



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

January 12th

2012

www.iowahouserepublicans.com

House Republican Talking Points

Inside this issue:

Jobs, Savings and Certainty

- The best way to help Iowa’s employers to begin hiring people and investing in their businesses is to do two things: address property taxes and keep control of government spending.
- Property tax reform provides savings for individuals and businesses and it provides certainty for those same people as the plan for their futures.
- Controlling government spending by spending less than the government receives demonstrates a commitment to commonsense budgeting and economic health that employers deserve. The threat of higher taxes needs to be removed.
- Over the last ten years school rates have increased 60 percent... county rates 64 percent... and city rates are up 74 percent. Over that same time period, personal income only grew 46 percent.
- Iowa families and Iowa employers are struggling with this burden and furthermore, it is impeding job growth and hurting the economic health of our communities
- Any property tax reform plan approved by the Legislature must make sure everyone benefits, homeowners and business owners, and that everyone is playing by the rules.
- Democrats’ insistence on protecting local government revenues continues to be the major stumbling block in achieving any level of real, genuine property tax relief. In fact, the plan approved by the Senate Democrats

last year leads to increase in residential property taxes. We can do better than picking one set of winners in this effort.

- Doing nothing is not an option. The rollback has turned into the roll-up and the burden on homeowners is growing at a substantially faster rate than what their incomes are growing. We must address this. The consequence of doing nothing is a huge tax increase on all Iowans. The benefit of achieving genuine reform is jobs, savings and certainty.
- Our goal is to have a property tax system and state budget that contributes instead of takes away from economic, family and community health. Iowans deserve quality jobs that will develop into careers. They deserve the peace of mind to plan for their futures.
- Iowa’s employers need a commitment from the Legislature to keep government spending under control. Spending more than the state receives sets up individuals and employers for tax increases. They need the certainty that this will not happen.

Myth of the \$1 Billion Surplus

- The so-called “surplus” is actually:
 - \$600 million in one-time cash reserve funds (needed to help the state cash flow)
 - \$250 million in one-time ending balance from this year (FY 12)
 - \$200 million in on-going revenue

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growth for next year (FY 13)

- The state budget is really about \$12 billion. \$6 billion appropriated by the state and \$6 billion received from the federal government.
- State law requires that 10% of the budget be set aside in cash reserves and not spent on ongoing operations. This means the \$600 million is off-limits for existing and new spending.
- The Legislature can legally spend the \$250 million in one-time ending balance money from this year. However, this is a reckless and short-sighted budgeting practice because it builds \$250 million of spending the following year with no one-time money to pay for the new spending.
- While the Legislature can spend up to 99% of the projected revenue, it is not required to spend at the level. The economy, federal debt, and anticipated federal cuts that will impact the \$6 billion in federal funds receive by the state require commonsense and discipline.

Governor's Budget

- House Republicans appreciate that the Governor released his budget this early in session because it will allow us to get to the important work of creating a budget that is sustainable, while funding the priorities of Iowans and creating an environment that will stimulate job growth.
- The Governor's goals for his budget are to create 200,000 jobs, raise family incomes by 25 percent, make Iowa #1 in education again and reduce the cost of government by 15 percent.
- The Governor recommends appropriating \$6.244 billion, or \$244 million more than was originally appropriated for FY 2012. This is a 4 percent increase over FY 2012.
- Available ongoing revenue for spending is estimated at \$6.251 billion so the Governor's budget spends less than the state takes in, a simple, credible way to control government spending.
- The expenditure limitation is \$6.475 billion but that includes the FY 2012 ending balance. Spending the one-time money in the ending balance for ongoing spending is a short-sighted

plan with long term consequences.

The bulk of the increase in the FY 2013 budget is as follows:

- Medicaid (\$49 million)
- Two % growth for K-12 (\$25 million)
- Economic Development (\$25 million)
- Mental Health (\$20 million)
- Regents (\$20 million)
- Education Reform (\$17 million)
- Prisons (\$14 million)
- House Republicans will give the Governor's budget serious consideration and will continue to work to find efficiencies in order to make state government leaner and assure that Iowans' budget priorities are funded. A stable and lean budget is one of the keys to creating an environment that will lead to job creation in the state.

Appropriations

(Contact Lon Anderson at 1-5184.)

Governor Branstad Releases Budget Recommendations

On Tuesday, January 10, Governor Branstad released his recommendations for the FY 2013 budget.

The Governor's goals for his budget are to create 200,000 jobs, raise family incomes by 25 percent, make Iowa #1 in education again and reduce the cost of government by 15 percent.

The Governor recommends appropriating \$6.244 billion, or \$240 million *more* than adjusted FY 2012 appropriations. This is a 4 percent increase over FY 2012. Total appropriations are \$230 million more than adjusted FY 2012 but that does not take into account operational and program reversions.

"...the Governor's budget spends less than the state takes in."

Available ongoing revenue for spending is estimated at \$6.251 billion therefore the Governor's budget spends less than the state takes in, a key budget tenet of House Republicans. The expenditure limitation is \$6.475 billion but that includes the FY 2012 ending balance. House Republicans have insisted that this one-time ending balance money not be used for ongoing spending.

The bulk of the increase in the FY 2013 budget is as follows:

- Medicaid (\$49 million)
- Mental Health (\$20 million)
- K-12 school funding (25 million)
- Economic Development (\$25 million)
- Regents (\$20 million)
- Education Reform (\$17 million)
- Prisons (\$14 million)
- Judicial Branch (\$10 million) *

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Peace Officer Retirement (\$5 million)

Community Colleges (\$4 million)

** The Governor is required by law to pass through the Courts' budget request*

Most line items funded at 50 percent last session have been increased to 100 percent of their FY 2012 levels. There isn't any funding for salary increases and will likely result in a reduction in state employees.

One exception to this is the prison system.

The Governor recommended a \$6.5 million supplemental appropriation for prison salary and benefit costs. This is carried forward into FY 2013, meaning that the prisons get an additional \$7.5 million for a total of \$14 million. This is needed to pay for raises agreed to by former Governor Culver and to avoid massive layoffs that would compromise public safety.

In addition, the Governor has promised to find between \$40 million and \$60 million in efficiencies in the Road Use Tax Fund in order to increase funding for road construction and bridge repair.

House Republicans appreciate that the Governor released his budget this early in

session and will be doing a thorough line-by-line review of it in order to give it the serious consideration it deserves.

House Republicans will examine the budget with three goals in mind: jobs, savings and certainty. An efficient and effective state government should contribute to instead of sapping the energy from Iowa's employers and families.

Revenue Above Estimate through the first half of FY 2012

On January 3, Legislative Services Agency released a memo showing actual revenue through the first six months of the fiscal year. As has been the case for the past few months, gross general fund revenue was above the estimate established by the Revenue Estimating Conference (REC).

Year-to-date revenue has increased by \$43.8 million, or 1.5 percent compared to FY 2011. This is below the December REC estimate of 1.8 percent growth. However, when the transfer of \$106 million of cigarette tax revenue to the Health Care Trust Fund is factored in, the real growth in the budget grows to 5.3 percent. This puts the general fund on target to meet or exceed the REC estimate.

Personal income tax receipts grew by \$79.8

million, or 5.3 percent compared to last fiscal year. The REC estimate for personal income tax receipts is 3.5 percent growth, so it appears that the ag sector continues to

"...\$43 million will flow into the newly-created Taxpayers Trust Fund."

experience growth. Sales and use tax receipts were up \$37.5 million, or 3.1 percent. This is just above the 2.7 percent growth projected by the REC. Corporate income tax receipts continue to exceed expectations, growing by \$57.2 million, or 36.1 per-

cent, which is above the REC estimate of 14.2 percent.

The current balance sheet shows a projected \$600 million in cash reserves and another \$248 million in FY 2012 ending balance. In addition, \$43 million will flow into the newly-created Taxpayers Trust Fund.

House Republicans will continue to insist that ongoing spending be aligned with ongoing revenue and that the ending balance not be spent. With growing pressure on the state's budget, more efficiencies must be found in order to accomplish this goal while ensuring that Iowans' priorities are funded adequately.

Agriculture

(Contact Lew Olson at 1-3096.)

EPA Finalizes 2012 Renewable Fuel Standards

On Tuesday, December 27, 2011, the United States Environmental Protection Agency (EPA) issued a press release announcing that the agency had finalized the 2012 percentage standards for four fuel categories that are part of the agency's Renewable Fuel Standard program (RFS2). The Energy Independence and Security Act of 2007 (EISA) established the RFS2 program and the annual renewable fuel volume targets, which steadily increase to an overall level of 36 billion gallons in 2022. To achieve these volumes, EPA calculates a percentage-based standard for the following year. Based on the standard, each refiner and importer determines the minimum volume of

renewable fuel that it must ensure is used in its transportation fuel. EPA has forecasted for 2012 that overall vehicular gasoline use will be 135 billion gallons and 51 billion gallons of diesel. The final 2012 RFS-2 overall volumes and standards are:

- Biomass-based diesel (1.0 billion gallons; 0.91 percent)
- Advanced biofuels (2.0 billion gallons; 1.21 percent)
- Cellulosic biofuels (8.65 million gallons;

0.006 percent)

- Total renewable fuels (15.2 billion gallons; 9.23 percent)

Last spring EPA had proposed a volume requirement of 1.28 billion gallons for biomass-based diesel for 2013. EISA specifies a one billion gallon minimum volume requirement for that category for 2013 and beyond, but enables EPA to increase the volume requirement after consideration of a

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variety of environmental, market, and energy-related factors. EPA is continuing to evaluate the many comments from stakeholders on the proposed biomass based diesel volume for 2013 and will take final action next year. Overall, EPA's RFS2 pro-

gram encourages greater use of renewable fuels, including advanced biofuels. For 2012, the program is implementing EISA's requirement to blend more than 1.25 billion gallons of renewable fuels over the amount mandated for 2011. More information on the standards and regulations: [http://www.epa.gov/otaq/fuels/renewablefuels/](http://www.epa.gov/otaq/fuels/renewablefuels/regulations.htm)

[regulations.htm](http://www.epa.gov/otaq/fuels/renewablefuels/regulations.htm)

More information on renewable fuels: <http://www.epa.gov/otaq/fuels/renewablefuels/index.htm>

DNR Reminds Confinement Manure Applicators About Annual Training

On Thursday, December 29, 2011, the Iowa Department of Natural Resources published its weekly electronic newsletter *EcoNews-Wire* which contained a reminder to confinement manure applicators that their required annual training starts January 17, 2012 and concludes on February 29, 2012. Training is conducting at many county Iowa State University Extension offices. Seven dry manure classes will also be held.

Certificates expire on Dec. 31. To avoid late fees, certification renewal must be submitted to DNR no later than March 1. Applicators whose certificates are expiring must complete the training, and submit forms and fees. Confinement site applicators must attend two hours of training each year of the three year certification. A \$25 continuing education fee is charged and pre-registration is required. DNR staff said even those who received initial certification the fall of 2011 must complete training in

2012. Applicators can find contacts for registration and a list of counties where the training is available at www.agronext.iastate.edu/imag/certification/confdates.html.

Those applicators who cannot attend a training session should contact their local Extension office to schedule time to watch a video. Extension offices may charge a \$10 fee to show the video outside of a scheduled showing. Applicators may also take a 50-question exam. Contact the DNR field office most convenient to you to make an appointment, by calling:

- Northeast Iowa, Manchester, 563-927-2640
- North central Iowa, Mason City, 641-424-4073

- Northwest Iowa, Spencer, 712-262-4177
- Southwest Iowa, Atlantic, 712-243-1934
- South central Iowa, Des Moines, 515-725-0268
- Southeast Iowa, Washington, 319-653-2135

More information about the manure applicators certification program is available at: www.iowadnr.gov/Environment/LandStewardship/AnimalFeedingOperations/ApplicatorCertification.aspx or www.agronext.iastate.edu/imag/maccsa.html.

Northey Announces New IDALS Deputy Secretary

On Thursday, January 5, 2012, the Iowa Department of Agriculture and Land Stewardship issued a press release announcing that Jay Johnson has been hired as the new Deputy Secretary for the Iowa Department of Agriculture and Land Stewardship. Johnson previously served as Director of the USDA Packer and Stockyards Administration's Midwest Regional Office. As Deputy Secretary, Johnson will assist in management responsibilities for the Department, focused on the areas of personnel and budget. He will also support the Department's efforts to continue to improve accessibility to Iowans and as a result will travel and represent the Department at meetings in Des Moines and around the state.

Johnson has worked for USDA Packers and Stockyards Administration for the past 28 years. For the past 13 years he has been the Director of the agency's Midwestern Regional Office that is based in Des

Moines. This office is responsible for all Packers and Stockyards functions in 12 states in the upper Midwest and all hog issues on a national basis. Before that he worked for 13 years at USDA in Washington, D.C in a variety of positions, but culminating in his final position as Director of the Packer and Poultry Division. Johnson was raised in rural northern Illinois and graduated from Western Illinois University with a degree in Agricultural Business. He and his wife Cindy live in rural Warren County and have three children. They currently raise and show club lambs and show performance quarter horses.

Commerce

(Contact Brad Trow at 1-3471.)

Iowa Utilities Board Calls on Iowans to Check Their Bills for Local Option Sales Tax

The Iowa Utilities Board recently called on Iowans to check their utility bills to see if they have been improperly charged the local option sales tax (LOST).

Residential electric and natural gas bills are not subject to state sales tax. But if a person lives in a city or county where LOST has been adopted, then they will be charged the 1 cent sales tax. People may check to see if they live in an area where LOST has been implemented by going to the Department of Revenue's website - http://www.iowa.gov/tax/educate/localoption_rates_sunsets.html.

The Board issued the advisory after receiving complaints from consumers that a new charge for LOST appeared on their bill when the tax had not been adopted in their area. After an investigation, the Board determined that computer billing software is-

issues was the culprit.

According to the Board, the LOST tax is to appear as a separate line item on a bill where it has been approved. If a person discovers an error with their bill related to LOST, they should contact the local taxing authority as well as the local utility representative. If they have further questions or issues, residents should call the Board's Customer Service Section at 1-877-565-4450.

Need Help With An Issue? State Offices That Can Help

Many Iowans face difficult and complex questions with a variety of consumer issues ranging from insurance premiums to telemarketing scams. Often times, they are unaware that there are officials within Iowa

government trained to help them with these issues. Below are a list of toll free numbers that Iowans can call to get assistance:

Insurance Issues:

Iowa Insurance Division Consumer Hotline – 1-877-955-1212
Senior Health Insurance Information Program – 1-800-351-4664

Utility Issues:

Iowa Utility Board Consumer Section – 1-877-565-4450

Consumer Protection Issues:

Iowa Attorney General – Consumer Protection Division – 1-877-777-4590

Identity Theft Issues:

Iowa Attorney General – Victim's Assistance Division – 1-800-373-5044

Economic Growth

(Contact Louis Vander Streek 1-3626.)

Executive Group Meets for First Time

The first meeting for the new Partnership for Economic Progress Board occurred last week. The 11 member advisory board was created by Governor Branstad via Executive Order 75. The group, which includes some of the state's top CEO's, exists in an advisory capacity to gain insight into what business leaders think the state might be able to do to improve the economic health of Iowa.

At the meeting, the executives discussed ideas to improve the economic develop-

ment strategy of the state. Some of the ideas talked about included a closer collaboration between the state and the enterprises that are training Iowa's workforce, attempting to attract high-quality jobs, continued issuance and use of research tax credits, as well as property tax reforms.

"...the group is slated to meet at least quarterly."

Whether or not any formal proposals are submitted to the legislature from the Governor's office at the recommendation of the board remains to be seen. The legislative session has just started and the group is slated to meet at least quarterly, so proposals may come before the session has ended.

Education

(Contact Jason Chapman at 1-3015.)

Governor Delivers Education Budget Proposal

This week the Governor delivered his budget proposal to the legislature and included in that is increased spending for the education side of things in FY13. As the legislature already approved a budget for FY13 that is essentially 50% of FY12's budget,

almost the entire proposal from the Governor calls for doubling the line items to make it essentially a status quo budget.

The Governor's overall budget calls for a \$236 million increase over FY12. Of that increase, education will see about \$76 mil-

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lion. The Education Appropriations bill itself sees an increase of about \$46 million. The other increases are in the Standings bill (\$25 million increase for school aid), the Economic Development Bill (\$3.2 million for the Regents for economic development programs), and the Admin and Regulation bill (\$3.2 million for the ISU Vet Laboratory).

For the Education Appropriations \$46 million increase, here is the breakdown on changes from FY12:

Department for the Blind - \$100K increase (\$1.791 million total)

National Guard Education Assistance - \$2.5

million increase (\$5.686 million total)

Tuition Grant Program - \$2 million increase (\$45.513 million total)

**“Community College
General Aid - \$4 million
increase”**

Vocational Education Administration - \$98.6K increase (\$547K total)

Jobs for America’s Grads - \$500K increase (\$540K total)

Community College General Aid - \$4 million increase (\$167.774 million total)

Community College Workforce Training - \$2 million DECREASE (\$3 million total)

Education Reform Package - \$17 million new money

IPTV Regional Telecom Councils - \$992K DECREASE (eliminates line item)

UNI Math and Science Collaborative - \$3 million increase (\$4.734 million total)

Regents Operations - \$20 million increase (\$545 million total)

The total Education Appropriations budget would total \$856 million (compared with \$810 in FY12 and \$842 in FY11).

Education Reform Update and Cost

The Governor delivered the final education proposal, in the form of a policy brief, to the media and legislators last week. The final legislation is being delivered to legislators this week and will start receiving committee consideration likely next week.

The final price tag of the reform package is \$25 million. The Governor is asking for \$17 million in new money through the Education Appropriations bill, and is repurposing \$8 million of existing pools of money for the remainder.

This is a considerably smaller amount than the original estimate of between \$100 and \$200 million, but the overwhelming bulk of those funds would have gone to support a new career ladder and pay scale for teachers, an provision which has been removed from the final bill.

The \$8 million of repurposed money will be taken from the State Categorical Supplements under the Governor’s proposal. \$5.2 million would be taken from the Early Intervention Block Grant program, an initiative which is meant to lower class sizes in early grades, and \$2.8 million would come from Professional Development Funds. Under the Categorical Supplements, the current amount of the Early Intervention Block Grant is estimated to be \$30.3 million for FY13. Professional Development is estimated at \$29.7 million for FY13.

Two funds that will not be used to fund the reforms, despite recent rumors, are the Property Tax Equity Relief fund (PTER) and preschool funds. Governor Branstad had mentioned PTER being a possible source of these funds, but the administration has since moved away from that direction. And the Governor’s office has stated repeatedly that they are not touching preschool funds. A rumor that the Governor intended to cut preschool funding in half was started last week when an LSA produced document was mistaken for a Governor’s office request.

Of the policy that remains in the bill, here are the costs associated with those pieces:

Section 1: Great Teachers and Leaders

Iowa Education Job Clearing House (Anticipated Cost: \$500,000)

Improving Teacher Preparation Program Selectivity and Student Teaching (Anticipated Cost: \$0)

Alternative Pathways into the Education Profession (Anticipated Cost: \$0)

Bringing Educator Licensure into the Department of Education (Anticipated Cost: \$0)

Educator Evaluation (Anticipated Cost: \$500,000)

Extending Teacher and Administrator Probationary Status to Five Years (Anticipated Costs: \$0)

Educator Nonrenewal and Dismissal (Anticipated Cost: \$0)

Ending Seniority-Based Layoffs (Anticipated Cost: \$0)

School Administration Manager (SAM) Program (Anticipated Cost: \$200,000)

Strategically Aligning Professional Development (Anticipated Cost: \$0)

Task Force on Teacher Leadership and Compensation (Anticipated Cost: \$100,000 for one year)

Section 2: High Expectations and Fair Measures

Continuing and Expanding the Iowa Core (Anticipated Cost: \$1,000,000)

Kindergarten Readiness Measures (Anticipated Cost: \$300,000)

High-School End of Course Exams (Anticipated Cost: \$2,000,000)

Program for International Assessment (PISA) (Anticipated Cost: \$1,500,000 every three years)

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College and Career Readiness Measures
(Anticipated Cost: \$2,500,000)

Value-Added Measures (Anticipated Cost:
\$1,500,000)

Statewide Literacy Program (Anticipated
Cost: \$10,000,000)

Project Lead the Way (Anticipated Cost: \$0)

Section 3: Innovation

Innovation Acceleration Fund (Anticipated
Cost: \$2,000,000)

Competency-Based Education (Anticipated
Cost: \$0)

**“they are not touching
preschool funds.”**

Online Learning (Anticipated Cost:
\$1,800,000 per year for three years)

Charter Schools (Anticipated Cost:
\$500,000)

Increased Waiver Authority (Anticipated
Cost: \$0)

Statewide Parent Engagement Network

(Anticipated Cost: \$500,000)

Task Force on Time and Schools
(Anticipated Cost: \$100,000 for one
year)

Details on each individual element of the
plan can be found at the Department of
Education’s website: [http://
educateiowa.gov/](http://educateiowa.gov/)

Environmental Protection (Contact Lew Olson at 1-3096.)

DNR Announces Open Houses to Discuss Sewer, Septic Options for Small Communities

On Thursday, January 5, 2012, the Iowa Department of Natural Resources published its weekly electronic newsletter *EcoNews-Wire* which contain an announcement that lowans in small communities without proper wastewater treatment can stop by one of six upcoming open houses to learn more about sewer and septic system options. The open houses will offer information on types of sewer and septic systems, funding opportunities, and proposed rules concerning wastewater systems and disadvantaged communities. The sessions are jointly hosted by the Iowa League of Cities, the Iowa Rural Water Association, the Iowa Association

of Municipal Utilities, the Iowa State Association of Counties and the Iowa Department of Natural Resources. Staff from these organizations, as well as from the U.S. Department of Agriculture, Iowa Economic Development Authority and Iowa Finance Authority, will be available at the open houses.

There will not be any formal presentations, but staff will be available to answer questions from 5 to 7 p.m. at the following locations:

- Northeast Iowa: Manchester, Jan. 10, Manchester Public Library, 304 N. Franklin St.
- Southeast Iowa: Ainsworth, Jan. 12, Conservation Education Center, 2943 Highway 92
- Northwest Iowa: Spencer, Jan. 17, Faith Lutheran Church, 2912 Highway Boulevard

EPA Issues Decision on Iowa's Water Quality Standards

On Friday, January 6, 2012, the Environmental Protection Agency (EPA) issued a press release in which it stated that it has approved the Iowa Department of Natural Resources’ (IDNR) designated use changes for 430 water bodies and disapproved proposed changes for 89 water bodies. Designated uses describe the achievable recreational activities and aquatic life uses for Iowa’s waters. IDNR submitted these new and revised Iowa surface water quality standards to EPA for review and approval, as required by the Clean Water Act (CWA). The state based its recommendations on site-specific field data gathered by IDNR in and near streams, lakes and rivers. This submission updates the use designations to determine the highest attainable use for the individual waters. Designated recreational

uses protect for activities such as swimming, fishing and canoeing; and for human consumption of aquatic life. Aquatic life uses provide for the protection and maintenance of a healthy environment for fish and other animals. The use designation can affect community waste water treatment requirements as higher use designation require more comprehensive and expensive treatment of waste water that is discharge to the particular stream segment typically requiring disinfecting processes to meet human contact uses and increased removal of ammonia and certain specified toxics to meet aquatic life uses.

The CWA assigns EPA the duty to oversee state-agency actions to protect water quality. In partnership with IDNR, EPA works

with the public, community leaders, local and state agencies to meet the growing needs and demands of our water resources. EPA’s Jan. 5, 2012, decision letter provides a more detailed description of EPA’s review and the basis for this action. The decision letter is available at www.epa.gov/region7/newsevents/legal. The EPA’s disapprovals were based on 6 specified objections to DNR evaluation:

- EPA concluded that DNR did not adequately justify the circumstance when it adjusted observed flow levels as being ele-

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vated that as a consequence of the DNR adjustment less than 50% of a stream reach did not meet the one-half meter depth requirement for primary contact recreation (41 segments).

- EPA criticized DNR for not following up with incomplete public comments (not meeting requirements that DNR had stated that comments need to meet) that indicated a stream segment might be capable or is able

to sustain a higher use (2-segments).

- EPA decided that DNR had relied in some evaluation on whether there was sufficient flow to support a higher designated use solely on visual assessment and had not made any documented measurements (42-segements for this and next two subsequent points).

- EPA rejected reclassifications that were based on assessments made during a non-recreational part of the year.

- EPA rejected some use changes for which it determined that the data contained errors.

EPA was skeptical that DNR had conclusively determined that certain stream reaches that were designated as not supporting aquatic life with sufficient data to disprove that any portion of the reach might support aquatic life in a period of no flow (2 segments).

Environmental Protection Commissions Meets January 17, 2012

On Thursday, January 5, 2012, the Iowa Department of Natural Resources published its weekly electronic newsletter *EcoNews-Wire* which contain an article concerning that the Environmental Protection Commission (EPC) will be asked to approve several contracts during its Jan. 17 meeting in Windsor Heights, as well as receive a Notice of Intended Action for placing DNR compliance and enforcement options in the Iowa Administrative Code (IAC). The Notice of Intended Action starts the rulemaking to formalize the variety of compliance and enforcement options the DNR may consider in responding to possible violations of environmental statutes and rules. This will promote collaboration with businesses and industries by ensuring rules and regulations are complied with in the least restrictive means possible.

Among the contracts requiring a decision is

an educational project called "Water Rocks!" with the Iowa Water Center and Iowa Learning Farms at Iowa State University. The program's purpose is to teach the importance of water resources and the interconnectedness of the natural world to students in kindergarten through college. Elements of the program include hands-on learning activities, a YouTube channel with music videos, multimedia web games and social media. Two contracts are aimed at flood education. One is a contract with Iowa State University to create webinar modules, fulfill speaking engagements and develop a website pertaining to floods, the water systems of the earth and floodplain management. The second contract is with the Iowa Floodplain and Stormwater Management Association to develop specialized training on floodplain management principles, the National Flood Insurance Program and state floodplain requirements for local

government officials and floodplain managers. The meeting will begin at 10 a.m. at the DNR Air Quality Conference Room, 7900 Hickman Road. Public participation is scheduled for 10:30 a.m.

Find more information on the EPC agenda items at www.iowadnr.gov/InsideDNR/BoardsCommissions/EnvironmentalProtectionEPC.aspx

The members of the commission are: David Petty, Eldora, Chair; Lorna Puntillo, Sioux City, Vice Chair; Mary Boote, Des Moines, Secretary; Dee Bruemmer, Davenport; Nancy Couser, Nevada; John Glenn, Centerville; Dolores Mertz, Algona; Marty Stimson, Cedar Rapids; and Brent Rastetter, Ames. The director of the DNR is Roger Lande.

Human Resources

(Contact Brad Trow at 1-3471.)

Only In Government – Iowa Asks for \$4 million, Gets \$28 million from Federal Government

Enrollment in Iowa's HAWK-I program has continued to grow over the past several years, creating a situation where the state is using up its federal funding for the program and still needing more. While the federal government has a procedure to handle situations like this, it is very unlikely anyone anticipated it would provide states with seven times the money they were asking for. But that's what happened this fall here in Iowa.

Under the Children's Health Insurance Program, the federal government makes two-

year allocations of funds to each state. If a state does not use up its entire allocation in that time period, the remaining funds are returned to the federal government where they will be re-allocated to those states which *have* used up all their CHIP funds.

When Congress reauthorized the CHIP program in 2009, they created the CHIP Contingency Fund to handle this redistribution. When a state applies for money from the fund, they determine the amount they need and submit that to Washington. But

that amount has very little to do with how much a state actually receives. Instead of being based on need, Congress has redistribution determined by a formula with three factors:

- The number of children that the state is covering above its enrollment target,
- The per capita cost of CHIP coverage

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in the state that year, and

The state's CHIP matching rate for that year.

Another factor in the determination of how much a state gets is how many states need the money. The fewer the states, the larger the awards to those with need.

Iowa made its application for \$3.8 million after the state ran out of its CHIP funding on September 7. The amount they requested was based on what the Department of Human Services projected would be needed to maintain insurance coverage for children

enrolled in HAWK-I. But, Iowa did not get what it requested – it got \$24 million more.

“...it got \$24 million more.”

While some may view this windfall as good luck, nothing comes from the federal government without strings. And on this funding, there is one requirement – the money may not be used as state match for other federal money. Within the Department of Human Services that's a problem, since many of the programs are funded with state

and federal dollars.

In his budget proposal, Governor Branstad has called on using the extra funds for a variety of programs – childcare assistance, adoption subsidy, parts of the Medicaid program not funded with federal match, and technical assistance for the mental health redesign effort. If implemented, the state would be using one-time revenue to pay for on-going programs.

Judiciary

(Contact: Amanda Freel, 1-5230)

Chief Justice Cady Presents the State of the Judiciary

Wednesday, Chief Justice of the Iowa Supreme Court, Mark Cady, presented the 2012 State of the Judiciary. This is the second time Chief Justice Cady has given the State of the Judiciary, having just finished his first year as Chief Justice after Iowans chose not to retain former Chief Justice Marsha Ternus, Justice Michael Streit, and Justice David Baker in the 2010 judicial retention election.

The tone of Justice Cady's speech and the audience was more subdued than last year's address. Instead of differences and defiance, the Chief Justice focused on the similarities between the Justice System and the other two branches of Government. His remarks began with addressing the ways the Court system is helping build a better economy. According to the World Bank, the Chief Justice said, the most successful and wealthiest nations have a court system that applies the rules of law fairly and impartially. When all are treated fairly, companies more confident and willing to invest in a

state, according to the United States Chamber of Commerce.

Since the last judicial retention election, Iowa Courts have made attempts to open up the Court System to the public. The Iowa Supreme Court has traveled to Cedar Rapids, Mason City and Carroll to hear cases in more accessible settings. Justices have traveled to schools to speak with children and adults about the goals of the court system. Additionally, the Supreme Court has installed cameras in their courtroom so people from all over Iowa and the world can watch oral arguments wherever they may be. Prior to the 2010 retention election, many Iowans had never had an opportunity to see a case presented in front of the Iowa Supreme Court unless they were personally involved.

Safety is another goal of the Court and essential to a strong state and economy. The Chief Justice highlighted the ways Iowa's Courts system works to keep Iowans safe.

From Juvenile courts to specialty criminal courts, Iowa Courts are trying to address the “underlying problems that bring people into our courts in an effort to craft better long lasting solutions.” According to the Chief Justice, Drug Courts have played a big role in addressing some of these underlying problems. Currently 19 counties in Iowa house 28 drug courts. Unlike a regular court, Judges in drug courts work closely with substance abuse counselors, attorneys and others to ensure proper treatment is received.

Chief Justice Cady concluded his speech by addressing the issue of funding for Iowa Courts. Citing a reduction in staff and an increase in cases, the Chief Justice remarked that the courts could be undermined if cuts continue and this could affect the public perception and support of the courts. For FY13 the Courts have requested a budget of \$163.3 million which is an increase of \$9.2 million from FY12.

Labor

(Contact Louis Vander Streek 1-3626.)

Unemployment Dips both in Iowa and Nationally

Iowa's unemployment rate dropped to 5.7% in the month of November, which is the month with the most recent data available. The 5.7% marks the first time that Iowa's

rate has been below 6% since 2009. While the rate decreased, the actual total nonfarm employment dropped from October to November. In October of 2011, the nonfarm

employment was at 1,486,100, while for the month of November the nonfarm employment was at 1,485,000, a decrease of 1,100

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jobs. The national unemployment rate for the month of November was initially thought to have fallen to 8.6%, but was revised up a tenth to 8.7%.

The sectors most affected from the previous month were leisure and hospitality (-1,900)

and professional and business services (-1,300). Manufacturing, however, did see a gain of 1,100 jobs, which is usually an encouraging sign.

As has been the case for the past year, Lyon County remains the statistically best situated county in Iowa with an unemployment rate at a paltry 2.5%. Right behind it

lies Sioux county (2.8% unemployment), and Kossuth (3.4% unemployment rate). The counties that are still hurting the most are Hamilton (8.9% unemployment rate), Lee (8.2% unemployment rate), and Henry (7.0%).

Natural Resources

(Contact Dustin Blythe 1-3452.)

2012 Department of Natural Resources Conservation and Recreation Division Proposed Legislation

The Department of Natural Resources released their priorities for the upcoming Legislative session.

Snowmobile, ATV, and Boating Safety Programs:

The department administers ATV and snowmobile registrations and manages the funds. The department would like to change the ATV, snowmobile and boat dealer registration period from annually to every three years, but keep the fee the same (\$15 per year.) It also authorizes the department to administer on-line education courses. In addition, they expand the defi-

inition of recreational uses on public lands to include snowmobiling and ATV riding on appropriate areas.

Conservation and Recreation Matters:

This bill addresses smaller policy changes, including: identifies certain species of pen-reared pheasants that may not be released in order to protect the wild pheasant population; authorizes the establishment of a target shooting sports program and cleans up the violations code and moves selected violations from the unscheduled to scheduled fine status to make the process easier for the public and to improve enforcement.

Combination Licenses and Expanded Fishing Opportunities:

Two years ago the legislature approved language that allows different combinations of hunting, angling and trapping licenses. The department has conducted a comprehensive survey of hunters, anglers and trappers to determine what combinations people would like. Possible future options: a three year fishing license and fish habitat fee with savings to the purchaser; a combination fishing, hunting, habitat fee and subscription to Iowa Outdoors magazine with savings to the purchaser.

Public Safety

(Contact: Amanda Freel 1-5230)

186 Iowans Saved by Properly Working Smoke Alarms

A properly installed and working smoke alarm in a house or place of business is one of the simplest things Iowans can do to help save a life. Last week, the Iowa Department of Public Safety, State Fire Marshal Division released a report indicating that 168 Iowans were saved from death or serious injury by smoke alarms. Many of those saved were asleep at home when a smoke alarm sounded, warning them of a fire and giving them time to escape with their loved ones.

As the winter gets colder, many Iowans will stay inside for a home cooked meal and relax around the fireplace to keep warm. Unfortunately, this also increases the risk of a house fire. The State Fire Marshal Division Office suggests reviewing these fire safety tips to prepare your family in case of a fire:

1. Never leave cooking materials unattended and assure you have shut the burner off when walking away from the

stove; even for a minute.

2. If you smoke, consider smoking outside your home and place cigarette butts in a metal can filled with sand. Be sure cigarettes are completely extinguished before discarding. We also recommend you consider the health benefits of not smoking. Creating a healthier you and a decreased risk of fire is a win-win!

3. Practice exit drills with your family to make sure everyone knows how to escape a fire and where to meet once outside the home.

4. Install smoke alarms on all levels of the house and in every bedroom and hallway. If using battery smoke alarms, consider using lithium batteries for extended life.

5. Sometimes small fires can be extinguished with a ten pound, ABC rated fire extinguisher. Fires grow rapidly so never over commit to extinguishing a fire. Know how, and when to retreat out of your home if you are using a fire extinguisher.

In 2011 there were 46 people who died from fires in Iowa, this is an increase from 33 deaths in 2010. State Fire Marshal Ray Reynolds reminds Iowans that "We occasionally hear news stories in which a person wakes up on their own and alerts other family members to a fire. These instances are pure luck. While we're always happy to hear of lives saved from fire, we hope your fire prevention plan doesn't rely on luck." A quick check of the smoke detectors in your home and office could save a life this year.



State Government

(Contact: Kristi Kielhorn, 2-5290.)

Lottery Ticket Worth \$14.3 Million Finally Claimed

In December of 2010, someone bought a Hot Lotto ticket at a Des Moines Quick Trip worth millions. For 364 days, the ticket went unclaimed. On December 29, 2011, someone finally came forward to claim the ticket (just short of two hours before it was going to expire).

Hot Lotto is a game similar to Powerball. Fifteen state lotteries combine their resources together and offer prizes starting at one million dollars. The odds of winning the jackpot are one in 10.9 million. Had the ticket not been claimed, the money would have gone back to the states that participate in Hot Lotto. Several prizes from various Iowa Lottery games have gone unclaimed before. In 1987 a prize of \$600,000 was never claimed (the largest ever). Several other smaller prizes have also never gone to their owner.

Although this recent ticket has been

“claimed,” the owner of the ticket is not yet known. This is because two Des Moines attorneys presented the ticket to Iowa Lottery officials. The ticket was not signed by the winner, but rather by Crawford Shaw, a New York attorney acting as trustee for Hexam Investments. Shaw states that he represents the person or persons who won.

“In 1987 a prize of \$600,000 was never claimed.”

So what happens now? In Iowa, a lottery ticket is a “bearer instrument.” This just means that whoever has the ticket in their hand is the owner. The only exception to this rule is if the ticket is signed. In this case, the ticket is signed—but not by the person claiming to be the owner. Shaw has stated that he plans to meet with Iowa Lot-

tery officials this week to make his client known and sort out the details of the winnings. The Chief of Security for Iowa Lottery has stated that unless the winners identify themselves, he will not recommend that the ticket be paid, but that he does not suspect there will be issues.

The Iowa Lottery has reviewed surveillance footage of the ticket purchaser, but for security reasons will not identify whether a male or female bought the ticket. Although the name of the winner is not yet known—lottery officials are certain that the ticket is authentic.

The ticket is currently worth a \$14.3 million annuity or about a \$10.8 million lump sum payment. The winner must select their payment option within 60 days of claiming the ticket.

Transportation

(Contact: Kristi Kielhorn, 2-5290.)

Transportation Commission

This week the Iowa Department of Transportation Commission approved a Revitalize Iowa’s Sound Economy (RISE) grant application to improve several streets in the city of Ankeny in order to gain better access to the John Deere plant. The “John Deere Des Moines Works” plant in Ankeny manufactures agricultural and forestry equipment. The plant currently employs 1,900 people, including 500 added in the last two years.

Slightly more than six million dollars will be made available to the city of Ankeny to reconstruct portions of the roads adjacent to the plant. The project is slated to be completed in October of 2013.

The improvements will result in retaining 400 jobs and a capital investment of more than \$117 million dollars. DOT documents showed that these jobs carried an average wage of \$22.82 per hour or 105 percent of

the Polk County average of \$21.79.

The improvements will also allow better access to a new 300,000 square foot building expansion of the plant that will begin construction this spring and should be open for manufacturing next spring.

Veterans Affairs

(Contact: Jill Jennings, 1-3440.)

Military Income Tax Cut

The Veterans Affairs Committee is working on a bill that would exempt certain National Guard military personnel from individual income tax. This legislation covers soldiers who fall under pay pursuant to 32 U.S.C. 502(f), (709) (a) and (b).

time military force that supports the duties of the Iowa National Guard.

Title 32, section 709 (a) and (b) identifies dual-status federal technicians (553 Army and 508 Air). This is the second part of our full-time military force that supports the duties of the Iowa National Guard.

Title 32, section 502(f) identifies Active Guard and Reserve Soldiers (624) and Airmen (148). It would also include the temporary personnel on Active Duty of Operational Support (122). This is one part of the full-

This bill applies to a total of 1,955 soldiers.



Veterans Day at the Capitol

The Iowa Veterans Coalition has set Wednesday, January 18th as Veterans Day at the Capitol. Iowans are invited to learn about the latest legislative activity, hear from key policy makers, visit with event vendors about veteran-related services, and meet with elected officials to make your voice heard on the key issues affecting

veterans.

January 18, 2012

09:00 Visit vendor tables - Capitol

10:00 MG Timothy Orr – The Adjutant General -Condition of the Guard Address –

House Chamber

11:00 Veterans Day Program - Capitol Rotunda – First Floor

11:30 Talk with legislative officials

Noon Depart Capitol

Ways and Means

(Contact: Dustin Blythe, 1-3452.)

Department of Revenue discusses Federal Tax Law Changes, Outlines Priorities for the 2012 Legislative Session

On January 5, 2012 the Department of Revenue held their annual meeting to highlight their upcoming priorities for the 2012 Legislative session.

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

Income Tax:

- Repeal quality jobs enterprise zone credit (IPSCO) – this is not needed anymore, as it's been used only once.
- Repeal obsolete statute of limitations refund provision

Require that both foreign and domestic companies be required to file a copy of their federal return (this is currently required by the Feds and would update Iowa's code to reflect that change.)

Sales Tax:

- Clarifies when a new sales tax permit is needed, specifically when a business moves to another county.
- Repeals obsolete reporting requirement

In addition, the IRC update bill (coupling) is a priority for the Department. While there are no significant changes to Federal Law, addressing this early would give Iowa tax payers and their accountant's certainty. In

recent years, the IRC coupling bill has not been addressed till late in the session, thus causing confusion and costing taxpayers time and money.

At the end of the session, Victoria Daniels, Legislative Liaison for the Department gave a brief overview of the Streamlined Sales Tax program. Last fiscal year, Iowa collected over \$13 million dollars in sales tax from remote sellers.