



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

Thursday, June 29, 2017

[www.IowaHouseRepublicans.com](http://www.IowaHouseRepublicans.com)

## Appropriations

(Contact Brad Trow at 1-3471)

### Inside this issue:

### Auditor Gives FY 2018 Budget Passing Grade

State Auditor Mary Mosiman released her office’s review of the FY 2018 budget on Monday, finding that the Fiscal Year 2018 budget is stable and responsible. The annual budget review found that the General Assembly and the Governor “showed fiscal discipline and budgeting responsibility by making sure the State’s expenditures did not exceed its resources”. The auditor’s review found that the new state budget complied with the sound budgeting principles the Auditor’s Office has used for several years to assess budgets. These include:

- Avoid use of one-time resources for ongoing expenses;
- Avoid multiyear accelerating commitments;
- Avoid new automatic, or “standing” appropriations;
- Accurately determine revenue and expenses;
- Align expenses and revenue in the same fiscal year;
- Avoid shifting program funding to property taxes or fees; and
- Avoid diversion of funds statutorily authorized for a specific objective to other purposes.

The Auditor also said that the quick action by the Legislature and the Governor’s office in addressing the revenue shortfalls in FY 2017 was important to maintaining good budgeting practices. The Auditor specifically cited the plan to repay the Cash Reserve Fund as a good step taken to maintain fiscal discipline.

Auditor Mosiman recognized that the state needs to review how revenue forecasting is done, to help improve the accuracy of those figures. She also raised concerns about the growth of tax credits in the state budget and the lack of consistent projections for return on investment from these credits.

When asked by the press about the State Treasurer’s desire to start raising funds through short-term borrowing, the Auditor

said such strategies does not solve the problem of revenue meeting forecasted expectations.

#### Moody’s Says Iowa Has Ample Reserves, Refutes Treasurer’s call for State to Start Bonding

One of the three major fiscal rating agencies found that the state of Iowa has sufficient funds to maintain services. Moody’s Investor Service released a report last Thursday finding the state on solid financial ground. “The state still has ample budgetary reserves,” Moody’s stated. “Even after drawing on reserve funds to close a late-year budget gap, its rainy day funds will total more than \$500 million or about 7 percent of revenues.” The report reaffirmed Iowa’s AAA bond rating, the highest grade given. This is a stark contrast to some surrounding states. Moody’s said

Even after having to borrow money from

**“Iowa’s fiscal policies had helped it to withstand times of revenue volatility.”**

the Cash Reserve Fund, Iowa’s reserves were still a “substantial buffer” protecting the state’s fiscal status

Moody’s position was backed by an expectation that the state would adjust spending patterns, bringing them into line with lower than expected revenue collections. But they also pointed out that the state’s revenue forecasts had been “overly optimistic.” These would need to be revised down, and subsequent spending plans to be adjusted to ensure fiscal balance in a time of lower revenue growth for the state.

(Continued on next page)

Appropriations	2
Agriculture	3
Commerce	4
Economic Growth	4
Education	6
Environmental Protection	7
Human Resources	7
Natural Resources	7
Public Safety	8
Judiciary	8
State Government	9
Transportation	10
Veterans Affairs	11
Ways and Means	11



(Continued from page 1)

Moody's report stood in stark contrast to the cries of State Treasurer Michael Fitzgerald, who has spent the last month trying to cre-

ate a sense of panic amongst Iowans. The outside, nonpartisan review by financial professionals painted a much more stable picture which should help bolster Iowans

confidence in the fiscal plan for the fiscal year and beyond.

## Fiscal Year 2018 begins on Saturday—Other States Still With Work To Do

### *Connecticut Moves Closer to Either No Budget or Higher Taxes*

Connecticut's legislature continues to flounder in its efforts to set a budget for the next two years. With less than a week to go before the start of the next fiscal year, the Speaker of the Democrat-controlled House announced that his chamber would take no votes this week on a new budget plan. Connecticut government would not shut down, as its laws allow the Governor to continue government at the previous fiscal year's funding levels. But since revenue is expected to be even lower than last year's figures, continuing the FY 2017 budget would like require double digit spending reductions to all parts of state government.

Talks have stalled over ways to address the \$5.1 billion shortfall expected over the next two fiscal years. While legislators in the Nutmeg State have apparently walked away from ideas of an increase in the personal income tax, they have turned their attention to the state's sales tax rate. Under consideration are proposals to raise the sales tax to either 6.75 or 6.99 percent. The current rate is 6.35 percent.

In an attempt to buy some time for policymakers to find a solution, Governor Dan Malloy has proposed a "mini-budget", which would fund the state for most of July. But Democratic legislators cannot even agree upon this temporary solution, as they are concerned about the sources of the revenue and the Governor's prioritization for where it should be spent.

### *Battle over Legislative Budget Now Hits Minnesota's Credit Rating*

To the north, the battle over Governor Mark Hudson's line item veto of the Minnesota Legislature's budget has reached the courts and Wall Street. On Monday, a judge in Hennepin County heard arguments from the Legislature and the Governor's office over the constitutionality of the item veto.

Filings in the case last week revealed that

the Minnesota Senate would be laying off 202 of its 205 employees by the end of July. Layoffs in the House of Representatives wouldn't begin until September. Dayton responded that he didn't intend to harm the state employees with his veto of the appropriation that paid their salaries. By the weekend, Dayton had offered to provide the Legislature with enough funding to continue operations through the first quarter of Fiscal Year 2018.

Dayton's veto is already having an impact on his state's credit rating. Eight million dollars of the vetoed appropriation would have gone to make bond payments on a Minnesota senate office building. Bond rating agency S&P Global Ratings placed the state on the firm's credit watch with negative implications due to the question of whether the bond payments will be made or not. S&P said if the dispute lasts more than a couple of months, they will lower Minnesota's bond rate. It is currently at AA+.

### *Illinois – The Land of No Budget, No Cash, and No Compromise*

Then there is the state of Illinois. Wednesday marked the start of the second week of a special session to try and pass a budget for the first time in three years. For the first week, the two chambers of the Illinois Legislature were in session a combined total of less than two hours. Much of the focus has been on House Democrats, who failed to even produce a budget for consideration during the regular session. On Tuesday, House Speaker Michael Madigan offered a \$36.5 billion budget. But the Democrat budget lacked one important piece – how it would be paid for.

Since the Legislature failed to enact a budget in its regular session, any budget must get at least a 60 percent majority to pass. This means that enactment of a budget will require Republican votes for it. The Illinois House Republican leader has said before his caucus even discusses the Democrats' proposal, the details on how it will be paid

for will have to be released.

Further complicating the budget negotiations is the on-going personal battle between Republican Governor Bruce Rauner and Madigan. Each has now set out non-budget related conditions that the other side has to meet in order to act on the budget. The continuing brinksmanship is moving the Land of Lincoln much closer to becoming the first state to "achieve" a junk bond rating for its debt.

Illinois's failure to pay its current bills has also landed it in federal court. This week, a federal judge is considering a motion by Medicaid recipients that would direct the state to pay its past due bills. Attorneys are asking the judge to direct the state to pay \$1 billion a month for the next four months to catch up on past due claims. Earlier this month, the court had found that the state was not complying with orders to address the payment backlog. Some providers are waiting for Medicaid payments on services provided over 2 years ago.

The Illinois budget debacle also has an impact on the other side of the Mississippi. This week, ground was broken for the construction of a new Interstate 74 bridge in the Quad Cities. While much of the project is funded with federal highway dollars, each state will have to contribute state road funding to the project as well. With Illinois already announcing that road construction would be suspended if no budget agreement was found, there is concern that the state of Iowa will be stuck with the non-federal costs. When asked about this, the Iowa Department of Transportation responded that the initial work on the new bridge would be on the Iowa side thus giving Illinois several months before it has to start contributing to the project. Even so, Iowans might be wise to require some type of collateral from its neighbors to the east before proceeding with the project. A reasonable offering could be the Chicago Cubs' World Series Championship trophy...

## Agriculture

(Contact Lew Olson at 1-3096)

### IDALS Hosts Exercise to Continue Iowa's Animal Health Emergency Planning Efforts

On Monday, June 19, 2017, the Iowa Department of Agriculture and Land Stewardship (IDALS) issued a press release in which the state agency noted that in the prior week over 60 federal, state and local agency, academic and industry professionals met to participate in a mock animal disease emergency response exercise. The exercise was hosted by IDALS the Iowa Department of Agriculture and Land Stewardship with the support of Iowa Homeland Security and Emergency Management

The tabletop exercise was designed to help test response capabilities and review the Department's updated Foot-and-Mouth Disease Response Plan that was completed this spring. Foot and Mouth Disease is a highly contagious viral disease of livestock that affects cattle, swine, sheep, goats and other cloven-hoofed ruminants. This disease is not transmissible to humans and there are not food safety concerns with the disease. This all-day exercise allowed leaders in industry, academia and government to talk through the plan and process of preventing, detecting, and responding to

various scenarios involving an outbreak response.

A Foot and Mouth Disease outbreak has the potential to be devastating to the Iowa and national economy. Iowa is the number one pork producing state in the nation and 4th in beef production. Iowa 3rd in milk goat inventory and 9th in all sheep and lamb inventory. Our state also has over 200,000 dairy cows and is in the top 15 nationally for milk production. Livestock feed is the top customer of both corn and soybeans, so grain farmers would also be significantly impacted if the disease is found. The Center for Food Safety and Public Health at Iowa State coordinated the development of the updated response plan. The exercise was organized/conducted by SES, Inc. out of Merriam, Kansas, who provided facilitators and evaluators to document discussion, resolve questions, and advise on plans, policies, and procedures.

One of the few new budgetary initiatives enacted this past session was legislation and start-up funding of \$100,000 in general

fund appropriation to act as seed money to start a partnership between Iowa livestock commodity groups; our outstanding veterinary assets, both state veterinarians in IDALS, ISU-VDL, and the national livestock disease laboratory at Ames. The budget bill (SF 512) additionally sustained ongoing general fund appropriation to the Iowa State University Veterinary Diagnostic Laboratory (ISU-VDL) at the \$4-million level. Protection of Iowa's expansive livestock production sector of our state is essential both for the economic well-being of our farmers and rural communities, but also our urban communities and our state budget. In 2015, the avian influenza outbreak hit Iowa's poultry sector hard. Direct losses by Iowa poultry farmers approached a billion dollars and nearly one-half million was lost from employee salaries for the workers who both help to produce the poultry production (eggs, broilers, turkeys) and process the poultry outputs in this state. These substantial economic and productive losses then affected the Iowa state budget by reducing state tax collection by an estimated \$40 million to \$60 million.

### 4 Water Quality Demonstration Projects Receive 2nd Round of Funding

On Monday, June 26, 2017, the Iowa Department of Agriculture and Land Stewardship (IDALS) issued a press release in which Iowa Secretary of Agriculture Bill Northey announced that four successful watershed-based demonstration projects funded in 2014, and set to end this year, will receive a 2nd round of funding. The locally-led projects will build upon previous demonstration objectives and continue working towards accelerated implementation of practices that improve water quality.

The projects receiving extensions are the Cedar Creek Partnership Project (Wapello County), Deep Creek Water Quality Initiative Project (Plymouth County), Lower Skunk Water Quality and Soil Health Initiative (Henry County), and the Walnut Creek Watershed Project (Montgomery County). More details about each of the projects can be found at <https://www.cleanwateriowa.org/farm-1/>. These projects will receive a total of \$1.88 million in additional funding through the Iowa Water Quality Initiative over the next three years. In addition to the state funds, these four projects will access approximately \$4.1 million in matching funds to support water quality improvement efforts as well as other in-kind contributions.

#### **Background on Iowa Water Quality Initiative**

The Iowa Water Quality Initiative was established in 2013 to help implement the Nutrient Reduction Strategy, which is a science and technology based approach to achieving a 45 percent reduction in nitrogen and phosphorus losses to our waters. The strategy brings together both point sources, such as municipal wastewater treatment plants and industrial facilities, and nonpoint sources, including farm fields and urban stormwater runoff, to address these issues. The Initiative seeks to harness the collective ability of both private and public resources and organizations to deliver a clear and consistent message to stakeholders to reduce nutrient loss and improve water quality. The initiative is seeing some exciting results. Last fall, 1,800 farmers committed \$3.8 million in cost share funds to install nutrient reduction practices. The practices that were eligible for this funding are cover crops, no-till or strip till, or using a nitrification inhibitor when applying fall fertilizer. Participants include 980 farmers using a practice for the first time and more than 830 past users that are trying cover crops again and are receiving a reduced-rate of cost share. Farmers using cost-share funding

are providing an estimated \$6 million in their own funding to adopt these water quality practices. Farmers can contact their local Soil and Water Conservation District office if they are interested using one of these practices.

A total of 56 demonstration projects are currently located across the state to help implement and demonstrate water quality practices. This includes 15 targeted watershed projects, 7 projects focused on expanding the use and innovative delivery of water quality practices and 34 urban water quality demonstration projects. More than 200 organizations are participating in these projects. These partners will provide \$30.6 million dollars to go with the \$19.0 million in state funding going to these projects. More than \$340 million in state and federal funds have been directed to programs with water quality benefits in Iowa last year. This total does not include the cost-share amount that farmers pay to match state and federal programs and funds spent to build practices built without government assistance. More information about the initiative can be found at [www.CleanWaterIowa.org](http://www.CleanWaterIowa.org).

## Commerce

(Contact Brittany Telk at 1-3452)

### Health Insurance Update

In the last [House Republican Newsletter](#), I outlined the [Iowa Insurance Commissioner's Proposed Stoppag Measure](#) to address the insurance crisis in Iowa for the individual insurance market. The measure was suggested with the understanding there would be no insurers to offer plans to roughly 72,000 Iowans who purchase individual policies on the exchange. The Commissioner had submitted a 1332 waiver for federal approval in order to implement this measure. However, it has since come to light that Medica has stated the company will stay in the individual market...while also charging a 43% increase in premiums in order to make it economically feasible for the company to do so. The Insurance Commissioner has stated this is not what he considers "affordable," and maintained he would continue seeking the waiver for his Proposed Stoppag Measure. Time will only tell how this will end, as the plan was originally proposed under the impression there would be no individual market in Iowa, but since we now have an insurer willing to participate, the pressure may be lifted a bit on the federal level to allow the Stoppag

Measure to go through.

Which brings me to an update on the federal changes to repeal and replace Obamacare. As was covered in the news last week, the Senate presented its version of a healthcare plan, slightly changed from what the House voted out a couple of weeks prior. The Senate's version includes:

- Getting rid of the individual mandate
- Caps funding for Medicaid, and phases out how much the federal government will pay states that extended Medicaid coverage
- Readjusts tax credits which will now be tied to income, not solely age
- Cuts taxes on higher-income earners, which currently help pay for Obamacare
- Keeps the rule prohibiting insurance

companies from charging more for pre-existing conditions

But as history tends to repeat itself, there is question as to whether or not this new version of the bill has the votes to pass - especially before the 4th of July holiday. Since its introduction last week, news outlets are quick to announce the growing number of Republican Senators who have publicly stated they will not support the bill. And with the CBO releasing the numbers, indicating 22 million people will be uninsured as this plan goes forward, more Senators have come forward.

The bottom line remains, and warrants repeating: something must be done to address the ACA and health insurance market -for both sustainability and affordability for all of us.

*Sources: The Skimm, Iowa Insurance Division*

## Economic Growth

(Contact Brittany Telk at 1-3452)

### IEDA Tax Incentive Series: Targeted Jobs Withholding Tax Credit

One tax credit program which garnered attention this past session was the Targeted Jobs Withholding Tax Credit Program. This program was created in 2006 for the purpose of incenting the creation of jobs and increasing economic development in border cities; it is a pilot program that allows the diversion of withholding funds paid by an employer to be matched by a designated pilot city to create economic incentives directed toward the growth and expansion of targeted businesses. The program is codified in [Iowa Code s. 403.19A](#), which defines a "targeted job" as a job that pays "a wage at least equal to the county wide average wage...includes new or retained jobs from Iowa business expansions or retentions within the city limits of the pilot project city and those jobs resulting from established out-of-state businesses, as defined by the IEDA, moving to or expanding in Iowa." And the pilot cities include: Burlington, Council Bluffs, Fort Madison, Keokuk or Sioux City. It requires a match for every withholding dollar received, which may be provided by a private donor, the pilot city, the employer or a combination of all three; and can be in cash or in-kind contributions.

- Withholding agreement allows up to 3% of gross wages paid by the employer to be directed to the project budget on a quarterly basis
- All designated withholding funds and

matching funds are to be used for an urban renewal project related to the employer as defined in the withholding agreement

- Must be approved by the Iowa Economic Development Authority Board prior to the execution of any withholding agreement
- Withholding agreement may have a term of up to 10 years

To be eligible, a business:

- Must be located in Burlington, Council Bluffs, Fort Madison, Keokuk or Sioux City
- Must be relocating to Iowa from another state and creating jobs at or above the hourly wage threshold for the city, OR
- Be an existing Iowa business creating or retaining 10 new jobs at or above the hourly wage threshold for the city, OR
- Be an existing Iowa business making a qualifying investment of \$500,000 within an urban renewal area
- Effective July 1, 2017, FY 2018 hourly

wage thresholds are:

- Burlington: \$19.53
- Council Bluffs: \$18.18
- Fort Madison: \$21.79
- Keokuk: \$21.79
- Sioux City: \$21.40

During this session, in its omnibus bill, the IEDA attempted to change the wage threshold from countywide average to the laborshed wage, which is used with the High Quality Jobs Program; the IEDA argued this was for consistency. Laborshed wage is defined as: the wage level represented by those wages within two standard deviations from the mean wage within the laborshed area in which the eligible business is located, as calculated by the authority, by rule, using the most current covered wage and employment data available from the department of workforce development for the laborshed area. This language was voted out of the House, but ultimately taken out in the bill's final passage ([HF 621](#)). But as previously mentioned, this program is merely a pilot program set to expire June 30, 2018. So if any changes are to be made (should the program be extended), they can be taken up next session.

(Continued on next page)

(Continued from page 4)

And since we are discussing all tax credit

programs, during its Board meeting last week the IEDA set the tax credit caps for

FY 2018. For the next fiscal year, the tax credit cap will match that of FY 2017:

Program

SFY2018

Allocation

Business (HQJP) 15,000,000

Workforce Housing 20,000,000

Brownfield 10,000,000

Innovation Fund (Innovation ITC - 8.0M)

(Qualifying Bus./Comm Based - 2.0M)

10,000,000

Renewable Chemical

Production Tax Credit 10,000,000

Total 55,000,000

For an update on May's complete IEDA financial information, please contact me and I can send you a copy of the information contained in the Board's packet.

## Education

Contact Jason Chapman at 1-3015)

### 2nd Draft of Iowa's Federal ESSA Plan Released

Iowans are invited to comment through July 18 on the second draft of Iowa's state plan for meeting the federal Every Student Succeeds Act (ESSA) requirements, as of last week. It is available to view here: <https://www.educateiowa.gov/sites/files/ed/documents/ESSAOverviewSecondDraftofIowaPlan.pdf>

ESSA succeeded the federal No Child Left Behind (NCLB) law when it was signed by the President at the end of 2015. The new made clear that the new vision for K-12 education in the future should come from the states, not Washington.

States are required to submit plans for how they will implement the new law and this is the process Iowa is currently engaged. State plans must address assessments, school and district accountability, funding, and support for struggling schools.

The new draft is the 2nd of 3 drafts the Department plans to put together before submitting to the federal Department of Educa-

tion. The first draft was made available in January after the Department spent several months last fall through 13 public forums collecting feedback from Iowans about what they think student success should look like in our state. Additionally a state advisory committee, focus groups with education advocates, and education work teams focusing on specific components of ESSA are helping shape these drafts.

Changes from the first to the second draft include a new organization of the draft, as requested by the U.S. Department of Education officials, a new postsecondary readiness measure, and long-term goals based on Iowa's current statewide assessments

The 3rd draft of Iowa's ESSA plan will be released in August after collecting and processing public input. The final plan will be submitted to the U.S. Department of Education by September 18.

Iowans are invited to give feedback on the

2nd draft by either:

- Submitting an online feedback survey (open through July 18): <https://www.surveymonkey.com/r/V27MB78>
- Submitting an email to ES-SA@iowa.gov
- Sending feedback through the mail to: Iowa Department of Education, Attn: Deputy Director David Tilly/ESSA Feedback, Grimes State Office Building, 400 E. 14th St., Des Moines, IA 50319-0146
- Or via an ESSA Advisory Committee meeting on July 25th. The meeting, which is open to the public, will be from 10 a.m. to 3 p.m. in Room B100 of the Grimes State Office Building.

For more information on the Every Student Succeeds Act in Iowa, visit the Iowa Department of Education's website: <https://www.educateiowa.gov/pk-12/every-student-succeeds-act>

### RFP Issued for New Statewide Student Assessments

The Iowa Department of Education today announced the release of a Request for Proposals (RFP) to select new statewide assessments of student progress in English language arts, mathematics and science starting in the 2018-19 school year.

The RFP was issued as a result of Senate File 240, passed by the legislature and signed by the Governor this year. The legislation called for a new assessment to be in place for the 2018/19 school year to succeed the current Iowa Assessments. The new test is to be aligned to Iowa's current academic standards and be an accurate

measure of how our students are doing academically.

The Department is seeking bids for both the new assessments and a vendor to provide them statewide.

With each bid, the Department will consider alignment with Iowa's academic standards and federal law, ability to measure student progress and proficiency, costs, feasibility of implementation for school districts, time required to administer the assessments, and infrastructure and technology needs. Proposed assessments must be available in

both paper-and-pencil and computer-based formats. Vendors may collaborate to meet requirements.

Bids will be accepted through August 4, with a notice of intent to award expected in September. In the 2017/18 school year, Iowa students will take the current Iowa Assessments in reading, math and science.

To read the assessment RFP, visit the Iowa Department of Administrative Services website: <https://bidopportunities.iowa.gov/Home/BidInfo?bidId=6daad59f-dce1-4c1a-b640-63bf57e95c10>

## Environmental Protection

(Contact Lew Olson at 1-3096)

### DNR Urges Care Concerning Storage of Fireworks

On Thursday, June 22, 2017, the Iowa Department of Natural Resources (DNR) issued its electronic newsletter 'EcoNewsWire' which contained several articles concerning the use of fireworks in conjunction with the 4th of July holiday and new state law permitting fireworks sale and purchase in Iowa. Iowans using fireworks at home this summer should take precautions to make sure they are stored and disposed properly, according to the Iowa Department of Natural Resources. Unused fireworks should be kept in a cool, dry place and out of the reach of children. Never place fireworks on top of an electrical appliance, like a refrigerator or freezer. The

appliance could be damaged through extreme weather events, such as lightning or power surges, which could possibly ignite the fireworks. Fireworks should not be put in the garbage without taking appropriate precautions, as they pose a fire and explosion hazard.

To dispose unused, misfired or "dud" fireworks:

- Completely submerge fireworks in a large bucket of water and soak overnight.
- Double wrap the completely soaked

fireworks in plastic wrap or two plastic bags so they do not dry out.

Place the double-bagged fireworks in the household trash or take them to your local landfill.

Residents can also contact their local fire department or landfill as other disposal options for fireworks may be available. Additional information is available at <http://www.iowadnr.gov/Environmental-Protection/Land-Quality/Waste-Planning-Recycling/Recycling/Solid-Waste-Fact-Sheets>.

## Human Resources

(Contact Carrie Malone at 5-2063)

### Medicaid Transitions to Single Adult Dental Plan

Iowa Medicaid Enterprise currently provides dental benefits to adult Medicaid members through two different benefit packages. Which package you receive depends on your Medicaid eligibility group. Due to some confusion for providers around operating two different programs, the Iowa Medicaid Enterprise is streamlining the program.

Beginning July 1, 2017, adult Medicaid members (ages 19 and older) will be combined into one dental program, the Dental Wellness Plan (DWP). Currently, only members covered under the "Medicaid Expansion" population are in the Dental Well-

ness Plan. The goal of this change is to have a more seamless experience for both members and providers. The program establishes uniform rates for all populations. In addition, healthy behaviors will be encouraged in the program moving forward.

***"Iowa is currently one of only 15 states to offer Medicaid recipients a dental option."***

Currently, there are 300,000 Medicaid enrollees on a state dental plan.

## Natural Resources

(Contact Carrie Malone at 5-2063)

### Mountain Lion Killed in Ida County

On Tuesday, the Iowa DNR was called to a farm near Galva in Ida County. A citizen discovered a dead calf on their property. Evidence suggested an attack by a large cat. A nearby landowner called 911 after discovering a mountain lion. According to the DNR, their officers use lethal action as a last resort and they made every effort to

humanely remove the mountain lion.

This is the first confirmed female mountain lion in Iowa. There is no physical evidence that she has produced any young. The Iowa DNR will collect teeth, tissue samples for genetic analysis and examine the stomach contents of the animal.

This is the fourth mountain lion killed in Iowa and the most recent since 2013 when a four year old male was shot in Sioux County. Since 1995, there have been 21 confirmed mountain lions in Iowa.

## Public Safety

(Contact Amanda Wille at 1-5230)

### How to Acquire a Medical Cannabidiol Registration Card

The Iowa Department of Public Health is in the process of implementing HF 524, which greatly expanded Iowa's Medical Cannabidiol Program. Under the new law, companies will be able to grow medical marijuana to produce medical Cannabidiol, and to sell the medical Cannabidiol in Iowa. The bill also increased the number of people who qualify for a medical Cannabidiol registration card. Prior to the law change, only 150 Iowans had been approved for a Cannabidiol Card for intractable epilepsy. It is estimated that several thousand more Iowans will apply for the new card now that additional conditions have been added. Below are some commonly asked questions about the new card program. For additional information, please visit <http://idph.iowa.gov/mcarcp>

#### Who qualifies for medical Cannabidiol?

The new law allows Iowans, diagnosed with specific debilitating medical conditions to qualify for a Medical Cannabidiol Registration Card.

A person who is a primary caregiver for someone with any of the debilitating medical conditions can also apply to have a card so they can possess the Medical Cannabidiol for the patient. The primary caregiver must be resident of Iowa or a bordering state and over the age of 18. The patient's healthcare provider must designate the primary caregiver.

#### What are the debilitating medical conditions that qualify for a card?

The following medical conditions have been approved for treatment with Cannabidiol:

- Cancer, if the condition or treatment produces one or more of the following:
  - Severe or chronic pain
  - Nausea or severe vomiting
  - Cachexia or severe wasting
- Multiple Sclerosis, with severe and persistent muscle spasms
- Seizures, including those characteristic of epilepsy
- AIDS or HIV
- Crohn's disease
- Amyotrophic Lateral Sclerosis (Lou Gehrig's Disease)
- Any terminal illness with a life expectancy under one year, if the illness or treatment produces one or more of the following:
  - Severe or chronic pain
  - Nausea or severe vomiting
  - Cachexia or severe wasting
- Untreatable Pain (pain whose cause cannot be removed according to generally accepted medical practice, the full range of pain management modalities appropriate for the patient has been used without adequate results or with intolerable side effects. )

#### Who can recommend Medical Cannabidiol?

An Iowa Doctor, licensed under chapter 148, who is the patient's primary care provider, may recommend medical Cannabidiol for the patient. The patient and Doctor must fill out forms approved by the Department of Public Health. Every year the Doctor must evaluate the patient and determine if they still qualify for a Medical Cannabidiol Registration Card.

Doctors not licensed in Iowa cannot recommend Iowa patients for a medical Cannabidiol card.

#### How much do Medical Cannabidiol Registration Cards cost?

A patient Card will cost \$100 per year, unless the patient is receiving social security disability benefits, supplemental security insurance payments or is enrolled in a medical assistance program, then the fee is \$25

A Primary Care Giver Card is \$25 per year.

#### What do I do if my application for a Medical Cannabidiol Registration Card is denied?

A person whose card application has been denied can appeal to DPH within 20 days of receiving notice of the denial. The appeal shall be sent to the Department of Inspections and Appeals and a hearing shall be conducted in accordance with 641-Chapter 173

## Judiciary

(Contact Amanda Wille at 1-5230)

### Significant Law Changes Coming July 1st

The House Judiciary Committee passed an significant number of bills that will be taking effect July 1st. Below are a few of the law changes:

#### **House File 263- DOMESTIC ABUSE AND GPS**

HF 263 requires mandatory risk assessment for a person who violates a no contact order in domestic abuse cases. A defendant may be required to wear a GPS monitor as a condition of release for violating a no contact order or other crimes associated with domestic abuse. Mandatory minimum sentences are set for domestic abuse. The definition of stalking is expanded to include GPS devices. The bill also restructures how

earned time is accumulated for someone serving a sentence for domestic abuse crimes.

#### **House File 517 Firearms (parts of the bill were effective upon enactment and others are effective on July 1).**

- **Division I- Offensive Weapons-** (Effective July 1) Strikes the state prohibition on short-barreled rifles and shot guns
- **Division II- Carrying Weapons and Possession of Weapons-** (Effective July 1)

Allows private investigators and security officers who are licensed and have a permit to carry to carry on

school property while engaged in performance of their duties.

Makes it a serious misdemeanor to carry a dangerous weapon while under the influence.

Updates to permit to carry language

- **Division III- Permit to Carry Weapons and Firearm Safety Training-** (Effective July 1) Firearms safety training will be required when a new permit to carry is issued and permits shall be uniform.

(Continued on next page)



(Continued from page 8)

- **Division IV- Acquiring Pistols or Revolvers and Prohibited Transfer of Firearms-** (Effective July 1) A permit to acquire weapons will be valid for five years and permits shall be uniform.
- **Division V- Possession of Pistols and Revolvers by Persons Under 14 years of Age-** (Effective upon enactment) Strikes the minimum age for a person to possess a handgun while under the supervision of a parent or guardian.
- **Division VI- Records Kept by Commissioner- Confidentiality-** (Effective upon enactment) Requires DPS and the issuing officer to keep personally identifiable information of nonprofessional permit holders private.
- **Division VII- State Preemption-** (Effective July 1) Current code prohibits a political subdivision of the state from enacting an ordinance that restricts firearm possession. This language is left in code. The bill adds language that allows a person adversely affected by an ordinance to file suit in court for declarative and injunctive relief for damages.
- **Division VII- Pistols or Revolvers- Capitol Buildings-** (Effective July 1) Pistols and revolvers can be carried in the Capitol building and surrounding grounds and parking. The pistol or revolver must be concealed and the carrier must comply with all other state laws.
- **Division IX- Emergency Powers-** (Effective July 1) The Governor and political subdivisions are prohibited from revoking firearms rights in a state of emergency.
- **Division X-Justifiable Use of Reasonable and Deadly Force-** (Effective July 1) A person may use reasonable force, including deadly force, if they have a reasonable belief the force is necessary to avoid injury or death to themselves or others. There is no duty to retreat. A person may be wrong in their estimation of force as long as there is a reasonable basis for the belief.
- **Division XI-Fraudulent Purchase of Firearms or Ammunition -**(Effective July 1) This division makes it a class "D" felony to engage in a straw purchase of firearms.
- **Division XII- Snowmobile and All-Terrain Vehicles-** (Effective July 1) Allows a person riding a snowmobile or ATV to carry a pistol or revolver without a retention holster.
- **Division XIII- Target Shooting Private Premises-**(Effective July 1) Protects property owners in unincorporated areas from noise complaints if they are lawfully shooting firearms on their property.
- **Division XIV- Initial Appearance- Bail -** (Effective July 1) A person charged with intimidation with a dangerous weapon) or felon in possession of an offensive weapon will be required to see a judge before being released on bond.

#### **Senate File 238 - SEXUAL RELATIONS-SCHOOL EMPLOYEES**

SF 238 expands the definition of school employee to include people who work or

volunteer at a school who have significant contact with students. This expanded definition allows prosecutors to pursue charges against school employees who engage in sexual relationships with students.

#### **Senate File 446-CIVIL ASSET FORFEITURE**

SF 446 prohibits civil asset forfeiture for property valued less than \$5,000, if there is no conviction. The standard of proof in cases of civil asset forfeiture is increased from preponderance of evidence, to clear and convincing evidence. SF 446 requires property to be reviewed proportionally to the crime. Law enforcement agencies are required to retain records related to asset forfeiture.

#### **Senate File 465-MEDICAL MALPRACTICE REFORM**

SF 465 makes changes to medical malpractice lawsuits. The bill caps noneconomic damages at \$250,000, unless the jury determines there is a substantial or permanent loss or impairment of a bodily function, substantial disfigurement, or death, which warrants a finding that such limitation would deprive the plaintiff of just compensation for injuries sustained. The bill strengthens expert witness standards and requires experts testifying to be licensed in the field they are testifying about. Additionally, a certificate of merit, certified by an expert, is required to serve as a screening tool to help identify claims that lack merit.

## State Government

(Contact: Mackenzie Nading 1-3626)

### Iowa Lottery Board Meeting Update

On Tuesday, June 27, the Iowa Lottery Board had its quarterly meeting to discuss pertinent issues facing the Lottery. Two items of discussion were particularly noteworthy: an update on the fraud case against Eddie Tipton, and a policy change that reflect the updates made to Iowa's gambling self-exclusion program through Senate File 442 this past session.

#### **Eddie Tipton**

Eddie Tipton, an ex-employee for the Multi-State Lottery Association, was charged in 2010 of two counts of fraud after rigging the Hot Lotto game and winning a \$16 million jackpot. Mr. Tipton was caught after not claiming the winning Iowa ticket, but before this win he had rigged jackpots in Colorado, Wisconsin, Kansas, and Oklahoma, where

he did collect his winnings. After years of legal proceedings, Mr. Tipton entered a guilty plea in Wisconsin on June 12, and will appear in court on June 29 in Iowa where he is expected to plead guilty as well.

Mr. Tipton faces similar charges in both states. It is left up to the judges in this case to determine if and how much jail time Mr. Tipton receives for his crime. It has already been determined that he will owe \$2 million in restitution to each state in which he committed fraud. This, however, excludes Iowa as it is the only state in which he didn't claim his fraudulent winnings.

It was noted at the Board meeting Tuesday that many details of Mr. Tipton's case have not been released throughout the course of this investigation and prosecution. Howev-

er, CEO of the Iowa Lottery, Terry Rich, expressed a desire to release more information after Mr. Tipton is officially prosecuted in the state. The more information released about Mr. Tipton's crimes will help the Iowa Lottery prevent any kind of fraudulent activity in the future.

#### **Gambling Self-Exclusion Program**

For just over 10 years Iowa Code has dictated that gambling facilities and affiliations in the state provide and implement a gambling self-exclusion program. Until this year, if someone voluntarily placed themselves on the self-exclusion list they would enter into an irrevocable, lifetime ban from any gambling facilities. lists.

(Continued on next page)

(Continued from page 9)

For the RGA, this policy dictates that anyone on the list cannot be on the property of any casino operating in Iowa. For the Iowa Lottery, anyone on the list cannot enter the Iowa Lottery headquarters, which means they can't claim any prize winnings that exceed \$600. These exclusion lists are separate, meaning that if an individual signs up for the RGA's self-exclusion list they are not automatically signed up for the Iowa Lottery's, or vice versa. Although the policies that govern each list are slightly different, they each have the same goal: to provide a deterrent for someone who is being impacted by problem gambling.

This session, the legislature passed Senate File 442, which was signed by the governor in May. SF 442 makes two major changes to the self-exclusion program: it now offers an option for

**“a 5 year ban instead of a lifetime ban,”**

and it offers for anyone who is currently on the self-exclusion list, who has been there for at least 5 years, to go through a process to remove themselves from the list. The Lottery Board voted on Tuesday to change their policy to become effective July 1, 2017 so it aligns with the changes made in SF 442. With the changes, the self-ban program for the lottery also would involve two separate groups: Those who signed lottery self-exclusion forms on June 30, 2017, or before; and those who sign self-exclusion forms on July 1, 2017, or after.

For those who signed a self-exclusion form on June 30 or before:

- o Anyone on the lottery's self-exclusion list for at least five years can request that the lottery remove them from the list. Once the person's information has been verified with the lottery's self-exclusion list and it is confirmed that the person has been on the list for at least five years, that person would be removed from the list and would again be allowed to visit lottery offices.
- o Anyone on the lottery's self-exclusion list for less than five years who applies to be removed from it will be informed

that he/she must wait until at least the five-year mark to apply for re-instatement.

o For those who sign a self-exclusion form on July 1 or after:

- o Anyone signing a lottery self-exclusion form will have two options: a five-year voluntary self-exclusion or a lifetime, irrevocable voluntary exclusion. (The lifetime option will still be irrevocable after July 1.) In an effort to ensure that the person applying for self-exclusion is aware of the help available statewide for problem gaming, the person making the request will be presented with information about the Iowa Gambling Treatment Program and 1-800-BETSOFF, the program's 24-hour hotline for assistance.

To provide perspective about the numbers as they relate to problem gaming here in Iowa, the latest figures available are for fiscal year 2016 and come from the Office of Problem Gambling Treatment and Prevention at the Iowa Department of Public Health. Of clients admitted to treatment for problem gambling in FY 2016, they identified their primary form of wagering in the six months prior to their admission to be:

Profile Item	Total	Percentage
Slots	145	51.24%
Table games	51	18.02%
Video	19	6.71%
Lottery/scratch tickets	28	9.89%
Sports	27	9.54%
Internet	5	1.77%
Other	37	13.07%

## Transportation

(Contact: Ashley Beall 1-3440)

### Transportation Bills that go into Effect July 1

With July 1 rapidly approaching, below are bills that were passed this past legislative session that will now go into effect.

**Senate File 234 –TEXTING AND DRIVING**  
This bill makes texting and driving a primary offense. It allows for a peace officer

**“to stop or detain a person solely for texting and driving.”**

You are allowed to use your phone to make a phone call as well as using it as a GPS. You will also not be able to use your cell phone for social media applications or email/internet use while driving. The fine for violating this section would still remain \$30.

**House File 464 – ATV CROSSING HIGHWAYS**

This allows ATV or Off-road utility vehicles to make a direct crossing of a highway if the crossing is made at an angle approximately 90 degrees to the direction of the highway and at a place where no obstruction prevents quick and safe crossings. The areas of crossing include, street, road-

way, or highway designated as an all-terrain vehicle trail by a state agency, county or city.

**House File 312 – AUTOMATIC START**

This bill allows for motor vehicles to stand unattended without first stopping the engine, which will enable the use of automatic start.

## DOT Holiday Hours

All locations of the Iowa DOT's business locations will be closed Tuesday, July 4 and will resume regular hours of operation on

Wednesday, July 5. These locations also include vehicle permit centers and the DOT's driver's license stations.

Self-service kiosks and the Iowa DOT website, [www.iowadot.gov](http://www.iowadot.gov), will be available for use to complete driver's license business.

## Veterans Affairs

(Contact Kristi Kielhorn at 2-5290)

### President Trump Signs Bill Meant to Restore Faith in VA

Last week President Trump signed a bill into law that, among other things, will make it easier for the Department of Veterans Affairs to

***“get rid of bad employees and promote whistle-blowing.”***

The signing seems to be one step toward fulfilling the campaign promise that President Trump had made to make sweeping changes throughout the VA.

The legislation, entitled the Accountability and Whistleblower Protection Act, passed Congress this month with strong support from both parties. Secretary (VA) David Shulkin has stated the law will make it easier to remove poor-performing workers and help to restore public trust in an agency still trying to recover from a 2014 scandal over manipulation of patient wait times.

President Trump has stated many times that overhauling the VA (federal government's second largest department) is one of his top priorities. Under the new law, Secretary Shulkin will have greater authority to expedite the demotion, suspension, or removal of VA employees based on bad per-

formance or wrongdoing. Additionally, senior VA executives will no longer be allowed to appeal actions to the independent Merit Systems Protection Board, and other employees will have a smaller window of 180 days to do so after removal. Employees will no longer be able to stay on the payroll during the appeals process.

## Ways & Means

(Contact Kristi Kielhorn at 2-5290)

### Iowa's Historic Preservation Tax Credit

This week's article will cover the Historic Preservation and Cultural and Entertainment District Tax Credit. Iowa is amongst the 34 states that have such a credit. This article will cover what qualifies for the credit as well as the cost of the credit to the state. Iowa's Historic Preservation Tax Credit has been around since 2000 and is a tax credit for 25 percent of the qualified rehabilitation expenditures for the substantial rehabilitation of an eligible property in Iowa.

To qualify for the credit, the property or district must meet any of the following criteria:

- Listed on (or eligible to be listed on) the National Register of Historic Places
- Designated as having historic significance to a district listed on (or eligible to be listed on) the National Register of Historic Places
- Designated as a local landmark by a city or county ordinance
- A barn constructed before 1937

Expenditures that qualify for the tax credit include those for structural components, architectural/engineering fees, site survey fees, legal expenses, insurance premiums, and development fees.

Credits are awarded based on an application to the Economic Development Authority.

Applicants must register projects and include a ranking of project readiness and historic preservation goals for the State. Based on these rankings, projects are selected and the applicants and the EDA sign agreements. The credit can be applied against individual and corporate income taxes as well as franchise and insurance premium taxes.

Expenditures that qualify for the tax credit include those for structural components, architectural/engineering fees, site survey fees, legal expenses, insurance premiums, and development fees.

Credits are awarded based on an application to the Economic Development Authority. Applicants must register projects and include a ranking of project readiness and historic preservation goals for the State. Based on these rankings, projects are selected and the applicants and the EDA sign agreements. The credit can be applied against individual and corporate income taxes as well as franchise and insurance premium taxes.

***“The credit is both transferable and refundable.”***

The Historic Preservation Tax Credit does not have a sunset date.

The program has always had a cap, though it has changed several times since 2000. The cap is currently \$45 million plus the ability to carry forward 10 percent. The credit was substantially rewritten in the 2014 session. Most of the language that had been used to divide the cap amongst several different types of projects was eliminated, essentially leaving the entire credit open to any qualified projects with the caveat that at least five percent of the cap must still be allocated for smaller projects (less than \$750,000 in expenditures).

More changes for the program came in the 2016 session. Effective last August, the administrative oversight was transferred from the Department of Cultural Affairs to the Economic Development Authority. Additionally—it was made clear that the credit was refundable to the applicant or transferee. At the election of the taxpayer, the credit could also be used as a nonrefundable tax credit with a five year carry forward (starting when the project is complete).

In addition to the Historic Preservation Tax Credit, Iowa does offer a Temporary Historic Property Tax Exemption. This provides a local property tax incentive for the sensitive, substantial rehabilitation of historic buildings.

(Continued on next page)

*(Continued from page 11)*

While all counties are required to offer this exemption, not all counties have set priorities for the program. The program provides a combination of four years full exemption from any increased valuation due to the rehabilitation, followed by four years of property tax increases (25 percent per year) up to the new valuation.

The federal government also has a historic preservation project credit. A 20 percent

income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be "certified historic structures." Additionally, a 10 percent tax credit is available for the rehabilitation of non-historic buildings placed in service before 1936.

According to the most recent contingent liabilities report, Iowa's Historic Preservation Credit will cost about \$56.2 million in

fiscal year 2018. That represents the cap plus a carryover. For the next newsletter article I plan to continue diving into some of the larger and more notable tax credits and provide information on how they work, how much they cost, and what types of people or businesses receive them.