



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

- Abraham Lincoln

Thursday, August 31, 2017

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

## Appropriations

(Contact Brad Trow at 1-3471)

### Inside this issue:

## Fiscal Year 2017 Budget is Still a Work in Progress and Why That’s Good Thing for Iowans

When the fiscal year ended on June 30, Iowans consuming information through the media and/or internet assumed the media’s report on state revenue was the final number for the state budget. The reality is the accounting books on Fiscal Year 2017 do not close for several months and a surprising amount of money continues to flow in and out of the FY 2017 budget after July 1. The lack of call from the Governor for a special session is a good sign for Iowans.

All the taxes paid by Iowans in Fiscal Year 2017 are not in the Department of Revenue’s vault by midnight June 30. Most Iowans have a certain portion of their paycheck withheld and paid to the state for state income tax. The withholding tax that is collected during the last half of June is not due to July 10, and the funds received are considered to be revenue from FY 2017. According to LSA, there was a substantial bump in revenue from this payment period.

When it comes to sales tax, the remittance schedule is determined by the size of the payer. Iowa’s largest retailers are on a schedule where they remit sales tax collected twice a month. The payment for the last two weeks of June is required to be paid to the state by July 10. Those who remit sales tax monthly are required to pay June’s sales tax collections to the state by July 31. For the smallest sales tax filers, they pay on a quarterly basis. Their payment for the April-June quarter was also due on July 31.

The one complicating factor in watching sales tax collections is the fact that the largest retailers submit their payment to the state for the first part of July (FY 2018) is due on July 25. While it is often difficult for Iowans not well-versed in budget machinations to decipher what part of sales tax receipts brought in dur-

ing July counts in FY 2017 or FY 2018, the Department of Revenue can do it. And the fact that the Governor’s office has yet to determine if a special session is necessary is a signal that the

**“the end of Fiscal Year 2017 may not have been as bad as some in the media or partisans have portrayed it.”**

Tax collections are not the only factor in determining the final fiscal position of the state. The level of tax refunds being paid out also impacts FY 2017. These have been lower than projected. Also, state agencies slowed down their spending in the last quarter of the year. The unspent funds are returned to the General Fund and accounted for as reversions. The budget anticipated \$5 million being returned to the General Fund – the standard number used each budget year. It is likely that this figure for FY 2017 will be larger.

It is these and other smaller factors that the Department of Revenue look at when determining the state’s final position with regard to Fiscal Year 2017. It’s unfortunate that some with either political motivations or simply a point of view blinded by partisanship confuse the issue. As noted above, the explanation isn’t all that complicated. But when those with fake moral outrage weigh in the truth is obscured. The fact that the Governor is waiting on a possible special session to make sure policy makers have the most up to date information is a good thing.

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## Agriculture

(Contact Lew Olson at 1-3096)

### IDALS Issues Updates on Spread of Palmer Amaranth in Iowa Fields

On Wednesday, August 23, 2017, the Iowa Department of Agriculture and Land Stewardship (IDALS) issued a press release in which it noted that state, federal and extension experts are encouraging Iowa farmers to stay vigilant in their efforts to control Palmer Amaranth. Iowa lawmakers added this fast-growing weed to Iowa's noxious weed list in July as a response to a significant increase in the presence of Palmer across Iowa in 2016. Iowa Secretary of Agriculture. Palmer amaranth is an annual weed that when uncontrolled can significantly reduce crop yields and increase crop production costs. Also known as Palmer's pigweed and carelessweed, Palmer can grow more than three inches per day and up to more than six feet tall. Because one Palmer plant can produce up to 500,000 small viable seeds, which can remain dormant and germinate years later, it's crucial the plants are controlled before seed development.

The first step in controlling Palmer is plant identification. In Iowa, the summer annual can first be identified in late June or early July. To find online resources to help with

Palmer Amaranth identification, go to: <https://store.extension.iastate.edu/Product/Palmer-amaranthidentification>. The similarity between Palmer Amaranth and waterhemp will allow Palmer to go unnoticed until it's too late to eradicate from a field unless people are on always on high alert, according to Bob Hartzler, a weed science professor and Palmer amaranth expert from Iowa State University.

During the 2016 growing season, Palmer amaranth was found on some land seeded to native prairie that was enrolled in USDA programs, like the Conservation Reserve Program (CRP). There are specific measures that should be followed to control Palmer on CRP land. Iowa's noxious weed law specifically states that if Palmer is found on CRP areas, the CRP rules cannot be violated to control the weed. *Iowa NRCS Agronomy Technical Note 40: Eradicating Palmer Amaranth on Tallgrass Prairie Restorations*, lists a detailed description of recommended and allowable Palmer Amaranth control measures on CRP. Here are some highlights:

- First consider the use of spot treatments and methods that will establish and maintain as much of the seeded prairie plants as possible.
- Palmer thrives in open spaces and areas of soil disturbance that lack plant competition; so avoid tillage for several years in locations where Palmer is present.
- Broadcast herbicide applications are only available on CRP contract acres certified to have 100 or more Palmer amaranth plants present.
- Avoid the spread of palmer amaranth seed by cleaning boots, shoes and pants with a stiff brush before leaving the site. Avoid driving a vehicle (truck, ATV or UTV) through fields infected with Palmer. Clean equipment such as tractors, mowers and vehicles of all soil, seeds and plant material before leaving the site.

### IDALS Encourage Iowans to Prepare for Fall/Winter Propane Needs

On Tuesday, August 29, 2017, the Iowa Department of Agriculture and Land Stewardship (IDALS) issued a press release in which Iowa Secretary of Agriculture Bill Northey encouraged ag businesses, farmers, rural residents and other Iowans that use propane to consider taking steps to ensure adequate propane supplies this fall and winter. The U.S. Energy Information Administration (EIA) reports propane production at 1.85 million barrels per day as of Aug. 18th. That is up from 1.7 million barrels per day a year ago. EIA reports that U.S. propane stocks as of August 18th are at 72.2 million barrels compared to 96.1

million barrels a year ago. Lower supply levels are attributed primarily to export pressures.

IDALS' most recent price report for the state shows the average price at \$1.13 per gallon. Last year's price at this time of year averaged \$0.95 per gallon. Actions that farmers and other propane users can take now in order to prepare for this fall and winter include:

- Making sure propane supplies for grain drying, livestock facilities, homes and machine sheds were full going into the

fall season.

- Take advantage of early buy/booking programs
- Consider expanding on-site capacity at facilities and homes
- Communicate early and regularly with propane suppliers

## Commerce

(Contact Brittany Telk at 1-3452)

# The People Have Spoken: Health Insurance Premium Rate Increase Public Hearing Recap

Last Saturday, the Iowa Insurance Division held its public comment meeting across the State to address the rate increases for several insurance companies -the largest rate increase request in Iowa history. This meeting comes per Iowa Code s. 505.19, which requires the Commissioner to hold a public meeting, to allow people to give input, for health insurance increases above a certain threshold prior to approving or disapproving an insurance company's proposed rates. For all of the rate increase requests, two reviews are conducted to confirm the carrier's proposal. An internal review is conducted by the Insurance Division's (IID) actuary and another review is independently conducted by a consulting actuary (of our choosing) on a contracted basis. The dual review system has been in place for 9-years.

- [Golden Rule](#): The company requests a 27% average rate increase, across the board for the company's pre-ACA grandfathered and transitional block of business plans. This increase affects 4,400 lives on \$11 million of premiums. The average premium increase is \$50/month or \$272; however, the audience members who spoke about this plan said they were confused by this number because their current premiums exceed \$600/month, making this \$50 month skewed. [After consulting with the IID](#), the insurance company amended their request down to a 22% increase for an overall medical loss ratio of 81%, falling into the federally approved percentage.
- [Medica](#), which has garnered the most attention and the reason for the Insurance Commissioner's [Iowa Stopgap Measure](#): As of August 4, 2017, the company has requested a 56.7% premium increase for individual plans sold on the ACA market; this is an increase from the company's original request of 43.5%. All carriers offering these plans must increase premiums for all silver level plans as they are forced to provide significantly reduced levels of member cost-sharing, even if cost-sharing reductions are not federally funded. This affects a large block, at 14,002 covered lives (10,600 policyholders) and over \$108 million of pre-

miums. However, this premium increase will affect roughly 72,000 as Medica is the only insurer remaining in the ACA compliant market -the first time in decades. For 2016, the medical loss ratio in Iowa has been 115% meaning for every \$1 in premiums, the company has paid out over \$1.15 in claims. The [IID's projected loss](#) for 2018 is 81-83% taking into consideration the 56.7% increase, with 80% of the premium being subsidized by the federal government as opposed to willing participants. Further, the IID does not condemn Medica, citing this is a problem purely created by the ACA with Medica trying to operate within the letter of the law with diminishing federal assistance and an unexpectedly expensive risk pool.

- [Wellmark](#): The increase varies between 9.4% for various grandfathered and transitional plans up to 14.2% for plans sold exclusively through Farm Bureau, for an average of 12.2% overall. This increase affects a large block, which covers over 72,000 lives and upwards of \$272 million in total premiums. And for this year, even without an increase, the IID projects a loss ratio of approximately 94% which exceeds the federally required minimum medical loss ratio of 80%. As such, the [IID's models justify](#) a rate increase between 8-9%. While on average, the premium increase under Wellmark's rate increase request would be \$44/month or \$406.67 for the projected 2018 average premium, many audience members indicated this amount is almost double what they started paying back in 2013 when the ACA went into effect, and their policies have been increasing every year since.

At the hearing, everyone was respectful and appreciated the position of the Insurance Commissioner, but begged for him to not approve the requests -specifically Medica's record-breaking request. One commenter noted her and her husband, who are self-employed, could purchase a second home in Minnesota, claim that as their residence to receive relief in their premiums, and that option would still be cheaper than purchasing a plan in Iowa, alone, as the family's

monthly premium will nearly double going from \$689 up to roughly \$1,200...for the same coverage. Another former physician presented findings from Wellmark, including a breakdown - in both dollar and percentage amounts - of the company's earnings and spending. He followed this presentation calling for a united system, a single-payer system that was not "necessarily run by the government, a program that could be put out to bid like we do with bridges" because the risk pools (he called this segregation) currently utilized are not working. He also stressed we, as Iowans, need to be savvy consumers when it comes to health insurance. He called for better price transparency for all medical costs, with some of the responsibility laying on patients to ask how much procedures cost which tied into his second point: everyone needs to be involved in how we spend our money. On this topic, he noted premium increases should not be a surprise to consumers because they should be tracking their health spending and planning accordingly. He also reminded the room that doctors are not taking a patient's medical economic situation into consideration during a visit; they are doing their jobs as physicians and it is up to the patient to bring the economics into the equation for better budgeting. Finally, he stressed that health insurance does not equate to health care, it is important to recognize the difference between the two.

The Commissioner still has time to make a decision whether or not to approve the increases from the insurance companies; however, he noted his only authority in regards to these prices is to make sure the increases could be justified to pay the medical claims and cover the company's risks. In the meantime, the entire IID continues to work towards ensuring the Stopgap Measure is approved by the appropriate federal entities. In the meantime, public comments can still be submitted [here](#), and the Iowa Insurance Consumer Advocate's site has more detailed information on the rate requests [here](#).

Source: Iowa Insurance Division, Iowa Insurance Consumer Advocate

## Economic Growth

(Contact Brittany Telk at 1-3452)

### Sioux City a Big Winner When it Comes to State Tax Credits

In its August meeting last week, the IEDA Board approved \$13.5 million (with several contingencies) in state funding to go towards Sioux City's Reinvestment District. The total project carries a price tag at almost \$135 million.

This proposal has been in the works at the IEDA for quite some time, almost as long as the Reinvestment District Program itself. The City passed up the funding opportunity in 2014, but applied for the opportunity in 2015 with three projects, asking for the \$13.9 million although they received only \$8 million as it was one of five cities (including Coralville, Davenport, Grinnell and Mason City) with projects and the State not having enough money to fund all five. Eventually, Davenport gave up its \$10.75 million it had received for a large sports complex, allowing the IEDA more funds to award to the other projects, on a competitive basis. Which brought Sioux City back to request the \$13.9 million at its most recent meeting.

The project started with just three requests: a new 150-room Convention Center Hotel, the redevelopment of three industrial buildings into mixed-use buildings known as Virginia Square, and the construction of a new Ag Expo & Learning Center. A fourth project, the Warrior/Davidson project, was added into the application due to interest by the hotel developer and the benefit the redevelopment of the buildings will have on the community. This project will include restoration of these two buildings into a 146-room boutique hotel with 22 luxury apartments and additional commercial and retail space.

The IEDA approved the request at \$13.5 million after much discussion and with several contingencies; the Board wants to see updated and complete contractor contracts, more private fundraising to contribute to the

project, among others, to be completed by December 31, 2017.

The Reinvestment District Program is a grant program which provides grants to community leaders to fund large-scale projects including new retail establishments and new lessors. The projects must improve the quality of life for the communities' citizens and substantially benefit the community, region and state. Up to \$100 million is available for approved communities to invest in designated Reinvestment Districts. [Eligibility](#) is based on:

- Reinvestment District cannot exceed 25 acres in size
- At least one of the new proposed projects within the district must reach a total capital investment of \$10 million
- District must be in an Enterprise Zone or Urban Renewal Area
- District plans must include tax revenues generated by new retail establishments and new lessors
- New retail establishments cannot exceed 50% of the total proposed capital investment
- Total amount of new tax revenue to be remitted to the municipality cannot exceed 35% of the total cost of all proposed projects in the district plan
- Eligible project within a Reinvestment District is a vertical improvement constructed or substantially improved within a district
- Buildings that are in whole, or in part, used to conduct gambling or a hotel or motel connected to, or operated in conjunction with a gambling facility are not

eligible

Unlike many other tax credit and community incentive awards, this project has been met with great enthusiasm amongst local officials. The Sioux City Journal wrote an article that its editorial board believed each and every project will revitalize and spur growth in key parts of downtown Sioux City; the Davidson/Warrior project alone will provide "a level of transformative changed" with the Hard Rock Hotel & Casino construction. Additionally, the extended stay hotel will meet the need that comes with the ongoing growth of medical facilities, area businesses and the downtown housing market. Further, there was praise to both the public and private entities involved as it will help revitalize the downtown area. Residents are viewing these new projects as a way to boost downtown Sioux City, making it more of a "destination" for both travelers and residents. And this support is not new, many have been on board since the City rolled out its original plan several years ago. In fact, State Representative Chris Hall, D-Sioux City, has been a long-time supporter despite public comments critical of other cities and entities using tax credits. Hall signed a letter of support back in 2015. Since then he has politically positioned himself as critic of state tax credits despite never voting for reforms. Not surprisingly, Hall has not made any comments critical of the tax credits awarded to Sioux City.

Please contact me for the complete Board packet, which includes more charts with funding sources and totals. The next Board meeting is set for September 22, 2017 at 9 am.

Source: IEDA, Sioux City Journal

Use of Funds	Cost
New Convention Center Hotel	\$ 25,331,885
Virginia Square	\$ 35,965,513
Bomgaars Ag Expo & Learning Center	\$ 16,742,840
Davidson/Warrior Boutique Hotel	\$ 56,148,000
<b>TOTAL</b>	<b>\$ 134,188,238</b>
Amount Requested	\$ 13,968,447
% of Total	10%

## Education

Contact Jason Chapman at 1-3015)

### Final Draft of Iowa's Federal ESSA Plan Released

Iowans are invited to comment through September 11th on the third, and final, draft of Iowa's state plan for meeting the federal Every Student Succeeds Act (ESSA) requirements. It is available to view here: <https://www.educateiowa.gov/pk-12/every-student-succeeds-act>

ESSA succeeded the federal No Child Left Behind (NCLB) law when it was signed by the President at the end of 2015. The new law makes 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 third of three drafts the Department plans to put together before

submitting to the federal Department of Education. The second draft was made available in July and 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 helped shape the drafts.

Changes to the third draft are the incorporation of feedback from the second draft and changes to an accountability index -- a series of measures that will be used to identify schools in need of improvement, such as a postsecondary readiness measure and a measure of school climate and culture, called conditions for learning.

After this latest round of collecting and pro-

cessing public input, the Department expects to submit the final plan to the U.S. Department of Education by September 18.

Iowans are invited to give feedback on the 3rd draft by either:

- Submitting an online feedback survey (open through September 11): <https://www.surveymonkey.com/r/PLJKVDV>
- Submitting an email to ES-SA@iowa.gov
- Or by 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

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>

### Board of Regents to Meet Next week, Take Public Comment

The Board of Regents will be meeting on September 6-7 at the University of Iowa with a full agenda that includes, among many other topics, an update on the Iowa State University Presidential Search and a report from the Tuition Task Force.

In addition to the regular agenda, the Board is also continuing its Public Comment Pilot Program, which it started at its June meeting this year.

The public comment period is scheduled for 30 minutes at 10 am on Thursday, September 7th, the beginning of the second day of the meeting. After completing an online form prior to the meeting, public commenters will be given 3 minutes to speak, allowing for 10 presenters to be scheduled. Commenters with subjects that relate to agenda items for the current Board meeting will be given priority in the speaking order.

The full agenda for the meeting, including links to details about each agenda item, can be found here: <http://www.iowaregents.edu/meetings/past-meeting-agendas/september-6-7-2017/>

Sign-up and details for the public comment period can be found here: <http://www.iowaregents.edu/plans-and-policies/public-comment-pilot-program/>

## Environmental Protection

(Contact Lew Olson at 1-3096)

### DNR Grant Opportunity For Small Towns with Abandoned Commercial Properties

On Thursday, August 24, 2017, the Iowa Department of Natural Resources (DNR) issued its electronic newsletter-- 'EcoNewsWire' which contained an article noting that funding is still available to Iowa communities with populations of 5,000 or smaller to inspect and properly remove asbestos from abandoned commercial buildings. The funds, from the DNR's [Derelict Building Grant Program](#), allow eligible communities to investigate the amount of asbestos present in a building, determine the

physical characteristics and stability of these structures by completing structural engineering assessments, and abate identified asbestos.

The Derelict Building Grant Program provides small communities and rural counties financial assistance for abandoned commercial and public structures, which can improve the appearance of their streets, revitalize local economies and alleviate the environmental concerns these

buildings can pose. Projects selected may apply for funding in 2018 for additional program-related tasks like building removal or building renovation. For more information and to obtain an application on the Derelict Building Grant Program, call 515-725-8318. \$50,000 is available for assistance and applications will be accepted until funds are expended.

## EPA And the Army Seek Input in the Review of the Waters of the U.S. Rule

On Friday, August 25, 2017, the United States Environmental Protection Agency (EPA) issued a press release in which it announced that EPA and U.S. Department of the Army (the agencies) will hold 11 sessions to give stakeholders an opportunity to provide recommendations on a revised definition of "waters of the United States." The agencies will hold nine two-hour long teleconferences that will be tailored for specific sectors, plus one that will be open to the general public. The agencies will also hold one in-person session for small entities.

These sessions follow the February 28, 2017, Presidential Executive Order on "Restoring the Rule of Law, Federalism, and Economic Growth by Reviewing the

"Waters of the United States' Rule." The February Order states that it is in the national interest to ensure that the Nation's navigable waters are kept free from pollution, while at the same time promoting economic growth, minimizing regulatory uncertainty, and showing due regard for the roles of Congress and the States under the Constitution. To meet these objectives, the agencies are following an expeditious, two-step rulemaking process. The recommendations gathered through these stakeholder sessions, in addition to the feedback the agencies are hearing through ongoing outreach to state, local and tribal governments, will help inform the step two rulemaking, which would revise the definition of "waters of the United States" under the Clean Water

Act.

The stakeholder sessions will be held on a weekly basis beginning September 19 and will continue each Tuesday thereafter for ten weeks. Information on how to register for each of these meetings is available on the EPA website.

The agencies are also planning an in-person meeting with small entities, which will be held on Monday, October 23, 2017 at the U.S. EPA's Headquarters. Additional information: [www.epa.gov/wotus-rule](http://www.epa.gov/wotus-rule)

## Labor

(Contact Mackenzie Nading at 1-3626)

### PERB Holds Informational Meetings about Union Elections

On Friday August 4th, the Administrative Rules Review Committee met to consider agency rules that were noticed or filed for the month. Amongst the agencies on the Agenda was the Public Employee Relations Board (PERB), who filed a set of emergency rules that are a direct result of the passage of House File 291 last session which reformed Iowa's Collective Bargaining Laws. PERB's rules addressed many topics, but most importantly they outline the process for which retention and recertification elections of unions will now be held in the state.

These emergency rules were approved by the committee and made several changes to the administration of union retention and recertification elections. In order for both employers, employees, and the general public to feel comfortable with the new process that will begin with elections held in October of this year, PERB has scheduled public meetings to answer questions about the new process and explain how it will work.

PERB sent out the following information along with the schedule of meetings:

"Towards the end of August, PERB will conduct regional meetings across Iowa to continue to provide updated information on the upcoming fall elections as well as provide a question and answer session in those meetings. They are not set up to be meetings to debate the merits of the new statutes but to provide neutral information to labor and management (and other interested Iowans) about how the process will work moving forward (i.e. how will the elections work, etc). We intend to have two, roughly one hour meetings per late afternoon/evening to be accessible to those with various work shifts. The information is the same at both." Below is a list of the upcoming educational meetings, open to all members of the public:

- Thursday, August 31: Mason City, 4:30 -5:30 & 7:00-8:00 pm, NIACC, Muse Norris Conference Center, 500 College Drive
- Tuesday, September 5: Dubuque, 4:30 -5:30 & 6:30-7:30 pm, Carnegie-Stout

Public Library (Aigler Auditorium), 360 West 11<sup>th</sup> St.

- Wednesday, September 6: Waterloo, 4:30-5:30 & 7:00-8:00 pm, Hawkeye Community College, Tama Hall (Room 102), Main Campus
- Wednesday, September 6: Council Bluffs, 2 pm, Council Bluffs Public Library, 400 Willow Ave.
- Wednesday, September 6: Sioux City, 6:00-7:00 pm, Northwest AEA-Room B, 1520 Morningside Ave.
- Wednesday, September 13: Spencer, 4:30-5:30 & 6:30-7:30 pm, Spencer Public Library, 21 East 3rd St., Spencer, IA
- Tuesday, September 19: Fort Madison, 12:00-1:00 pm, Fort Madison Public Library, 1920 Ave. E, Fort Madison
- Tuesday, September 19: Ottumwa, 5:30-6:30 pm, Great Prairie AEA, 2814 N. Court
- Tuesday, October 4: Cedar Rapids, 2:30-3:30 pm, Grant Wood AEA, 1120 33<sup>rd</sup> Ave. SW
- IPERS Sees Large Investment Return Performance

## State Government

(Contact: Mackenzie Nading 1-3626)

### IPERS Sees Large Investment Return Performance

The Iowa Public Employee Retirement System (IPERS) released their FY 2017 [investment performance report](#) on August 22. The report showed a large return on investments at 11.7%, crushing last fiscal year's return which was only 2.15%. On June 30, 2017 the IPERS trust fund balance stood at \$30.7 billion.

In a [press release](#) by IPERS, CEO Donna Mueller stated, “While this year’s investment performance far exceeded the newly adopted actuarial return assumption of 7.0 percent, it’s important to remember IPERS’ focus is long-term — 30 to 50 years out — in analyzing the Fund’s performance. For IPERS, a more significant measurement is our 30-year annualized return which is 8.65 percent. The next big indicator of IPERS’ financial health will come from the annual actuarial valuation, due in December.” The IPERS investment board, the group of individuals appointed to oversee how IPERS manages both employee and employer contributions, will meet on December 7, 2017 to hear the full actuarial report from

FY 17. A more complete picture of the health of IPERS will be available after that meeting, including the total unfunded liability the plan currently has. The last report issued for FY 16 indicated IPERS unfunded liability was right around \$5.6 billion.

There has been a buzz recently with regards to the health of IPERS and whether or not the pension plan was stable. [In March](#) of this year, the IPERS Investment Board made the decision to lower their annual rate of return from 7.5%-7%. This caused public concern and had many expressing that IPERS is not a strong retirement system because of this adjustment. In reality, IPERS didn’t lower their annual rate of return solely because of actuarial concern, they lowered it to keep the integrity of the system in tact based on reported trends in investments. Many see the strong return on investments reported last week as proof that IPERS continues to be one of the strongest public pension plans in the coun-

try, and the management behind the trust fund is stable and well calculated. The IPERS press release concluded with the following, “As the largest public pension system in Iowa, IPERS has approximately 350,000 members, including 114,000 retirees. IPERS paid \$1.8 billion in retirement benefits during the last fiscal year, with \$1.6 billion paid in Iowa. IPERS is a prefunded system — contributions from employees and employers are pooled and invested over the member’s career.

**“The average IPERS member retires after 22 years of service, earning an annual pension of \$16,000.”**

## Transportation

(Contact: Ashley Beall 1-3440)

### Iowa DOT to Hold Public Information Meetings in September

The Iowa DOT will be holding a public information meeting on Wednesday, September 6<sup>th</sup> to review the proposed bridge replacement in Butler County. This bridge is located on Iowa 3 over the West Fork Cedar River, 0.8 mile east of Butler County Road T-16.

The format for this meeting will be like an open forum and all interested people are invited to attend this meeting at the Dumont

Fire Station, 630 First Street. The meeting will take place from 5:00 -6:30 p.m.

Following this meeting, the DOT will hold another public information meeting on Tuesday, September 12 to discuss design alternatives for the interchange at Interstate 80 and Herbert Hoover Highway. The area for this project study extends from east of Iowa City in Johnson County, about 1.5 miles west of Herbert Hoover Highway, to

east of the West Branch at Charles Avenue in Cedar County.

This meeting will be an open forum format as well and will take place at the Helen Lemme Elementary School, 3100 E. Washington St, in Iowa City from 5:00-6:30 p.m.

For any questions or information on the DOT’s project-related public involvement events, visit [www.iowadot.gov/pim](http://www.iowadot.gov/pim)

## Ways & Means

(Contact Kristi Kielhorn at 2-5290)

### The State has to Backfill TIF?

Last year the House Ways and Means Committee passed House File 656 out of committee by a vote of 16-9. The bill did not receive any further debate. House File 656 dealt with the state’s current obligation to backfill money that the schools do not receive from property tax collections because of local TIF. The state – neither the Governor nor the Legislature – does not approve or agree to TIF projects—but is required to backfill all of the money that the school loses as a result of one.

By way of review, all property in Iowa that is subject to property tax is subject to a property tax levy of \$5.40 per \$1,000 of taxed value. The money from this levy is part of the school aid formula that decides the amount of State General Fund support each school district receives. When property is located within a TIF area, the property tax revenue associated with the \$5.40 levy does not go to the school district—it goes to the government authority that created the TIF. Because the school is missing that money

**“the State General Fund makes up for (backfills) it dollar-for-dollar.”**

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House File 656 excluded the school district's part of TIF from going to the governmental authority that created the TIF. This makes sense because a TIF can be created without the approval of the school district standing to lose money if the state did not backfill the lost property tax.

The bill required the money to still be levied, collected, and paid to the school district in the same manner as all other property taxes. Since the schools would receive the property tax revenue—there would be no need for a state backfill. House File 656 as it was amended, only applied prospectively to new TIFs or new property annexed into an existing TIF.

For FY 2017, total property tax revenue diverted to TIF equaled \$326.6 million. The impact on the State General Fund school aid appropriation to backfill that amount of value was \$58.5 million (the \$58.5 million is part of the \$326.6 million).

If House File 656 had passed—it would not have just eliminated that nearly \$60 million in backfill—but it would have stopped the bleeding and created some predictability in knowing the problem was not going to get worse. Excluding the school's money from what local governments would get from TIF (to pay TIF debt) as part of new or annexed TIF areas was projected to reduce the school aid standing appropriation by the following amounts:

- FY 2020 = \$ 405,000

- FY 2021 = \$ 810,000
- FY 2022 = \$1,215,000
- FY 2023 = \$1,620,000
- FY 2024 = \$2,025,000

House Republicans remain committed to common sense budgeting solutions that create predictability. Backfilling TIF, when the state has no say in the decisions and no way to predict them puts an additional strain general dollars. State taxpayers in certain towns benefit greater from this backfill than others. This puts a burden on the state's taxpayers as a whole for the decision of a locality.

## Biggest Income Tax Credit in Iowa? The Earned Income Tax Credit

Iowa's Earned Income Tax Credit (EITC) is available to individual taxpayers who qualify for the federal Earned Income Tax Credit. Iowa's credit is currently equal to 15 percent of the federal credit. There are 27 states that offer some form of an EITC.

The federal EITC has specific income limits as well as maximum credit amounts based on filing status and family size. Iowa has piggybacked off this federal credit since 1990. Initially, the Iowa credit was five percent of the federal credit and was nonrefundable. It has tripled throughout the years and most recently was increased to the current rate of 15 percent of the federal credit for tax years beginning on or after January 1, 2014. Additionally—the credit is currently refundable to the taxpayer.

There is no sunset date on this credit and the credit is not applied for—just simply claimed on the IA 1040. Iowa has no cap set on the EITC. Because the credit is now refundable, it is not uncommon for taxpayers to file a return just to claim the credit (they would otherwise not be required to file). Iowa's EITC cannot be sold, traded, or transferred among taxpayers.

According to the most recent contingent liabilities report,

**“the EITC is estimated to cost the state nearly \$72 million in FY 18.”**

That makes it the largest income tax credit the state has on the books. In tax year 2014, over 220,000 households claimed the EITC with an average claim of \$322. The filing instructions for Iowa's EITC can be found here: <https://tax.iowa.gov/expanded-instructions/iowa-earned-income-tax-credit-0>.

## Judiciary

(Contact Amanda Wille at 1-5230)

### Homicide Rates Climbing in the Midwest

Homicide rates in the Midwest and across the country appear to be increasing according to current reports. Unfortunately, that increase is also being seen in Iowa, particularly in Des Moines where, as of August 29th, there have been 23 murders. These numbers are forcing communities to take new and unique approaches to try and curb the violence.

The homicide rates in Kansas City, St. Louis and Chicago are rising. If the current trends continue, these cities could surpass last year's numbers.

2015 2016 August 28,

	2017			
Chicago	495	762	460	
Kansas City	150	187	123	
St. Louis	188	188	134	

While Chicago doesn't have the highest per-capita murder rate, the city does have the highest number of killings. According to the Chicago Tribune (6/30/2017), "Chicago had 50 more homicides than New York and Los Angeles combined through mid-June, even though it is far less populous than both." If the 2016 numbers are looked at on a per-capita basis, St. Louis leads both Chicago

and Kansas City. No matter how you analyze the information, the numbers are staggering.

Officials aren't entirely sure why homicide rates are increasing. Some believe it is due to gang related activity and the ongoing opioid epidemic, while others focus more on a combination of poverty, joblessness and other societal issues. Even if the exact cause can't be determined, Police Departments and community leaders are working quickly to respond and try to curb the violence.

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In Chicago, officers are focusing on areas with high crime rates by using Strategic Decision Support Centers. Officers can observe crime maps and surveillance cameras to pinpoint violent areas and increase patrols. Additionally, a program called ShotSpotter is capturing the sound of gunfire around specific areas; this allows officers to respond faster when a shooting occurs. Areas that have ShotSpotter have had response times improve by almost four minutes. The City is also working with the federal government to quickly analyze evidence at crime scenes. The Department of Alcohol, Tobacco and Firearms has provided equipment that allows for mobile testing of gun and shell casings. This immediate testing along with faster response times from law enforcement could help cut down on retaliatory shootings in many cases.

St. Louis is utilizing the State Patrol to help in areas of high crime. These Officers are focused on highways and interstates in St. Louis to allow local Police Officers more time to patrol neighborhoods. According to the Missouri Highway Patrol, in the first 11

days of the program, State Troopers arrested 220 people and issued 900 traffic tickets. Community leaders in St. Louis have also been holding anti-violence summits that focus on the root cause of violence in the community.

Kansas City is one of 12 cities selected by the Department of Justice to receive assistance to reduce crime. As part of this National Public Safety Partnership, Kansas City will work with the FBI, the Department of Justice and other federal agencies to help reduce violence and respond faster to crimes as they occur. Other cities may be joining in this partnership in the near future.

Iowa remains a safe state, but the murder rate in Des Moines is concerning. In 2015 there were 21 homicides, followed by 13 in 2016. So far this year, 23 people have been murdered and city officials are struggling to stop the violence. Community leaders have been working with the Des Moines Police Department to spread a message of peace throughout the area. Earlier this year a local artist worked with elected officials and Police Officers to create a music video entitled "Droppin'" which encourages people to

come forward, report crimes and end violence. Along with community outreach, Police Officers are now all equip with body cameras to help increase trust between the community and officers. If things don't change,

***"this year could be the deadliest ever in Des Moines"***

if the city passes the 1978 record of 27 homicides.

With four months still left in the year, Officials are concerned that homicide rates could break records in some areas. State and Local Officials are continuing to find new and innovative ways to stop violence while working with community leaders to solve crimes and create safer communities.