABI advocates for increased transparency of total benefits in public sector employment both to the employees and the public.

Health Care

ABI supports a consumer-driven, more predictable, free market employee benefit system emphasizing quality service and competitive pricing.

ABI supports all reasonable initiatives that will:

- Reduce and stabilize health care costs
- Encourage focused tax credits and other incentives for employers to maintain coverage and decrease the number of uninsured Iowans
- Increase employer flexibility and incentives to offer voluntary wellness and prevention initiatives, including tax credits
- Support the expansion of telehealth to help increase the availability of and access to health care

Health Insurance Reform

ABI supports changes to the Affordable Care Act to promote greater efficiencies and affordability, including the following:

- Providing flexibility for states to develop innovative solutions tailored to their specific conditions
- Minimizing costs for employers and employees
- Maintaining sufficient business flexibility to adapt to a new environment
- Ensuring a competitive and level playing field in the insurance marketplace
- Increased transparency of health care costs

Health Care Reimbursement

ABI supports appropriate reimbursement levels for Medicare and Medicaid programs to cover the cost of care of the program recipients and to avoid shifting health care costs onto employers.

Health Insurance Mandates

ABI opposes the establishment of health care benefit mandates, which require Iowa employers to contribute to the health insurance premium cost for full-and part-time employees. Because employers are in the best position to determine what health care benefits they can afford and that serve the needs of their employees, ABI further opposes mandates requiring employers to cover specific services, providers, pharmaceuticals and products beyond those required by the federal law.

ABI supports the efforts of the private market in establishing reimbursement levels for providers. ABI opposes legislation that mandates equalization of pay for health care services.

Pharmacy Costs Under Private Health Insurance

ABI supports transparency in pharmaceutical costs and opposes policies that shift costs between covered individuals and health plans. ABI opposes any action that would limit an employer's opportunity to create and implement their own networks.

LEGISLATIVE IMPACT

\$109,000,000
SAVINGS

to employers via elimination
of costly pharmaceutical provisions

2025 projection; HF 2384, S5182, 2022

ENVIRONMENT

Mission Statement

To inform members about state and federal environmental legislation, regulations and policy. ABI advocates for environmental legislation and regulations based on sound science to eliminate burdensome provisions. ABI promotes commonsense practices and legislation to protect and improve the quality of our state's natural resources while supporting business and industry growth that improves the quality of life for all Iowans.

Environmental Protection Funding and Operations

Environmental programs benefit all Iowans and therefore state general fund appropriations and federal resources should be the primary sources of environmental program funding. User fees should be approved by the Legislature and used only to supplement general fund appropriations. The resources available for the protection of Iowa's environment are not unlimited. Therefore, they should be utilized in as wise and efficient a manner as possible.

ABI supports innovative approaches to processes and periodic review of agency operations to ensure efficiency and utilization of public-private partnerships when possible.

Environmental Governance

ABI believes it is the role of the Legislature to establish the environmental policy for the state. The elected members of the general assembly should ensure that administrators and regulators do not overreach their statutory authority and instead use risk/benefit criteria (fiscal, health and environment) in the review of existing and new environmental programs. ABI supports a regulatory system of checks and balances. The Environmental Protection Commission (EPC) is an unelected advisory board and should enforce the environmental policy set forth by the Legislature. The identity of the commissioners comprising the EPC should accurately reflect the interests of those represented by each commissioner. The EPC must adhere to the state law regarding conflict of interest and strict compliance with Iowa Code Chapter 17A, Administrative Procedure Act.

ABI advocates to the Legislature that state or local environmental legislation, regulations, policies and practices be no more stringent than federal environmental legislation, regulations, policies and practices. State and federal government should also achieve regulatory compliance primarily through cooperative agreements and assistance rather than enforcement. For business to compete in a fast-paced, global economy, a streamlined permitting process that completes a permit in a timely manner and eliminates burdensome and excessive permitting practices is necessary.

ABI supports increased efficiencies in the Iowa Department of Natural Resources (DNR), coupled with elimination of duplicative regulatory programs, to keep Iowa competitive with other states in retaining, attracting and growing new businesses.

Iowa Air Quality Program

All Iowans contribute to and are affected by Iowa's air quality. Therefore, state general fund appropriations and federal resources should be the primary sources of air quality funding, especially for those Air Quality Bureau (AQB) activities that do not directly relate to industry emissions. ABI opposes excessive fees that unfairly discriminate against industry versus other sources of emissions in the state. ABI believes Iowa's air quality can best be protected by focusing the resources of the DNR on significant air emission sources and demonstrated air quality concerns. Ongoing evaluation of all processes including permitting and non-mandatory activities is needed to streamline the permitting process and reduce unnecessary costs to industry. Special emphasis should be given to eliminate the need to revise permits due to minor changes in design parameters. Special emphasis should also be given to minimize dispersion modeling.

ABI supports the retention of state authority over air quality programs provided the scope of federal requirements is not exceeded and the AQB abstains from creating and administering unneeded projects and programs.

Iowa Water Quality

ABI recognizes that water is an important resource, and its availability is important to all Iowans. Therefore, ABI supports statewide water supply and use planning that addresses the interests of all Iowans. ABI opposes excessive fees that unfairly discriminate against industry versus other users. Because Iowa's water resources are funded by the citizens and the uses are to benefit all Iowans, water resource planning and adequate staffing should be funded through general fund monies.

ABI promotes legislative remedies that do not put business and industry at a competitive disadvantage regionally or nationally. Iowa's water quality program should address the principal sources of water degradation in the state using sound scientific data and promote practical solutions using sound science.

ABI supports state authority and oversight of water quality and stormwater management programs and regulations.

Emerging Chemical Regulation

ABI encourages that new government programs, regulations, or mandates addressing new or existing chemicals or compounds reflect sound science. ABI believes there shouldn't be retroactive liability on those using chemicals and compounds in compliance with existing laws, rules and regulations.

Environmental Stewardship

ABI supports innovative approaches to long-term environmental sustainability for the whole waste stream. Recycling of waters and consumer/industrial by-products and reducing solid waste are important to Iowa's environment. ABI believes the state and federal government should support activities that are cost-benefit justified, without imposing mandates. Examples include but are not limited to attainable goals, incentives, education and technical assistance, waste reduction, waste minimization, composting, waste-to-energy facilities and recycling activities. The state and federal government should eliminate barriers that limit innovation.

Floodplain Management

ABI supports a reasonable resolution of floodplain management utilizing sound science while maintaining economic development.

Global Climate

Climate change as a global environmental issue is best addressed at the international and federal level utilizing sound science and current data. ABI cautions against state and regional regulation and mandates that put Iowa business and industry at a competitive disadvantage. State and federal climate policies must be complementary and invigorate Iowa business and industry.

ABI will continue to advocate for incentive policies that help position Iowa business and industry as leaders with significant competitive advantages in energy efficiency and clean technology.



ABI's JD Davis and Brad Hartkopf preview the legislative session and discuss ABI's public policy priorities at the Legislative Briefing and Reception.

TAX

Mission Statement

To advocate for changes in Iowa law that will lead to business growth in Iowa. ABI favors continued efforts to reduce the overall tax burden in Iowa. There is a need for consistency and stability in government taxation. Iowa must live within its means to deliver better quality service for less cost, be accountable and continue to operate under a full accrual accounting basis. As guideposts for any tax system, ABI supports equity, simplicity, predictability and government accountability.

Streamlining State and Local Government

Iowa taxpayers should not shoulder the expensive burden of supporting too many government entities, creating excessive bureaucracy and inefficiency. Iowa is eighth in the country when it comes to percentage of population employed by state and local governments. ABI supports enabling legislation that encourages and allows the elimination or sharing of services and/or merger of government subdivisions and programs to create a more accountable and cost-effective delivery of government services.

ABI supports eliminating state legal barriers that hinder the ability of governmental units to better manage expenses and restructure governmental services.

ABI supports short term financial incentives to encourage consolidation and collaboration of local government entities to improve delivery of services, management efficiency and reduce property taxes.

LEGISLATIVE IMPACT

\$138,000,000
SAVINGS

via corporate income tax rate reduction

2025 projection; HF 2317, 2022

Accountable Government

Responsible fiscal policymakers in government employ the standards and criteria necessary to produce affordable, accountable and sustainable budgets that Iowa taxpayers can rely on year after year. ABI supports a sound budget development process that does the following:

- Avoids the use of non-recurring funding sources for ongoing expenses
- Avoids implementing new unbudgeted programs in the middle of a fiscal year
- Avoids multi-year accelerating commitments that create “built-in” budget increases
- Avoids new automatic, or “standing,” appropriations that evade annual legislative review
- Accurately determines revenues and expenses
- Aligns expenses in the year they will actually be spent
- Avoids shifting of program funding to property taxes or fees
- Avoids diversion of funds statutorily authorized for a specific objective to other purposes

Sales and Use Tax

ABI is opposed to stand-alone statutory changes or administrative interpretations resulting in an expansion of the sales and use tax base or rate, including any effort to increase sales and use taxes related to service transactions, inputs and tangible and intangible personal property. ABI supports continued exemption of all business inputs used in the manufacturing process.

Local Option Taxes and Fees

ABI opposes expansion of local option taxes and fees, including franchise fees. ABI supports increased transparency with regard to local taxes and fees.

Federal Coupling

ABI supports simplicity and rolling coupling with the federal tax code for provisions that are beneficial to the Iowa taxpayer with limited exceptions.

Single-factor Apportionment Income Tax

One of our most important business tax incentives to attract new and retain existing business and industry is the single-factor formula for apportioning taxable income of businesses. This single-factor formula is an inducement for businesses to enlarge payrolls and property investment in Iowa and to expand their sales outside of Iowa. ABI is opposed to any erosion of the single-factor formula and supports the benefit of the single-factor formula to all pass-through entities.

Income Tax Reform

Iowa's business tax climate is improving. ABI will continue to support efforts to make Iowa's tax system more competitive while retaining provisions that encourage economic growth and job creation. ABI supports legislation that will continue to reduce Iowa's individual and corporate income tax rates and complexity. ABI views business tax credits and incentives as specific relief to an overly burdensome tax system. Reform of business tax credits and incentives should only be considered in conjunction with broad-based tax reform that results in an overwhelming net reduction in business taxes.

LEGISLATIVE IMPACT

\$1,000,000,000+
SAVINGS

via individual income tax rate reduction
over six years

2025 projection; SF 2442, 2024

Tax Equity

ABI supports tax policies that treat similarly situated entities the same. Any tax reform should lower rates and simplify compliance for the broadest possible spectrum of business taxpayers. Priority should be given to correcting tax law mismatches that deprive taxpayers of the use of business losses and business asset bases.

Property Taxes

ABI continues to support legislation that further reduces property taxes to make Iowa more competitive for job creation, retention and attraction. ABI supports the development of a simplified property tax system based on actual value and usage of the property. The system should provide adequate safeguards to prohibit spikes in rates and assessments and should not rely on new taxes and fees.

For property tax reform to be successful, the Legislature must establish a clear set of priorities to be funded by property taxes. Generally, most property taxpayers believe that property taxes should pay for services directly related to their property such as fire protection, public safety and road maintenance.

The current system of appeals for Iowa property taxpayers is not working as intended. ABI supports comprehensive reform or repeal of the Property Assessment Appeals Board.

LEGISLATIVE IMPACT

\$37,000,000
SAVINGS

via property tax reform and reduction

2025 projection; HF 718, 2023

BUSINESS SHARE OF LOCAL TAXES

57%

Source: Council on State Taxation

Combined Reporting/Unitary Taxation

ABI supports Iowa's fair and reasonable separate entity reporting structure for corporate income tax reporting and opposes any mandatory combined or unitary tax methodology. Moving from separate entity reporting to combined unitary reporting is a major structural tax change. The consequences of such a change add complexity to an already complex tax system and may lead to costly litigation. Additionally, combined reporting should not be considered as a means to increase general fund revenues since it is entirely possible the state could experience a revenue decrease.

Research and Development Tax Credit

ABI supports legislation to ease compliance with the research and development tax credit changes and avoid the risk of audit. ABI supports legislation to make the Iowa research and development credit mirror the federal credit while maintaining refundability as is currently allowed.

WORKPLACE AND PRODUCT SAFETY

Mission Statement

It is in the best interest of Iowa businesses to have safe workplaces and make safe products. ABI members are nationally recognized for their workplace safety programs and products because of employers' innovation and investments. ABI advocates for responsible and cost-effective results in the areas of occupational safety, workers' compensation and product safety.

Workers' Compensation

Workers' Compensation Direction of Medical Care

ABI supports Iowa's current system of employers' direction of medical care for work-related injuries and recognizes employees' existing right under Iowa law to request alternate medical care.

Maintain Iowa's Workers' Compensation Reform

ABI spearheaded legislation in 2017 that made much-needed changes to Iowa workers' compensation law to bring the system back into balance. The legislation resulted in an immediate workers' compensation rate decrease for Iowa companies. These changes must be preserved to protect the workers' compensation system and keep Iowa competitive with other states.

Permanent Total Disability

ABI believes to recover permanent total disability benefits (PTD) the employee must show that as a result of the injury gainful employment cannot be performed.

Causation

ABI supports legislation to require an employee to prove that work was the predominant factor in causing or aggravating an injury or condition.

Apportionment (Pre-existing Condition)

ABI supports current law that an employer should be liable only for the disability added by the current work injury.

Scheduled Injuries

ABI supports current law regarding scheduled injuries. ABI supports development of an expedited hearing schedule for scheduled member injuries.

Industrial Disability/Wage Loss

ABI supports current law that industrial disability benefits should not be payable if the employer offers work after the employee reaches maximum medical improvement with no loss of earnings.

Tinnitus

ABI supports legislation that requires any claim for tinnitus (ringing in the ear) be part of a claim for hearing loss or occupational hearing loss and not industrial disability.

Claims Investigation

ABI supports prompt and accurate investigation requiring a duty of an employee to cooperate prior to claims acceptance and throughout the duration of the claim.

Fairness of Process

ABI supports full disclosure by all agency personnel to all parties involved in contested case procedures of any involvement relating to proposed workers' compensation legislation.

Piecework Exception

ABI supports retention of the piecework exception for computation of temporary partial disability benefits.

WORKERS' COMPENSATION STATS

12%

average premium decrease in 2024

>45%

cumulative rate decrease
since 2017 passage of SF 518

14/50

2022 premium rate ranking by state
up from 21/50 states in 2020

Source: Oregon DCBS

Workplace Safety

Safety Audits

ABI believes that business and industry should be allowed to perform safety self-audits without fear the audit results might be used in legal actions. ABI supports the adoption of state and federal legislation that would similarly provide immunity from penalty and protect a company's self-evaluation as privileged information.

IOSH Consultation Services

ABI supports Iowa Occupational Safety and Health (IOSH) placing a high priority on cooperative initiatives, training and education prior to implementation of new regulations. Cooperative voluntary programs and their elements, such as the Voluntary Protection Program (VPP), Safety and Health Achievement Recognition Program (SHARP), as well as full utilization of consultation, are an effective and important part of assuring worker safety and health.

Iowa Occupational Safety and Health Administration (IOSHA)

ABI supports IOSHA as the lead regulatory agency dealing with occupational safety and health issues and enforcement of IOSHA standards where worker safety is the predominant concern free of inconsistent or incorrect interpretations and agency policies that are negative to Iowa's business climate. ABI advocates that state IOSHA legislation, regulations, policies and practices be no more stringent than federal legislation, regulations, policies and practices.

ABI supports strengthening employer citation defense relative to employee misconduct.

Drug Testing

ABI believes that drug-and alcohol-free workplaces are essential to the health and safety of all Iowans. Therefore, ABI supports continuous clarification and refinement of Iowa laws and regulations to allow employers to implement drug testing policies consistent with job requirements that include the use of any scientifically sound methods of testing and reasonable methods of notification and compliance. ABI further encourages premium incentives to employers who implement drug testing programs. As Iowa considers allowing the expanded use of THC products and cannabis, employers must be able to maintain drug-free workplaces, particularly when state and federal laws conflict.

- **Prescription Drug Abuse and Reform:** ABI recognizes the serious negative impact opioid misuse can have on the health and safety of employees and workplaces. ABI supports efforts to reduce opioid misuse, abuse, and addiction and to educate the public, employers and employees about the dangers of the same. Further, ABI supports reasonable restrictions on any prescription such that employee needs are accommodated but controls are put in place to prevent misuse, abuse and addiction.
- **Synthetic Urine:** ABI supports enforcement of current Iowa law that bans the sale or use of synthetic urine in the state.

Tort Reform

Punitive Damage Reform

ABI believes punitive damages are designed to punish defendants and general damages compensate plaintiffs for injuries suffered.

Furthermore, ABI believes that:

- To be awarded punitive damages a plaintiff must establish that the defendant's actions showed actual malice, not negligence or gross negligence
- A defendant should be found liable for punitive damages for a particular act or omission only one time
- If requested by any defendant, actions involving punitive damages should be bifurcated for separate trial
- Contingency fees for attorneys should not be awarded on the punitive damage portion of an award
- A reasonable dollar limitation should be established applicable to punitive damages in all civil cases

Non-economic Damages

ABI supports the establishment of a reasonable dollar limitation applicable to non-economic damages in all civil cases.

Non-economic damages include, but are not limited to, pain and suffering, loss of consortium and loss of chance.

ABI believes the current non-economic damages recoverable in wrongful death actions should not be expanded.

Products Liability

ABI believes a negligence standard should be applied to a cause of action against a manufacturer for alleged design defects or failure to warn.

ABI believes manufacturers, distributors and sellers should not be liable for the misuse, alteration of or failure to properly maintain a product.

ABI supports a presumption that manufacturers and sellers should not be liable for use of a product that has been deemed in compliance with any applicable government safety standard whose approval is required for the product to be placed on the market.

ABI believes that evidence of design changes subsequent to the date of manufacture of the product should not be admissible.

Joint and Several Liability

ABI believes that defendants should be liable only for their share of damages, and that joint and several liability should be eliminated for economic damages, just as it is for non-economic damages.

Proximate Cause

ABI supports restoration of the traditional definition of proximate cause, which requires the alleged act be a 'substantial factor' in causing the harm, overruling the Iowa Supreme Court's decision in *Thompson v. Kaczinski* (November 13, 2009).

Frivolous Litigation

ABI supports stronger enforcement of the Iowa Rules of Civil Procedure to require plaintiffs and their attorneys who pursue frivolous litigation to reimburse defendants for defense costs associated with such litigation.

Subrogation

Subrogation suits should be required to be brought in the name of the current owner of the claim, rather than in the name of the insured.

Insurance Fraud Bureau

ABI supports increased awareness of the Insurance Fraud Bureau and adequate funding for proper enforcement of the current law regarding fraudulent insurance claims.



Speaker of the Iowa House Pat Grassley and Senate Majority Leader Jack Whitver address attendees at Business Day in Des Moines.



House Minority Leader Jennifer Konfrst and Senate Minority Leader Pam Jochum address attendees at Business Day in Des Moines.

KEY LEGISLATIVE VICTORIES

1913

- Employers' Direction of Medical Care in Workers' Compensation

1934

- Federal Deductibility for State Income Tax
- Single-factor Formula for Corporate Income Tax

1947

- Right to Work

1980

- Clean Air Act

1981

- Hazardous Waste Facility Siting
- Hazardous Waste Management Act

1994

- Taxpayers' Bill of Rights

1996

- Sales & Use Tax Exemption on Machinery, Equipment & Computers

1997

- Work Comp Limitations for Out-of-state Injuries
- Product Liability/Tort Reform

1998

- Drug-free Workplace Testing
- Environmental Self Audit
- Unemployment Insurance and Voluntary Quits
- Occupational Hearing Loss in Workers' Compensation

2002

- Venture Capital Investment Incentives
- Subchapter S Income Tax Reform
- Insurance Premium Tax Reduction

2004

- Workers' Compensation Apportionment of Prior Benefits

2013

- Commercial and Industrial Property Tax Rollback
- Education Reform for A Global Workforce

2015

- Broadband Expansion

2016

- Sales and Use Tax Exemption for Supplies Used in Manufacturing
- Career and Technical Education Reform

2017

- Workers' Compensation Reform
- Statewide Preemption of Wage and Employment Issues

2018

- Future Ready Iowa
- Final Stage Manufacturer Titling Reform

2019

- Empower Rural Iowa

KEY LEGISLATIVE VICTORIES cont.

2020

- COVID-19 Business Liability Protections
- Drug-Free Workplaces Reaffirmed in Medical Marijuana Bill

2021

- Tax Cuts Certainty for 2023

2022

- Unemployment Insurance Tax System Reformed to Emphasize Re-employment
- Individual and Corporate Tax Rate Cuts and Flat Tax Reforms

2023

- Property Tax Reform
- Hard Cap Liability Limits for Medical Malpractice and Commercial Motor Vehicle Torts

2024

- Accelerated Pass-Through Entity Tax Savings through Change in Flat Tax Enactment Date
- Transferred \$120 Million to the Unemployment Insurance Trust Fund; Eliminated the Unemployment Compensation Reserve Fund
- Air Dispersion Modeling Reform Reducing Regulatory Burden

2025 POLICY EVENTS

Legislative Updates (Members Only)

Every Other Friday During Session | Virtual

Legislative Briefing and Reception

January 15 | Des Moines

Business Day in Des Moines

March 12 | Des Moines

Nominations Open: Coolest Thing Made in Iowa

April

Regional Meetings

May | Statewide

Taking Care of Business Conference

June 10-12 | Council Bluffs

Public Policy Committee Meetings

August | Des Moines

Iowa Manufacturing Conference

October

Election Day

November 4 | Statewide

For a complete list of events, visit
www.iowaabi.org/events

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