



STATE OF IOWA
KIM REYNOLDS
GOVERNOR

June 2, 2026

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit House File 2800, an Act relating to state and local government and finances, including by making, modifying, limiting, or reducing appropriations, distributions, or transfers, authorizing expenditure of unappropriated moneys in special funds, making corrections, and providing for properly related matters including the national electrical code, local civil rights laws, political party state central committees, noxious weeds, nonresident deer hunting licenses, proprietary treatment systems, poultry associations, tax credits, alternative nicotine and vapor products, public assistance programs, judicial branch and county attorney salaries, civil litigation abuse, human trafficking, federal grants and loans notifications, quarterly payments to area education agencies, civic proficiency in higher education, charter schools under the Iowa Public Employees' Retirement System, school district incentives, extracurricular interscholastic eligibility, and levy increases, and including effective date, applicability, and retroactive applicability provisions.

House File 2800 is approved this date with the following exceptions:

- Division I Section 4 proposes transferring the unencumbered and unobligated balances of federal funding that the state received from Coronavirus Relief Fund (CRF) to the information technology fund created in section 217.25 on July 1, 2026.

This federal funding contains federal restrictions prohibiting the transfer of funds into a state general fund or any other fund without qualifying, documented eligible use under program rules. Funds not meeting eligible cost timelines must be returned to the U.S. Treasury.

CRF funds and interest earned can only be used for eligible COVID-19 response expenses¹. Treasury further specifies that if CRF funds are placed in an interest-bearing account, any

¹ Coronavirus Relief Fund Guidance, Necessary Expenditures Incurred Due to the Public Health Emergency (page 4183) <https://www.govinfo.gov/content/pkg/FR-2021-01-15/pdf/2021-00827.pdf>.

interest earned “must be used only to cover expenditures incurred in accordance with section 601(d) of the Social Security Act”². CRF interest cannot legally be reallocated to a state IT fund unless that fund administers an eligible COVID-19 response activity—which HF 2800, Sec. 4 does not require. Unspent CRF balances must be returned to Treasury if not used for eligible expenditures³. A state statute cannot override a federal recoupment mandate. Transferring CRF funds in 2026 would violate federal law.

- Division I Section 5 proposes four appropriations from the information technology fund created in section 217.25 to the department of health and human services for specific information technology projects with the remaining balance of the fund being appropriated for the Medicaid management information system. Further, this section prohibits the usage of funding for maintenance operations, staffing, or other corporate technology needs of the department.

The information technology fund created in section 217.25 is utilized by the department of health and human services to pay for all of their information technology expenditures. As HF 2800, Sec. 4 is in conflict with federal law and will result in no additional funding being transferred into the information technology fund, this would result in the department of health and human services being unable to maintain their operational information technology needs.

- Division X relates to a health care access and innovation tax credit.

As clearly stated during debate on this legislation, the intent of this provision is to hold harmless Iowa’s largest HMO from the MCO tax enacted earlier this year in HF 2739. This carveout undermines the integrity and uniformity of the tax structure adopted by the Legislature and required by the Federal Government. Accordingly, this provision places at risk more than \$120 million in new federal funding that supports Iowa Medicaid and the vulnerable Iowans who depend on these services.

- Division XIV creates a new cause of action for “civil litigation abuse” and abrogates the common law cause of action for abuse of process for actions between private parties.

The codified cause of action for abuse of process abrogates the long-standing common law cause of action for abuse of process. This substantial change to Iowa tort law was not precipitated by discussion with stakeholders, and both the Office of the Attorney General and Iowa State Bar Association have raised concerns about its implications. Specifically, the Office of the Attorney General has identified a likely unintended impact to the State’s liability exposure.

² Coronavirus Relief Fund FAQ, Section B, #3 (page 4193) <https://www.govinfo.gov/content/pkg/FR-2021-01-15/pdf/2021-00827.pdf>

³ Coronavirus Relief Fund FAQ, Section B, #1 (page 4193) <https://www.govinfo.gov/content/pkg/FR-2021-01-15/pdf/2021-00827.pdf>.

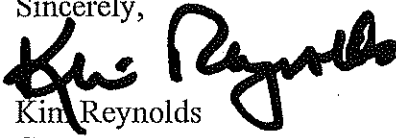
Moreover, codifying a broad-based cause of action for civil litigation abuse would make Iowa an outlier. A cause of action for abuse of process has existed in Iowa since at least 1956 and is based on the Restatements of Torts §682. Well over forty states have adopted the Restatement's definition of a claim for abuse of process. It appears that only three states have codified an abuse of process cause of action, and those statutes are limited to claims brought by family members or within the domestic relations context. No statute was found that codified an abuse of process claim applying to any private party (e.g., individuals, corporation or other entity).

The cause of action for abuse of process, as drafted, also includes overbroad definitions thereby creating confusing standards for juries. For example, the bill defines "ulterior purpose" as use of process "mainly" for an improper reason, but then incongruously defines the elements of the claim to include use of process "primarily" for an ulterior purpose.

I remain willing to work with both chambers to address concerns regarding claims in this area of the law.

For the above reasons, I respectfully disapprove those parts of House File 2800 as specified above, in accordance with Article III, Section 16, of the Constitution of the State of Iowa. The remainder of House File 2800 is approved as of this date.

Sincerely,


Kim Reynolds
Governor

cc: Secretary of the Senate
Clerk of the House