



“Be sure you put your feet in the right place, then stand firm.” - Abraham Lincoln

Thursday, January 13th, 2011

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Appropriations

(Contact Lon Anderson at 1-5184.)

Inside this issue:

Appropriations Committee Approves Taxpayers First Act

On Wednesday, January 12, the House Appropriations Committee approved House Study Bill 1, also known as the Taxpayers First Act.

The Taxpayers First Act is the first delivery on House Republicans campaign promises to reduce spending and the size of government. House Republicans were serious about our efforts over the last two years and campaigned that the taxpayer should come first and that the state should not spend more than it takes in. The road to delivering that starts with this bill.

The key elements include:

Creation of a Taxpayer Relief Fund (TRF) This will change the law so that the first dollar after the cash reserves are full will go to the taxpayer rather than more government spending. What is at stake with this component of the bill is the projected \$318 million ending balance. House Republicans believe this one time money should not be used for additional spending - but should be returned to the taxpayer who created the positive ending balance by paying increased taxes due to the state not fulfilling commitments.

Two-Year Budget Governor-elect Branstad campaigned on a two-year budget for the state and has indicated that he will insist on a two-year budget. House Republicans have indicated that we will deliver a two-year budget after our budget reforms signed into law - including a limit on transfer authority and a process that does not abdicate the legislative authority to appropriate funds. This bill puts in motion the process to have the

REC set an estimate so we can develop a two year budget. House Republicans will use the two-year budget to fund the long-term tax reductions made possible by the TRF and fund minimal growth in essential areas such as public safety, Medicaid and education.

De-Appropriations The bill deappropriates just over \$500 million from all funds over a three year period. This is the first step to fiscal responsibility and eliminating the spending gap projected to be around \$700 million for next year using the December REC figure and built-in expenditures for next year.

Establish Priorities The bill provides two supplemental appropriations - funded from reductions in the current year rather than spending down the ending balance. The bill puts in place a \$25 million appropriation for 18 months to eliminate the Mental Health wait lists in Iowa and at the same time puts in motion the process that will be started immediately in the House to redesign the mental health delivery system in Iowa. The second supplemental will fund the underfunded expense for indigent defense. Both areas are priority needs to deliver necessary services to lowans within the resources the state has available.

The subcommittee on the bill was Wagner (chair), Raecker, Rogers, T. Olson and Murphy a and the subcommittee hearing on the bill was held on Tuesday, January 11. Thirty-five people spoke on the bill and twenty-five of them were government-funded lobbyists. No one spoke against Division I of the bill, which creates the Tax Relief Fund.

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The bill was amended in the Appropriations Committee to increase the savings in the bill, add language requested by the ICN to facilitate a lease of the network and makes technical changes. It was approved on a 15-10 party-line vote and is scheduled for debate on Wednesday, January 19. The Democrats called for a public hearing on the bill and the public hearing must be held prior to the bill being debated on the floor.

House Republicans believe the Taxpayers First Act is the first step in giving the taxpayers a seat at the table and aligning ongoing spending with ongoing revenue.

Revenue Above Estimate through the first half of FY 2011

On January 3, Legislative Services Agency

released a memo showing actual revenue through the first six months of the fiscal year. As has been the case for the past few months, gross general fund revenue was slightly above the estimate established by the Revenue Estimating Conference (REC).

Year-to-date revenue has increased by \$104.6 million, or 3.8 percent compared to FY 2010. However, due to a timing change regarding gaming receipts, the actual net revenue increased by 4.7 percent year-to-date. The REC estimate for FY 2011 is \$216.8 million, or 3.6 percent compared to last fiscal year.

On the positive side, personal income tax receipts grew by 4.7 percent over FY 10, compared to the REC estimate of 3.9 percent and sales tax revenue grew by 3.9 percent compared to the estimate of 3.3 percent.

On the downside, all other major sources of general fund revenue – including corporate income tax, inheritance tax, and cigarette taxes – were down compared to FY 2010. While it appears that revenue will meet or exceed the REC estimate, it is concerning that several components of the general fund are below last year and the REC estimate for this year.

Revenue coming in above the REC estimate must be captured in the Tax Relief Fund and not used to prop up the FY 2012 budget. If the surplus from FY 2011 is used to balance the FY 2012 budget, it will just push off the day of reckoning to the following year. House Republicans believe that state spending must be aligned with ongoing revenue and will make the difficult choices that is going to require.

## Agriculture

(Contact Lew Olson at 1-3096.)

### Northey: \$12 Million Loaned to Iowa Farmers During Fiscal 2010 to Install Conservation Practices

On Thursday, December 30, 2011, Iowa Secretary of Agriculture Bill Northey office issued a press release in which he noted that during the past fiscal year nearly \$12 million was loaned to Iowa farmers and land owners to install voluntary conservation practices that improve water quality. The low-interest loans were available through the State Revolving Loan Fund's Local Water Protection and Livestock Water Quality Facility Loan Funds.

To apply for funds, farmers and landowners work with the local Soil and Water Conservation District in their county. Applications are accepted at any time during the year and are typically processed in a few days.

Once approved, the loan recipient will work with an approved local lender who will make the loan. The Iowa Finance Authority then deposits funds equal to the principal amount of the loan at 0% interest with your lender. This deposit enables the lender to reduce the interest rate charged to the bor-

rower. Virtually all practices eligible for State Cost Share, Resource Enhancement and Protection (REAP) and Environmental Quality Incentive Program (EQIP) are eligible for loans. The practices covered include, but are not limited to:

- Terraces, grade stabilization structures, water & sediment control basins
- Pasture & hay land planting or prescribed grazing
- Grassed waterways and filter strips
- Field borders, windbreaks and buffers
- Waste storage facilities
- Deep bedded buildings or other roofed manure control structures

However, loans to implement practices for animal feeding operations can only be

made to operations that are under 1,000 animal units and operations that are not required to have an NPDES permit. Loans can be for \$5,000 up to a maximum of \$500,000 per borrower and can fund up to 100 percent of actual costs. The terms are up to 15 years and a fixed interest rate of no more than 3 percent for the life of the loan. Funding comes from the Clean Water State Revolving Fund (CWSRF), a water quality financing program administered by the Iowa Department of Natural Resources and the Iowa Finance Authority. The CWSRF uses a combination of federal capitalization dollars, leveraged bonds, repayments, and interest earnings to generate a continually revolving and growing fund that helps Iowans protect water resources.

### Deadline for Federal Conservation Financial Assistance is January 21, 2011

On December 14, 2010, the Iowa Natural Resources Conservation Service office issued a press release notifying Iowans \$18 million in financial assistance is available to Iowa agricultural producers. Iowans applying conservation and wildlife habitat management practices on their farms through the Environmental Quality Incentives Program (EQIP) and the Wildlife Habitat Incentive Program (WHIP) are eligible to receive the money. To be considered for the first round of funding selections, farmers must apply at local USDA-Natural Resources Conservation Service (NRCS) offices by January 21, 2011. EQIP and WHIP are offered through a continuous

signup, but NRCS periodically makes funding selections as program dollars allow. EQIP and WHIP are voluntary programs that provide eligible participants financial and technical assistance to implement conservation on the land. EQIP promotes agricultural production and environmental quality, while WHIP helps promote, create and enhance wildlife habitat. Both programs are administered by USDA-NRCS. Conservation plans must be developed for the entire area that will be included in an EQIP contract. Statewide EQIP practices include, but are not limited to: grassed waterways, manure management facilities, terracing, pest management, ag drainage

wellhead protection and pasture management. Livestock producers may qualify for EQIP assistance to treat livestock waste resource concerns on existing facilities. Structures associated with new livestock facilities are not eligible.

Lands eligible for WHIP include: private agricultural land, nonindustrial private forestland, and Indian land. For more information about EQIP, WHIP, or other conservation programs, or to apply, visit the NRCS office at your local USDA Service Center (<http://offices.sc.egov.usda.gov/locator/app?state=ia>).

## USDA Seeks New Project Proposals to Improve Water Quality in Mississippi River Basin

On December 17, 2010 – United States Secretary Tom Vilsack announced that the United States Department of Agriculture (USDA) is seeking proposals for new conservation projects that support comprehensive efforts already underway to improve the water quality and overall health of the Mississippi River from North-Central Minnesota to the Gulf of Mexico.

As part of its Mississippi River Basin Healthy Watersheds Initiative, of which Iowa is a participant, USDA is providing up to \$40 million in financial assistance for new partnership projects in 43 priority watersheds in 13 states. USDA will use a competitive process to distribute the available funding through existing conservation programs such as the Cooperative Conservation Partnership Initiative and the Wetlands Reserve Enhancement Program. USDA's Natural Resources Conservation Service administers this initiative. The following states are included: Arkansas, Illinois, Indiana, Iowa, Kentucky, Louisiana, Minnesota, Mississippi, Missouri, Ohio,

Tennessee, Wisconsin and South Dakota. The USDA study showed that much progress has been made in reducing excessive sediment losses on cropland acres in eight states; however additional treatment is needed on cropland acres in all the states. Through approved projects, eligible farmers and landowners will voluntarily implement conservation practices that avoid, control and trap nutrient runoff; improve wildlife habitat; restore wetlands; and maintain agricultural productivity.

Key conservation practices include nutrient management, conservation crop rotations and residue and tillage management. Farmers and landowners can also restore wetlands and plant trees along streams to filter nutrients out of water draining off the farm. On a voluntary basis, participants can use financial assistance to install edge-of-field monitoring systems in specific locations within the selected watersheds. This monitoring will allow NRCS to assess environmental outcomes of the project. USDA published its Request for Proposals (RFP)

in the Federal Register November 28, 2010, and project proposals are due on or before Jan. 28, 2011. The RFP explains the procedures for potential partners to sign agreements with USDA for projects that support the initiative's objectives. Federally recognized Indian tribes, state and local units of governments, farmer cooperatives, producer associations, institutions of higher education and other nongovernmental organizations can download the RFP at <http://www.gpo.gov/fdsys/pkg/FR-2010-11-29/html/2010-29958.html>.

The RFP contains a list of the eligible watersheds which include in Iowa, the Boone, Maquoketa, North Raccoon and Upper Cedar river basins as well as information about where project proposals should be submitted. For more information about the Mississippi River Basin Healthy Watersheds Initiative, including the RFP and the eligible watersheds, as well as the CIG requirements, visit [http://www.nrcs.usda.gov/programs/mrbi/mrbi\\_overview.html](http://www.nrcs.usda.gov/programs/mrbi/mrbi_overview.html).

## Economic Growth

(Contact Louis Vander Streek at 1-3626)

### Advertising Iowa as a Right-to-Work state

House Republicans have introduced House File 3 that makes it clear in no uncertain terms that Iowa is a Right to Work state. During the last General Assembly, Demo-

crats tried and were ultimately unable to pass any of their four major labor proposals. One of those bills would have gutted Iowa's Right-to-Work status. Iowa's

Right-to-Work law guarantees that no person can be compelled, as a condition of employment, to join or not to join, nor to pay any dues to a labor union. The

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Democrat's bill would have forced non-union members to pay a mandated 'fair share fee' to the union as condition of employment. Every Republican, as well as a few business-friendly Democrats, stood strong and were able to defeat this 'Fair Share' bill along with the other major labor bills that came before them. Now that the Republicans are back in the majority in the House, they will work to

***“Now that the Republicans are back in the majority in the House, they will work to strengthen Right to Work provisions”***

strengthen Right to Work provisions and create an economic climate that is conducive to job creation. One such way to ac-

complish this is the introduction of a bill that will require the Department of Economic Development to print “Iowa is a Right-to-Work State” on all business recruitment, tourism, and promotional literature. This will let prospective employers who may be interested in locating in Iowa that we are a state that is friendly to business.

This is the start of what House Republicans hope to be many business friendly actions taken during this next General Assembly.

## Education

( Contact Jason Chapman at 1-3015)

### What Makes a Good Teacher?

In Gov. Culver's final speech to the legislative body this week he mentioned the successes his administration achieved with preschool in the state. He claimed that 90% of Iowa's four-year olds now have the opportunity to attend preschool, up from just 5% a few years ago. His comments were more than likely a response to both House Republican and incoming Gov. Branstad's plans to cut funding for his administration's Statewide Voluntary Preschool Program (SWVPP). But his numbers don't necessarily make sense as it relates to the SWVPP.

The 90% and 5% figures Gov. Culver mentioned are misleading. His SWVPP, which is what GOP leaders have taken issue with, has an enrollment of 19,800 for the 2010-11 school year. These are the latest numbers taken from school head counts in October 2010. When compared with the estimated 39,267 4-year olds in the state, the SWVPP accounts for 50.4% of 4-year olds. It is likely he is counting access opportunities created by private preschools, parochial preschools, and other state and federal programs such as Head Start, Shared Visions, Title I provisions, and Special Education.

In the 07/08 school year these state and federal programs served the following numbers of children:

SWVPP – 5,126

Federal Early Childhood grants – 5,872

Shared visions – 2,362

Early Childhood Iowa (formerly Empowerment) – 11,111

Head Start – 7,934

In the 09/10 school year there were an estimated 2,591 enrolled in private preschools enrolled through federal programs. It is likely these numbers are low as accounting for preschool attendance outside of the Department of Education run SWVPP is not complete.

The non-SWVPP programs obviously preceded the SWVPP, and the 07/08 clearly account for more than 5% of the state's 4-

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year olds. It's unclear where he obtained his number from.

What is of concern to the majority party is the cost of universal and free preschool in an environment when the state is facing a spending gap of nearly \$700 million for the coming fiscal year. Last year's majority party raised spending authority for K-12 school districts but then proceeded to underfund that authority by over \$150 million, saddling property tax payers with the bill.

Across the board cuts by the Governor forced the lay-off of K-12 teachers all across the state, putting the education of kids in those schools hit hardest in jeopardy.

Yet we can somehow expand the estimate \$70 to \$80 million we are putting into preschool? When K-12 funding is missing over \$230 million for the upcoming fiscal year (\$150 million underfunding, plus nearly \$80 million in one-time money), how can we justify any additional money for preschool?

House GOP leaders plan to work with the incoming governor who said he envisions a significant change in the preschool program. He has stated that his “approach would be to partner with nonprofit organizations and businesses and provide state scholarships to people with financial need and not embark on a new program.”

This is in line with his recent appointee to head the state Department of Education, Jason Glass. Glass, in an interview with the register answered, “Preschool is critically important, especially for families in poverty, families that are economically disadvantaged. We're talking about a \$700 million budget deficit next year, we've got to be much more thoughtful about how we spend money. We have to get more efficient with state dollars. If you want to be efficient with how you spend money on preschool, it needs to be targeted to the

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kids that are going to get the most benefit, which is going to be the kids that are in poverty.”

The current pre-school program is too expensive and blindly distributes taxpayer money without regard for the financial need of the family. Iowans were able to send their kids to preschool before the Democrats program and they will be able to do after it is changed. An effective model would allow local communities to distribute preschool money on a needs basis, leaving families who can afford preschool to pay for

their preschool. The Legislature will work to develop a new voucher system that is affordable for the taxpayer funding it and helps pay for preschool for those who cannot afford it.

While this may not be the solution policy-makers on either side of the aisle desire, it may be the most viable option considering Iowa's current political and economic climate.

House Republicans support preschool. We have supported preschool, and we've supported it primarily through the empowerment process and creating some of those

partnerships and impacting in particular those families that need help.

Empowerment/ECI is much more plausible and affordable option. It is already in place and is already helping families with preschool, day care, and a number of other early childhood related issues. Republicans feel that it's best for the local communities to assess the needs of their community and offer preschool assistance from the local level and not on the backs of property tax payers state-wide. That will address the income scale issue by not blindly offering preschool to those that can already afford to pay for it themselves.

## Environmental Protection

(Contact Lew Olson at 1-3096.)

### DNR Report to the Governor for Control of Fine Particles Pollution Available

On Thursday, January 6, 2011, the Iowa Department of Natural Resources (DNR) released its weekly electronic newsletter "EcoNewsWire" which contained a summary and a link to a report requested by the Governor and General Assembly during last year's legislative session about the state's plans to address fine particle air pollution. That report has been submitted and is available to the public at [www.iowadnr.gov/air/prof/meet\\_wg/pm25/](http://www.iowadnr.gov/air/prof/meet_wg/pm25/).

It includes a summary and analysis of input from a stakeholders' work group convened to make fine particle reduction recommendations to the DNR Air Quality Bureau. The stakeholders work group consisted of approximately 120 members representing business and industry, agriculture, trade groups and associations, environmental groups, and local and state agencies. Recommendations from the workgroup and others were evaluated as part of the process used to develop the DNR's recommendations. Nearly 90 percent of the recommendations in this consensus report either match, or were closely based on,

recommendations provided by the workgroup. A few of the recommendations to lower fine particle levels include: implementing an air construction permitting program that includes consideration of fine particle emissions; prohibiting open burning of residential waste within all city limits; limiting vehicle engine idling; expanded education and outreach on best practices to reduce ammonia emissions from livestock operations and excess nitrogen application; and increasing collaboration with other agencies on transportation planning activities.

Fine particle pollution, technically termed Particulate Matter 2.5, is microscopic solids or liquid droplets that are 2.5 microns (2.5 millionths of a meter) in diameter, or about the size of a red blood cell. They can get deep into the lungs and cause serious health problems. Numerous scientific studies have linked particle pollution exposure to a variety of problems including: increased respiratory symptoms; decreased lung function; aggravated asthma; development of chronic bronchitis; irregular heart-

beat; nonfatal heart attacks and premature death in people with heart or lung disease. PM2.5 is generated by all types of combustion: motor vehicles, power plants, wood burning and some industrial processes. Most fine particle pollution is either emitted directly or forms from the reaction of nitrogen oxides, ammonia and sulfur dioxide in the atmosphere.

It is pretty clear from reading background EPA materials that some of its scientists think the most efficacious method for controlling PM2.5 levels in Iowa and the upper Midwest is to control agricultural ammonia emissions, principally from livestock. However, this line of thinking is complicated by fact that seasonal agricultural ammonia releases in this PM2.5 critical timeframe are at annual low release rates (typically only 20-25% of peak summer emissions) and are largely derived from livestock digestive releases, feed-floor manure, and from senescence of crop plant materials (nutrient breakdown/recycling of harvested plant tissue).

### Water Quality on January Environmental Protection Commission Agenda

On Tuesday, January 18, 2011 the Iowa Environmental Protection Commission is scheduled to hold its monthly meeting. Highlighting the agenda is discussion of water quality standards. The Commissioners will be asked to approve nutrient water

quality standards for lakes, and to approve contracts to study the wildlife value of farmed wetlands and determine actions needed to improve Badger Creek Lake. At 1 p.m., John Olson, a DNR water quality expert, will present the 2010 draft list of

lakes, river, and stream segments that do not fully meet state water quality standards. After public input and changes, the DNR will send the 2010 draft list of 446 impaired waters to the U.S. Environmental Protection

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Agency for approval. States are required to prepare the lists every two years by the federal Clean Water Act. As in past years, the most common causes of impairment for streams are indicator bacteria, biological

impairments and fish kills. The most commonly identified impairments for lakes are algae, bacteria and turbidity or cloudy water. The meeting begins at 10 a.m. at the DNR Air Quality Building, 7900 Hickman

Road in Windsor Heights. Public participation is scheduled for 10:30 a.m. At 2 p.m. commissioners will meet with the Iowa Attorney General's office in a closed session.

## Human Resources

(Contact Brad Trow at 1-3471.)

### “Essential Benefits” Fight Begins in Washington Year’s First Conflict Over Implementation of Health Care Reform Law

One of the first major health care reform battles of 2011 begins Wednesday, as the Institute of Medicine starts a three-day hearing. The focus of the hearing will be to start deciding what preventative care services will be defined as “essential benefits”.

Under the federal health care reform bill, the Institute of Medicine is charged with developing a recommendation for what health care services all health insurers will be required to cover in any plan they offer. In the law, these are referred to as “essential benefits”. The list of these benefits is expected to be completed in 2011, so that insurers and states can begin plan

development for 2014.

***“There is significant opposition to this from pro-life organizations”***

Of the potential areas of conflict in determining the list, the flashpoint is family planning services. Planned Parenthood and the Alan Guttmacher Institute are pushing the Institute of Medicine to make family planning services an essential benefit. They are also demanding that these services be required to be provided without any co-payment.

There is significant opposition to this from pro-life organizations.

It is not known if the Institute would complete its deliberations this week. Even if it does, their recommendations would have to receive final approval from HHS Secretary Kathleen Sebelius. Her decisions on the essential benefits package is almost certain to the subject of intense scrutiny by Congress and state legislatures.

### New Medicaid Forecast Shows Slight Improvement in FY 11, FY 12 Estimates

On Tuesday, the latest forecast on state Medicaid spending was released by the Legislative Services Agency. The December forecast shows that current spending on the second largest state program continues to be less than originally anticipated, while the projected shortfall in FY 2012 went down slightly. Still, Iowa’s Medicaid program faces a monumental problem in being able to maintain services in the future.

Each month, fiscal analysts of the Department of Management, Department of Human Services, and Legislative Services Agency meet to examine the trends occurring in the program and the forecast of future spending. The three agencies look at a number of factors in developing their own projections for spending in the current year and the upcoming budget year, including usage and enrollment trends. At the meeting, each agency presents its projections and the mid-point is used for the forecast.

For the current fiscal year, actual enrollment has not been as strong as was anticipated when the Legislature adopted the FY11

Medicaid budget. Even with a lower level of federal matching funds and Governor Culver’s transfer of \$15 million to fund the “Iowans Helping Iowans” program, the forecast now expects Medicaid to have a surplus of \$10 million at the end of the year. One major variable to this is the flu. If it is a bad flu season, as the state epidemiologist has suggested it may be, then the surplus may quickly switch to a deficit.

***“As part of the federal health care reform law, Congress prohibited states from taking actions that would lower eligibility or significantly change costs for Medicaid services”***

When it comes to projecting the costs in FY 2012, there are significant funding issues. In the past four years, the Democrat-controlled Legislature relied on enhanced federal Medicaid match or one-time funds

available to pay for the program. The significant reliance on these sources means that Iowa is now spending fewer General Fund dollars on Medicaid than it did in FY 2007. That cannot happen in FY 2012, as most of these one-time sources will no longer exist.

The forecast projects Medicaid spending \$1.150 billion in FY 2012. Recurring revenue to the program – General Fund appropriation, revenue from the 2007 cigarette tax increase, and provider taxes – currently is just \$579.6 million. This leaves a \$571 million gap between existing funds and what will be needed. This is an improvement over earlier forecasts. But it does not eliminate the tremendous challenge in funding Medicaid in FY 2012.

It is important to note that, unlike previous years, the array of tools available to legislators to address Medicaid has been virtually eliminated by Congress. As part of the federal health care reform law, Congress pro-

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hibited states from taking actions that would lower eligibility or significantly change costs for edicaid services.

Congress's decision leaves Iowa and other

states with few alternatives. States can drop optional services like prescription drugs, nursing homes, and dental care. They can limit the scope and duration of services, or they can cut the reimbursement rates paid to providers.

## Judiciary

(Contact Amanda Freel at 1-5230)

### A Step by Step to Selecting the New Iowa Supreme Court Justices

The start of a new legislative session brings many changes to the state of Iowa. One major change is the appointment of three new Iowa Supreme Court Justices. In November, Iowans voted against retaining Chief Justice Marsha Ternus, Justice David Baker and Justice Michael Streit. All three justices ended their terms on the bench on December 31st. Iowa is now in need of three new justices before the Supreme Court resumes hearings.

When a vacancy opens on the Supreme Court, the State Nominating Commission is convened. The Commission has 14 members and one chairman. The chairman is the senior member of the Iowa Supreme Court, who is not the Chief Justice. Seven members are selected by the Governor and approved by the Senate. The other seven members are voted on by members of the Iowa Bar Association. All 14 members serve staggered 6 year terms.

The Commission is responsible for evaluating qualified candidates to serve as Supreme Court Justices. In order to be a candidate an application must be submitted to the Commission. Qualified candidates must be a resident of the state of Iowa, a member of the Iowa Bar and must be able to serve one full term in office before reaching the age of 72 (the required retirement age

for judges in Iowa). The application also includes extensive background information regarding the applicant's education, career and other qualifications. As of now, 61 candidates have applied for the three open positions.

Once the application deadline passes (January 14th, 2011) the commission interviews all of the candidates. According to the Commission, the interview is supposed to focus on the candidates experience, legal skills, judicial knowledge and temperament. Information about each applicant is available on the Supreme Court's website and the Commission welcomes comments from the public regarding candidates. This

***"As of now, 61 candidates have applied for the three open positions"***

year, the public is invited to attend the interviews and they will also be available online through the Supreme Court's website. After the interviews are complete, by majority rule, the Commission votes on which candidate's names should be included on the nominee list sent to the Governor. For each spot open on the Supreme Court the

Governor is given a list of three names chosen by the Commission. He must select one name from the list and that person becomes the next Supreme Court Justice. Since there are three open spots on the Supreme Court, the commission will end up selecting nine nominees overall. Upon the Governor's approval the selected nominee is sworn in to the Supreme Court.

The current selection process has been used in Iowa since 1962. Rules that govern the selection process come from the Iowa Constitution Article V §15 and 16 as well as parts of the Iowa Code. While the State Nominating Commission is supposed to be non-partisan, it is hard to overlook the staggering number of Democrats on the commission as opposed to Republicans. Of the 14 members on the Commission, only 1 is a Republican, 1 is listed as an Independent and the other 12 are registered Democrats. This highly partisan divide has caused many in the state to question if this process is truly partisan and if there are better ways to ensure political equality on the board. While the selection process won't be changed before the current Supreme Court members are selected the Commission knows their actions are being watched carefully for the selection of truly non-partisan qualified individuals.

## Labor

(Contact Louis Vander Streek, 1-3626)

### Branstad administration names two to important labor positions

The Branstad/Reynolds transition team has named two individuals to aid the administration with labor issues for its administration. Leon Shearer will be retained as its labor relations consultant, and Michael Mauro will be nominated as Iowa Labor

Commissioner. Leon Shearer, an attorney, has a history working in labor relations. Shearer has worked as a consultant for the Master Builders of Iowa and has worked on the behalf of management in labor disputes

involving packing, trucking, warehousing and construction industries in Iowa. "I have seen tremendous changes in the labor relations field over the years," said Shearer. "I am pleased that while I always represented

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management, I can call many labor representatives my friend. I look forward to working on behalf of the Branstad-Reynolds administration to find workable solutions with labor leaders in state government." Former Secretary of State Michael Mauro

will be nominated as Iowa Labor Commissioner and will take the position starting on May 1. Mauro was defeated in a bid for a second term by newly sworn in Secretary of State Matt Schultz. Until his term begins, Mauro will act as deputy director at Iowa Workforce Development until the current commissioner's term expires. "I am

excited about the opportunity to work for the Branstad Administration and appreciate the confidence he has shown in me," said Mauro. "This new challenge is a great opportunity to further serve Iowans and I look forward to beginning that work."

## Natural Resources

(Contact: Dustin Blythe, 1-3452)

### DNR gives update on 2010 deer harvest

Through December 28, 2010 the deer harvest stood at 108,000. This is a 6.4 percent decrease from 2009 levels. Tom Litchfield, state deer biologist with the DNR is expecting the harvest to be down 4 to 5 percent once the muzzleloader and January antlerless seasons are completed.

The statewide deer population has been shrinking for the past five years, and the lower harvest continues to reinforce that

trend. Most counties are approaching targeted population goals, but portions of southern, west central and southwestern Iowa will have blocks of counties likely above those targets once the department analyzes the numbers this spring.

Antlerless license sales are running 7.5 percent lower than in 2009, primarily because people are buying fewer antlerless licenses because they are seeing fewer

deer and are not filling the tags as quickly. With the deer population down 30% from its peak, the herd is approaching the mid 1990's levels.

Overall, Eastern Iowa has reached most of their population goals, while the department would still like to see more does taken in the southwest part of the state.

## Public Safety

(Contact Amanda Freel at 1-5230)

### Never call Retreat? An explanation of the Duty to Retreat Law

January 1st, Iowa implemented a new gun permit law. This law created a uniform permit standard for all 99 counties. In the past 12 days hundreds of law abiding Iowans have applied for these permits. There are many laws that govern weapons in the state and with many people choosing to carry, it is important to know the law so you can protect your rights.

There are stories in the news all the time about citizens who use their weapon to stop a robbery or other crime. These stories show how important it is for law abiding citizens to be able to carry weapons to defend themselves and others. However, everyone who carries in Iowa should know about Iowa's "Reasonable Force" law.

Currently, you have the right to use reasonable force to protect yourself or another person from injury or death. Reasonable force is what a reasonable person would

use in a similar circumstance and can include deadly force. This type of force can be used in your home or business without any additional requirement.

Unfortunately, this law does not cover you everywhere, and the exception in the law is more often the rule. According to Iowa Code, you may have a duty to retreat. The duty to retreat used to be called "retreat to the wall" meaning, you must try to escape unless cornered (if you are not in your home or business). This means if you are in a store and there is a robbery you may not be able to pull your gun to protect yourself and others if there is a place to hide, or another exit from the store. If for some reason the escape route would be a risk to your life or safety then you again have the right to use reasonable force.

The duty to retreat clause puts the burden on law abiding Iowans who are protecting themselves and others from criminals. If a

person was to use reasonable force they may still have to prove that retreating would have been dangerous or impossible. This law can also make individuals liable to criminal charges and costly civil lawsuits.

This session, the Iowa legislature will be addressing the duty to retreat. The hope is that removing the duty to retreat will allow law abiding citizens to protect themselves and their neighbors. This law, known as the Castle Doctrine, allows you to protect yourself and others in any area that you have a legal right to be present. By protecting law abiding citizens from criminal and civil charges, criminals hopefully think twice.

## State Government

(Contact Kristi Kielhorn at 2-5290.)

### Liquor Fee Raise Surprises Retailers—State Government

The State's liquor wholesaling operation recently increased its fee for split cases (instances when a retailer buys less than 12 bottles of one type of liquor) from 20 cents per bottle to 50 cents per bottle. The fee is charged by the state to cover the costs of worker time to sort the split cases, as well as the necessary additional boxes. Last year, the state lost nearly \$575,000 because of split case orders.

The split bottle fee had not been changed since 1986, despite several attempts by the Alcoholic Beverage Division. All prior attempts failed because of significant customer protest. This changed however, last

fall, when a state panel was successful in raising the fee.

As could have been predicted, liquor retailers were angry because they were given no notification of the change until a December 15th letter. An Alcoholic Beverages Division spokesperson told the Des Moines Register that the notice was admittedly tardy, and cited "end-of-the-year flurry" and "election related distractions" as cause for the delay.

Despite the obvious inconveniences of delaying the communication, Iowa's split bottle fee of 50 cents is still well below the national average of \$1.40 (including both

private and state wholesaling).

Now that the retailers are aware of the fee, consumers are likely to be the ones to absorb it with inevitably higher prices on bottles of liquor. Hy-Vee alone accounts for nearly 37 percent of the state's split bottle orders. The rest of the orders come from convenience, grocery, and liquor stores of many sizes. An Alcoholic Beverages Division spokesperson estimated that the state could take in as much as \$1.6 million from the fee this year, depending on how much the fee increase deters retailers from buying split cases.

## Transportation

(Contact Kristi Kielhorn at 2-5290.)

### Iowa Second on Deer-Car Crash List

Despite claims by the Iowa Department of Natural Resources that Iowa's deer population is down 30 percent since 2006, some statistics show Iowa's deer pose as much danger as ever.

According to a study by State Farm Insurance Agency, an Iowa driver has a 1 in 67 chance of hitting a deer in 2011. That number has increased greatly since 2008 when the odds were 1 in 105. The only state

where motorists are more likely to hit a deer is West Virginia where the odds are 1 in 42. According to the insurance study, the risk has steadily increased since 2005 and 2006, when Iowa was not even on the top ten most deer-dangerous states.

The Department of Transportation claims that deer-car accidents have steadily decreased since 2006 based on the number of dead deer the department collects. The DOT's deer collections increased between

1992 and 2006, declined through 2008, went up in 2009 and then fell in 2010 to the lowest number (7,984) since 2000.

No matter what reports indicate, motorists have a reason to be wary. The average amount of damage a deer-car collision results in is \$3,103 of damage to a car.

## Veterans Affairs

(Contact Jill Jennings at 1-3440.)

### Veteran's Day at the Capitol

Veterans Day at the Capitol will be on Wednesday, January 19th. The Iowa Commission of Veterans Affairs will be available to discuss the latest veteran-related legislative priorities. Also in attendance will be representatives from Veteran Service Organizations. This will also be an opportunity for veterans to discuss current issues with their State Representatives.

The American Legion of Iowa will be prepared on this day to discuss their top 10 legislative priorities for the 2011 session, these include:

1. Restoration of communication between the Iowa Commission of Veterans Affairs and the Department.

2. Grants for County Veterans Affairs Offices.
3. Increased Funding for the Iowa Veterans Home.
4. Increased funding for the Iowa Department of Veterans Affairs & the State Veterans Cemetery.
5. Veterans Property Tax Exemption.
6. Income Tax Exemption for Active Duty Military with Iowa as Home of Record.
7. Iowa Veterans Trust Fund-Annual Appropriation Request.
8. Injured Veterans Grant Program (continuance).
9. Military Service Member Home Ownership Program (continuance).
10. War Bonuses

The schedule for Veterans is as follows:

**7:00-9:00**—Legislative Reception

**10:00-10:30**—Veterans Day Program

- Governor Brandstad (Invited)
- Chair, Senate Veterans Committee
- Chair, House Veterans Committee
- Ranking Member, Senate Veterans Committee
- Ranking Member, House Veterans Committee
- Brig. Gen. Timothy Orr, Iowa National Guard

**10:30- Noon** -Veterans visit elected official and discuss legislative priorities

**Noon**- Veterans Depart Capitol

## Ways and Means

(Contact Dustin Blythe at 1-3452)

### Department of Revenue discusses Federal Tax Law changes, outlines priorities for the 2011 Legislative Session

On January 7, 2011 the Department of Revenue held their annual meeting to highlight their upcoming priorities for the 2011 Legislative session. In addition, a brief overview of Federal Tax law changes was given due to the extension of the Bush tax cuts.

The department will submit a technical change bill, policy bill and streamlined sales tax bill this year. Some of the items in the technical change bill (with no fiscal impacts) include:

#### Income Tax:

Repeal quality jobs enterprise zone credit (IPSCO). This section of the code is no longer needed.

Repeal of 20% tax credit for investments in qualifying businesses and community-based seed capital fund. No money is

available, as the caps were reached in 2007 and the Legislature never allocated

***“The department would like to wait 90 days before paying interest on refunds”***

additional funds.

#### Sales Tax:

Repeal obsolete reporting requirements.

Clarify that a new sales tax permit is needed when a business moves within the same county versus moving into a new one.

Highlights of the Policy Bill include:

#### Property:

Director to authorize the use of alternate uniform and consistent appraisal manuals.

#### Administrative:

Interest accrual date changes for refunds. The department pays interests on refunds due taxpayers after 30 days, most states around Iowa don't start paying interest until 90 days. The department would like to wait 90 days before paying interest on refunds. Victoria Daniels, Legislative Liaison for the department, gave a quick overview of the streamlined sales tax and the departments thoughts on coupling. Last year an additional \$12 million dollars in sales tax was collected in large part due to an increase in online shopping.

The State of Iowa has not coupled with Federal Tax law since 2008. The department would like to pass a bill that would allow Iowa taxpayers to start coupling for tax year 2010. This would simplify tax filing for all Iowans.

## House Republican Talking Points

### Taxpayer's First Amendment

The bill reduces state spending by over half a billion dollars (net) in the next three years; and in addition, sets aside \$327 million in a Tax Relief Fund so that any additional one-time money the state receives at year-end goes to the taxpayer first rather than more government spending.

This is the first step in the budget process that will align on-going revenue with expenses - delivering a budget for Iowans that lives within our means and meets priority needs.

House Republicans campaigned last fall that the taxpayer should come first and that the state should not spend more than it collects. This bill is the first part of keeping that promise.

The bill also provides \$25 million to support

un-funded state commitment to remove Iowans from wait lists for mental health services - a core responsibility the state must deliver to Iowans in need of services.

Key elements of the Taxpayers First Act:

Creation of a Taxpayer Relief Fund (TRF): This will change the law so the first dollar after the cash reserves are full will go to the taxpayer rather than more government spending. Essentially any excess tax collections will be returned to the taxpayer. Practically speaking, what is at stake with this component of the bill is the projected \$318 million ending balance. House Republicans believe this one time money should not be used for additional spending - but should be returned to the taxpayer who created the positive ending balance by paying increased taxes due to the state not fulfilling commitments.

Two-Year Budget: Governor Branstad cam-

aigned on a two-year budget and House Republicans have indicated that we will deliver a two-year budget after our budget reforms signed into law - including a limit on transfer authority and a process that does not abdicate the legislative authority to appropriate funds. House Republicans will use the two-year budget to fund the long-term tax reductions made possible by the TRF and fund minimal growth in essential areas such as public safety, Medicaid and education.

Savings: The bill de-appropriates just over \$500 million from all funds over a three year period. This is the first step to fiscal responsibility and eliminating the spending gap projected to be around \$700 million. These reductions are necessary to align on-going spending with on-going revenue.

Establish Priorities: The bill provides two supplemental appropriations - funded from

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reductions in the current year rather than spending down the ending balance. The bill puts in place a \$25 million appropriation for 18 months to eliminate the Mental Health wait lists in Iowa - and at the same time puts in motion the process that will be started immediately in the House to redesign the mental health delivery system in Iowa. The second supplemental will fund the underfunded expense for indigent defense. Both areas are priority needs to deliver necessary services to Iowans within the resources we have available. These supplemental appropriations are needed because of the Democrats' failure to fully fund indigent defense and deal with the issues involving the mental health programs.

#### Pre-School:

The current pre-school program is too expensive and blindly distributes taxpayer money without regard for the financial need of the family. Iowans were able to send their kids to preschool before the Democrats forced their bureaucratically-controlled program upon parents and they will be able to do after it is changed. An effective model would allow local communities to distribute preschool money on a needs basis, leaving families who can afford preschool to pay for their pre-school. The Legislature will work to develop a new voucher system that is affordable for the taxpayer funding it and helps pay for preschool for those who cannot afford it.

The debate and questions about the current pre-school program are not about the value of pre-school. The problem is that current pre-school program is simply too expensive. The state does not have the money to maintain it. Iowans were able to send their children to pre-school four years ago and they will continue to be able to do that after this legislature crafts a more affordable pre-school system.

#### Save Our Small Business Program:

The Save Our Small Business program was a politically motivated attempt at the very end of the 2010 session by Democrats to fool Iowans into thinking that they had done something for small businesses. In

fact, out of the \$5 million appropriated for this program, less than a half million had been spent. If program were worthwhile, the entire \$5 million would have been committed.

#### Smoking Cessation:

No one wants children to start smoking. Spending taxpayer money on t-shirts, banners and other non-essential items isn't feasible anymore when there is a huge spending gap.

#### The Power Fund:

The Power Fund is a stimulus program the state can't afford mainly due to the spending gap created by the use of over \$700 million in one-time dollars in state's budget. With that kind of hole, many programs will have to be changed or eliminated.

When the Governor talks about creating 8,000 green-collar jobs he's referring to projections from the Power Fund regarding "potential" jobs between 2014 and 2033.

#### Model Core Curriculum:

Before any additional funding is spent on the implementation of model core, the legislature must be sure it is the best way to improve student performance.

#### "Penny-wise and pound foolish"

Not paying attention to the pennies is how state budgets grow unchecked. If the legislature isn't watching the pennies, then who is? With a \$700 million spending gap, all spending items and programs need to be reviewed.

#### Governor Culver's Speech:

Gov. Culver signed the 4 largest budgets in state history, forced a \$500 million property tax increase, borrowed over \$800 million that will cost double that to pay back and left a \$700 million spending gap for the new governor and legislature.

110,000 Iowans are out of work. Spending taxpayer money, picking winners and losers and starting more government programs obviously is not working. Employers, big and small, need certainty and they need to keep more of their own money. Simpler regulations and lower taxes, not taxpayer bailouts, get government out of

the way and allow employers to start hiring again.

#### Governor Culver Cuts to DHS:

On Wednesday, House Republicans received the Department of Human Services' plan to implement its share of Governor Culver's \$84 million cut to this year's budget.

It is unfortunate that Governor Culver chose to wait until January to make these reductions. Governor Culver could have made these decisions when the fiscal year started in July, and spread out the reductions over the full year. Instead, he chose to wait until now. Because of the delay, the Department must now make a year's worth of reductions in less than 5 months.

Governor Culver's proposal to let him make these cuts without legislative approval was included in the budget approved by legislative Democrats last March. Every House Democrat who was in the Legislature last year gave Gov. Culver the ability to make these cuts. Every House Republican who was in the Legislature last year, opposed giving the Governor this authority.

Because of this authority, his plan to achieve the savings can go into effect without requiring any action from the new Legislature. It is important to remember that Governor Culver is only in office until Friday, when a new administration will take office.

It is possible that Governor Branstad and his staff will have a different plan for achieving these savings. House Republicans will be meeting with Governor Branstad and his staff next week to hear their plans to deal with this situation. It is our hope that Governor Branstad and his staff will have a better way to achieve these savings.

#### House File 1: Rolling Sunset of all State Programs

House File 1 creates a process to sunset and review 20 percent of the budget per year, for five years. This is a version of zero-based budgeting that allows for a lengthy review of each program and de-

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partment and it means the entire budget is reviewed at least once every five years. This will allow legislators to identify unnecessary programs and eliminate waste, fraud and abuse.

House File 2: Health Care Freedom Act  
House File 2 the health care freedom act. Under the bill, Iowans have the right to choose private health care systems or private health care plans. Additionally, do not have to pay any penalty, tax, fee, or fine for declining or failing to participate in any particular health care system or plan.

House File 3: Right to Work  
House File 3 requires state departments to include the phrase "Iowa is a Right to Work state" in their marketing materials. After four years of constant attack on our Right to Work law, Republicans plan to move quickly to not only plan to protect our Right to Work law but also remind employers that Iowa is in fact a Right to Work state.

House File 4: 20% Across the Board Income Tax Cut  
House File 4 is a 20% across the board state income tax cut. The top rate, which is all income exceeding \$45,000, is reduced from 8.98% to 7.18%

House File 5: Late Term Abortions  
House File 5 is a proposal to prohibit abortions of an unborn child that has reached the post fertilization age of 20 weeks. A physician who performed one of these abortions would be charged with a class C felony and a medical facility that allowed the prohibited abortion to be performed could lose its state licensure and eligibility for state funding. The bill does include an exception to the ban when a medical emergency exists. This is defined as being necessary to prevent the death of the mother or substantial and irreversible physical impairment of a major bodily function.

The bill is closely modeled on a new Nebraska law which prohibits these abortions. The bill includes language clearly stating that the provision does not create a right to abortion, nor does it establish that life begins at 20 weeks after fertiliza-

tion. Instead, the bill recognizes that life begins at conception.

House File 6: Searchable Budget Database  
Directs the Dept. of Management to create/maintain a searchable budget database website by January 1, 2013

Use of website is free to the public. Cost to create/maintain website to be determined in a forthcoming fiscal note.

Site would allow the public to search the names and locations of recipients of state funds including:

- Amount of funds
- Agency providing the funds
- Program or activity
- Description or purpose
- Expected/past outcomes of funding actions/expenditures

Any applicable state audits

Other relevant information

The website is to be updated within 30 days of the close of each fiscal year

By January 1, 2014, data should be entered for previous years

Also requires the Dept. of Management (in consultation with the Dept. of Revenue) to create/maintain a searchable database with all tax rates for each taxing entity

House File 7: Castle Doctrine

House File 7 is the justifiable use of reasonable force or "castle doctrine."

House File 8: Photo IDs as a Requisite to Voting

Requires that all voters show proof of identity before voting

Must include a photo of the registered voter

Must have an expiration date and not have expired by the election day

Must have been issued by the federal government or the State of Iowa

Includes an avenue to cast a provisional ballot if voter cannot or refuses to show compliant identification

Requires that election day registrants and in-person absentee voters show the same proof of identification that registered voters show

Removes the provision that allowed another registered voter to sign an oath affirming another registrant's identity/residency

Bill is based on Indiana's law that was found constitutional in Crawford v. Marion

County Election Board by the United States Supreme Court

House File 9: Property Tax Reform

House File 9 is a property tax reform bill.