

STG voted against eliminating taxes on retirement income.

Trone Garriott Voted Against The Bill That Would Have Denied The Possibility Of A Progressive Income Or “Wealth Tax,” Implemented A New Flat Tax Of 3.9% By 2026 For Individuals And Corporations, Eliminated Taxes On Retirement Income, And Reduced Corporate Taxes, Even Though These Changes Are Projected To Cost \$2 Billion In Revenue

On February 24, 2022, Trone Garriott Voted Against House File 2317. (Journal Of The Senate, [Iowa State Legislature](#), 2/24/22) p. 396

House File 2317 Was An Income Tax Reform Bill That Cut Individual And Corporate Rates To 3.9% By 2026, Eliminate Taxes On Retirement Income, And Reduce Corporate Taxes At An Estimated \$2 Billion Revenue Cost. “Gov. Kim Reynolds signed the state’s income tax reform bill into law on Tuesday afternoon. HF-2317 passed the Iowa House 61-37 in mid-February; the senate passed the bill 32-16 last week. The new flat rate is expected to significantly reduce individual and corporate income tax rates and cut the state’s income tax rates to 3.9% by 2026. It also eliminates taxes on retirement income and lowers taxes for corporations at an estimated cost of about \$2 billion to state income but with little impact for many middle class and low-income earners.” (Gina Dvorak, “Iowa Governor Signs Flat Income Tax Into Law” [WOWT](#), 3/1/22)

It Would Prevent The Creation Of A Progressive Income or “A Wealth Tax.” “Further, if a future legislature wants to increase the income tax, then it will have to either build a consensus or have supermajority control of both chambers. During a Senate subcommittee hearing Senator Jason Schultz described the amendments as a ‘citizen wealth confiscation prevention amendment,’ which is an accurate description. Both amendments would help to prevent not only a higher flat tax rate, the establishment of a progressive income tax, or the creation of a ‘wealth tax.’” (John Hendrickson, “Iowa Taxpayers

The Reform Is Projected To Lift The State’s Business Tax Climate Ranking From 46th To 15th While Encouraging Succession Planning For Baby Boomers By Eliminating State Taxes On Employee Stock Ownership Plans Distributions And Incentivizing Business Owners To Convert To Employee Stock Ownership Plans

Iowa’s H.F. 2317 Continues Earlier Tax Reforms And Is Projected To Lift The State’s Business Tax Climate Ranking From 46th To 15th—One Of The Largest Improvements In The Index’s History. “The most recent legislation, H.F. 2317, builds on reforms adopted in 2018 and 2021, and is broadly consistent with recommendations made by the Tax Foundation in our 2016 guide to Iowa tax reform. Before the reforms of 2018 took effect, Iowa ranked 46th overall on our State Business Tax Climate Index, a measure of state tax structure. With the full phase-in of the newly enacted reforms, Iowa would rank 15th overall, an improvement of 31 places. This would tie North Carolina for the largest improvement in the Index’s history. In the wake of historic reforms beginning in 2013, North Carolina improved from 41st to 10th overall in seven years (currently 11th).” (Jared Walczak, “Iowa Enacts Sweeping Tax Reform,” [Tax Foundation](#), 3/14/22)

The Bill Eliminates State Taxes On Employee Stock Ownership Plans Distributions (ESOP). “Today Iowa Governor Kim Reynolds returned to Library Binding Services (LBS Inc.), a 100% employee-owned business, to sign into law legislation to eliminate state taxes on retirement income, including taxes on Employee Stock Ownership Plans (ESOP) distributions. This important change has the power to motivate more Iowa business owners to sell their businesses to their employees as a business succession plan.” (The Employee Stock Ownership Plan Association, [Press Release](#), 3/1/22)

“This Legislation Incentivizes These Businesses To Convert To An [Employee Stock Ownership Plans] At A Time When 2.5 Million Businesses Nationwide Are Seeking Succession Plans.” “More than 28,000 Iowa businesses are owned by a baby boomer, representing more than 311,000 Iowa jobs and \$75 billion in business revenues. More than 65% of these businesses have no succession plan. This legislation incentivizes these businesses to convert to an ESOP at a time when 2.5 million businesses nationwide are seeking succession plans. To learn more

about ESOPs as a business succession option please visit our website.” (The Employee Stock Ownership Plan Association, [Press Release](#), 3/1/22)

An Employee Stock Ownership Plans Helps Owners Seeking Retirement To Make A Smooth Transfer Of Ownership, Creating Liquidity From Their Position In The Company. “An ESOP also offers flexibility from a personal and estate planning perspective. Javier Romero, Managing Director and Wealth Strategies Advisor at Bank of America Private Bank explains, ‘An ESOP may provide business owners with an opportunity to completely or partially exit the business, allowing them to create liquidity from their concentrated position in the company or to diversify their personal assets. It’s also a potential tool for those founders who may not have an apparent successor or family heir.’” (“Selling To Employees: The Underappreciated Exit Strategy,” [Bank Of America](#), Accessed 9/12/25)