



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

- Abraham Lincoln

Friday, July 8, 2010

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Appropriations

(Contact Lon Anderson at 1-5184.)

Inside this issue:

FY10 Revenue Exceeds REC Estimate by \$265 Mil

On July 1, Fiscal Services released the general fund revenue memo for FY 2010. The news was good as actual revenue exceeded the REC estimate by \$265 million.

Actual net receipts for FY 2010 (gross receipts minus tax refunds) were -\$234.7 million, or -4.1 percent compared to FY 2009. The REC had projected an even larger drop of \$500.5 million, or -8.7 percent.

The difference of \$265.8 million, will go to replenish the Cash Reserve Fund (CRF). During the 2010 session, the Democrats used \$267 million from the CRF to pay for FY 2011 ongoing expenditures.

Through June, total income tax receipts decreased 2.8 percent. By subcategory, withholding payments increased \$28.7 million (1.1 percent), estimate payments decreased by \$60.0 million (- 14.8 percent), and payments with returns decreased \$63.5 million (- 17.0 percent). The REC estimate for FY 2010 income tax receipts of \$3.138 billion represents a projected change of negative 5.8 percent compared to FY 09.

Total gross sales /use tax receipts have decreased 1.5 percent. The REC estimate for FY 2010 sales / use tax receipts is \$2.240 billion, a decrease of 3.8 percent compared to actual FY 2009.

Through June, total cash corporate tax revenue decreased 6.5 percent. The REC estimate for FY 2010 corporate tax revenue is \$363.2 million, a decrease of 12.8 percent compared to actual FY 09.

The numbers for FY 2010 aren't final. Some receipts in July and August (called accruals) will be deposited and some expenditures will be subtracted. However, it is unlikely that the final numbers will change much when the

books close at the end of August.

The most recent balance sheet showed a \$100.7 million ending balance for FY 2010. If the \$265.8 million figure holds up, that will increase the final ending balance to \$366.5 million. As I mentioned, under current law this entire amount will be deposited into the CRF.

The CRF was projected to contain \$105 million in FY 2011. If the ending balance remains unchanged, the CRF will contain \$370 million (after the FY 2011 appropriations), which is short of the 7.5 percent goal of \$407 million. The Economic Emergency Fund (EEF) will contain \$99.1 million regardless of what happens during the accrual period. This is short of the 2.5 percent goal of \$135.7 million.

The initial estimate for built-in spending was just over \$1 billion. However, due to a reduction in the amount the Federal Government will provide for Medicaid, that figure is now over \$1.1 billion.

The talking points on the budget have not changed. The Democrats spent too much, saved too little and raised

“It does nothing to decrease the \$1.1 billion in built-in spending for FY12.”

taxes. The increased revenue will not stop K-12 schools from raising property taxes by 7.3 percent in FY 2011. It does nothing to decrease the \$1.1 billion in built-in spending for FY 2012.

House Republicans believe that short-term band-aid fixes are not the solution to the problem and the only way to truly fix the spending gap is to permanently align ongoing spending with ongoing revenue.

Table listing issue topics and page numbers: Appropriations (1), Agriculture (2), Commerce (2), Economic Growth (3), Education (3), Environmental Protection (4), Human Resources (5), Judiciary (5), Labor (6), Local Government (7), Natural Resources (7), Public Safety (8), State Government (9), Transportation (9), Veterans Affairs (9), Ways and Means (10)



## Agriculture

(Contact Lew Olson at 1-3096.)

### DNR Asks Pesticide Applicators to Protect Aquatic Life

On Thursday, July 8, 2010, the Iowa Department of Natural Resources (DNR) in its weekly 'EcoNewsWire' newsletter reminds pesticide applicators—"...it pays to read the label and follow it." DNR staffers who track down fish kills urge pesticide applicators to always check the labels, particularly for restrictions that limit application near water. "It's important that applicators read the label to determine if it's safe to apply chemicals directly to water. There are pesticides, including some aerially sprayed insecticides and fungicides, that should not be applied to water or near water, especially if rainfall is expected soon," said Jim Sievers, a DNR environmental specialist in Washington, Iowa. "When these chemicals are mishandled, or carried by drift or runoff, they can be especially harmful to aquatic critters in very small amounts."

Aquatic insects, crayfish and fish can also be affected or killed by rinsate from chemical tanks or runoff from farm fields. "Many people don't notice these small animals, but they are important to the health of a stream's ecosystem," Sievers said. "Those little worms and larval bugs are important food sources for fish and other animals." Mistakes can be costly both to the stream and to the pesticide applicator who could end up with a penalty and charges for fish kill restitution. "We would much rather have applicators take a little extra care, avoid a problem and keep the stream healthy," he said.

This DNR reminder follows a failed appeal

to the Environmental Protection Commission at its June meeting of an Administrative Law Judge (ALJ) decision by Brush & Weed Control Specialist (BWCS) and the New Farmer Drainage District (NFDD) of a May 2009 administrative order by DNR.

The administrative order arose from a fish kill that occurred in the last days of August 2007 in Southwest Iowa. The ALJ decision assessed BWCS a \$14,732.89 restitution for fish kill caused by the consequences of excessive aquatic vegetative die-off following a aquatic herbicide treatment. The administrative order also included administrative culpability penalties of \$4,000 for BWCS and \$1,000 for NFDD and NFDD is required to notify DNR district field office 72-hours in advance of future aquatic weed application for the next two years. The order is somewhat novel in that it holds a drainage district liable for actions of a contractor's misapplication and lack of sufficient oversight.

The DNR article noted that following the label is also required by law. In Iowa, pesticide applicators must pass a test before they can become certified. Aerial applicators from other states must be supervised by a pesticide applicator licensed in Iowa. The licensing program is managed by the Iowa Department of Agriculture and Land Stewardship (IDALS). More information can be found at [www.iowaagriculture.gov/pesticides.asp](http://www.iowaagriculture.gov/pesticides.asp).

Spills or applications to a stream that cause a fish kill or water quality problem must be

reported to the DNR within six hours. The sooner the report is made, the better. If the pesticide applicator reports quickly, the DNR's experienced staff may be able to prevent additional damage.

For non-applicators, it's important to call the DNR as soon as they see a spill, or stressed fish, worms or crayfish. The DNR has investigative staff on call 24 hours per day, including weekends and holidays. The sooner they can arrive at the scene, the more likely they can find and stop the source of a pollutant, decreasing the impacts on the water.

Call the DNR's 24-hour spill line at (515) 281-281-8694 to report a spill or fish kill. During normal working hours, they may also call the appropriate DNR field office:

- 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 is available on the DNR web site at [www.iowadnr.gov/spills/report.html](http://www.iowadnr.gov/spills/report.html).

## Commerce

(Contact Brad Trow at 1-3471.)

### GAO Study Finds LIHEAP Fraud in Eastern States

The Government Accountability Office has released a report that finds nine percent of the people receiving LIHEAP benefits in seven states are ineligible for the energy assistance program. The report, requested by Republican members of the House Energy and Commerce Committee, looked at the Low Income Heating and Energy Assistance Programs in Illinois, Maryland, Michi-

gan, New Jersey, New York, Ohio, and Virginia.

The GAO found that fraud in these seven states could amount to \$116 million due to invalid information, such as applicants' Social Security numbers, names, birth-dates. In its investigation, the GAO found:

- More than 11,000 dead people were used as applicants or household members for LIHEAP benefits;
- Hundreds of individuals incarcerated in state prisons were applicants for energy assistance, even though by being in prison they are ineligible for help;
- Over 1,000 federal employees, whose

(Continued on page 3)

(Continued from page 2)

federal salary exceeded maximum income threshold, received LIHEAP benefits; and

- In several cases, people living in million-dollar houses received LIHEAP benefits.

Among the more extreme cases cited by the federal watchdog was a case in Illinois where a US Postal Service employee fraudulently got benefits because they “saw ‘long lines’ of individuals applying for LIHEAP benefits and wanted the ‘free money’”. Another case discovered by GAO was a New Jersey nursing home claiming heating assistance on behalf of eight resi-

dents, whose care was being paid for by Medicaid.

GAO investigators determined that the LIHEAP program at the federal and state level has major weaknesses in its fraud prevention efforts. The federal government, through the Department of Health and Human Services, has not provided specific guidance or requirements for fraud prevention. And states routinely fail to verify key information in determining eligibility.

Could this happen in Iowa? The Iowa Department of Human Rights was asked about the state’s fraud prevention efforts for LIHEAP. LIHEAP officials said they have several layers of fraud prevention,

including income verification, utility account verification, and making most payments directly to the applicants’ utility.

On the question of verifying Social Security numbers, LIHEAP officials responded that the state did not verify applicants’ Social Security number, since the federal government did not allow this until May of this year. Such verification shall be required in the future. How this will be done has yet to be determined by the Department. The Department also has yet to complete a fraud prevention plan. Such a plan will have to be submitted by the state prior to October 1 in order to receive LIHEAP funding this winter.

## Economic Growth

(Contact Matt Hinch at 1-3298.)

### Microsoft Moves Forward With Iowa Investment

While it’s not as large as originally advertised, Microsoft Corporation is moving forward with their investment in Iowa, according to state officials. On June 25, 2010, Governor Culver announced that Microsoft is “going forward immediately” with its plan to establish a modular data center in West Des Moines.

According to the Governor, Microsoft is investing \$100 million in a data center to be operational in the spring of 2011. It is expected to employ 25 people at an average wage plus benefits of \$64,500 annually. It appears Microsoft gave the final nod to West Des Moines – over Chicago and San

Antonio – after the state and city approved a number of financial incentives, including High Quality Jobs tax credits estimated to cost \$600,000, a \$500,000 forgivable loan for electrical upgrades and grants for road improvements. The City of West Des Moines is also offering to upgrade utilities and infrastructure around the site for the data center.

Landing Microsoft Corporation in Iowa is needed now more than ever, considering Iowa’s abysmal unemployment rate. However, the project is significantly smaller than what was originally planned. In 2008, Microsoft indicated they would invest over

\$500 million in Iowa to build its Midwestern data center. At the time, they projected the creation of 75 information technology jobs at an annual salary of \$70,000.

**“...the project is significantly smaller than what was originally planned.”**

Even though the project has been scaled back, it remains important to Iowa’s economy and is good news during these difficult economic times.

## Education

(Contact Ann McCarthy at 1-3015.)

### Colorado Fights Federal Intrusion into Education

Colorado school leaders are taking overt steps to reclaim local control of education. Here are the signs:

- Two Republican U.S. Senate candidates, Ken Buck and Jane Norton want to dismantle or retool the U.S. Department of Education.
- Rural superintendents refused to sign onto the state’s Race-to-the-Top application.
- State Education Board member Peggy

Littleton is leading the charge against Colorado adopting “common-core” standards devised under the endorsement of the National Governor’s Association and the Chief State School Officers.

Board member Littleton hopes to head off an August 2 vote of the State Board to adopt the English and math standards.

Iowa’s State Board of Education may take similar action soon. The Board’s June agenda featured a discussion of common core standards. Acting Iowa DE Director Kevin Fangman is quoted in a June 14, 2010 *Des Moines Register* article as saying that the State Board is likely to act soon as July.

(Continued on page 4)

(Continued from page 3)

Littleton told the *Denver Post* "It is unconstitutional for the federal government to step in and mandate and require that everybody use those standards. The obvious next step is a national curriculum....When you have a progressive mind-set teaching socialism, who has control of this? What are local parents to do?"

Colorado is similar to Iowa in that the Colorado adopted a new set of 14 state standards but is now being asked to adopt national, common-core standards.

In Iowa, the Model Core Curriculum is touted as a near look alike to state standards. Iowa school districts facing budget cuts are asking whether this state mandated curriculum could or even should be

adopted under the set July 2012 and 2014 timelines.

Mixing the Iowa Core and the national standards? The Iowa DE says it is committed to having one document for districts to work from if Iowa adopts the national standards. The agency will blend the national standards and the Iowa Core. "We are going to make sense of it for them," Fangman told the *Register*.

## U.S. House Passes \$10 billion EduJob Measure

Last week, by a 239-182 vote, the U.S. House of Representatives passed \$10 billion in funding to save K-12 education jobs. Known as EduJobs, the measure was adopted as an amendment to a military spending bill that has already passed the U.S. Senate. The amendment also included a new \$5 billion for the underfunded college Pell grant program.

The Senate is slated to take up the measure after their July 4 recess. Fiscal estimates show Iowa receiving \$97 million to save an estimated 1,500 K-12 teaching positions. Gone from the original concept is allowing jobs money to go to higher education institutions.

The House partially offsets the cost of their \$10 billion EduJobs by cutting \$800 million from several of the Obama administration's highly touted education reform efforts. This action sets the stage for a show down with the President and education reform stakeholders who support pay-for-performance and charter schools.

The House action cut \$200 million from the pay-for-performance driven Teacher Incentive Fund and \$100 million of the \$265 mil-

lion that had previously been set aside to pay for charter school start-up costs.

Rep. David Obey, the House Appropriations Chairman and author of the amendment, did not apologize for the specific offsets he chose. "The secretary of education is somewhat unhappy," Obey acknowledged in an *Education Week* article. Obey cites remaining available funds as sufficient to accomplish the Administration's goals.

Other key features of EduJobs are worth noting:

- The \$10 billion would be distributed to states based on a formula of 61% of each state's student age population and 39% on the state's total population;
- States would pass the money along to local school districts but may keep 2% for administrative costs or to retain state-level education jobs. In Iowa this translates to a maximum state agency administrative keep of nearly \$2 million.
- Districts, on the other hand, do not get to keep any portion for administrative costs.
- Funds would be used by districts for "compensation and benefits and other expenses, such as support services,

necessary to retain existing employees."

- States can't use the funds to replenish rainy day funds or to reduce or retire debt.

Maintenance of effort may be a challenge for many states including Iowa. The House measure requires states to maintain their K-12 and Higher Education spending at the FY08 – 09 levels.

**"Maintenance of effort may be a challenge for many states including Iowa."**

In addition, states must maintain both K-12 and Higher Education spending at the same percentage of the overall state budget as they did in FY2008-09.

The U.S. Senate is expected to take up the measure when they return to Washington next week. *Education Week* reported that moderate Senate Democrats and the administration may look for another way to pay for the jobs initiative.

## Environmental Protection

(Contact Lew Olson at 1-3096.)

### DNR Announces Ozone Pollution Agreements

On Tuesday, July 6, 2010, the Iowa Department of Natural Resources (DNR) issued a joint press release with the Nebraska Department of Environmental Quality, and the Omaha-Council Bluffs area Metropolitan Area Planning

Agency announcing an agreement reducing ozone pollution in the Omaha-Council Bluff metropolitan area. The release noted that citizens and environmental stakeholders in the Omaha-Council Bluffs metropolitan area will be engaged to reduce

ozone in agreements signed by DNR and the Nebraska Department of Environmental Quality (DEQ) with the U.S. Environmental Protection Agency (US-EPA). US-EPA intends to announce a more stringent

(Continued on page 5)

(Continued from page 4)

health standard for ground-level ozone by August 31, and the proposed standard is right at the level Omaha's air monitors annually measure, says Deb McGuire of the DEQ. "If an area goes over EPA's limit, there are serious economic consequences, such as restrictions on transportation projects and increased requirements for pollution control equipment."

The EPA's health standard is set to provide protection for citizens' health and research-

ers have discovered health consequences for already impaired individuals at lower levels of ozone exposure than previously believed. The largest portion of ozone is caused by emissions from automobile and other gasoline- and diesel-powered engines, and from industries. Fumes from paint, solvents, consumer products, varnishes, and industry chemicals also contribute to the formation of ozone. The current health standard for ozone, 75 parts per billion (ppb), is expected to be lowered to between 60 and 70. Health impacts of breathing high levels of ozone include

chest pain, coughing, throat irritation, and congestion. Lower levels can worsen bronchitis, emphysema, and asthma and it can further reduce lung function and inflame lung linings. US-EPA states that children are especially vulnerable because their lungs are growing and they breathe 1.5 times the volume of air adults do for their size. To reduce metro-area ozone, DNR is recommending to drive less by carpooling or riding the bus, switch to non-gasoline powered lawn equipment and walk or bike to complete errands when possible.

## Human Resources

(Contact Brad Trow at 1-3471.)

### Health Care Reform Starts with Tanning Tax

It didn't take long for President Obama to sign the Senate's version of health care reform into law. And it won't take long for him to continue breaking campaign promises.

With Tuesday's signing of the bill, provisions are beginning to go into effect. The first change some Americans will notice is, of all things, a new tax. Beginning Wednesday, March 24, 2010, those who choose to utilize indoor tanning salons will pay an additional 10 percent tax on this service. Apparently, the President's promise not to raise taxes on those Americans making less than \$200,000 does not apply to high school students getting ready for prom or college students preparing for spring break.

It did not take a long time for people to start spotting flaws in the final legislation. As late as last week, the President said "Starting this year, insurance companies will be banned forever from denying coverage to children with pre-existing conditions." Just one problem with that statement – the bill doesn't do that.

The Associated Press discovered that while the bill prevents insurers from applying pre-existing condition exclusions for children accepted for coverage, nothing requires the insurers to agree to cover a child with such a condition. That requirement does not go into effect until 2014. Instead, parents will be forced to enroll in high-risk plans until 2014. Administration officials said they were working on a regulatory fix. But the admission of this oversight is likely to be the first of many embarrassing discoveries for the White House and Congressional Democrats.

***"...those who choose to utilize indoor tanning salons will pay an additional 10 percent tax on this service."***

Congressional employees are finding out that there are two different classes of staff when it comes to insurance coverage. Both the House and Senate agreed that

members of Congress and their staffs were to obtain their health insurance through the same exchanges the public would use. But the Senate bill has an interesting definition of staff. Under their version of the bill, the only staff required to use this process are the staffers attached to the Member's office. Committee staff, administrative staff, and leadership staff were somehow exempted from this requirement. No one in the Senate is admitting to revising the definition, but it is creating a level of resentment amongst many staffers.

Many of these may have been corrected if the President had just followed another campaign promise. Candidate Obama told the American people that they would have five days to review any bill passed by Congress before he would sign it. But with many other bills enacted over the past year, President Obama couldn't wait that long as it was just 36 hours between passage and the signing ceremony. When it comes to health care reform, there will likely be many more broken promises to come.

## Judiciary

(Contact Tony Phillips at 1-3026.)

### Judicial Branch Looks to Improve Debt Collection

In an effort to improve debt collection in the courts, the Legislature adopted procedural changes in SF 2383 earlier this year.

Those changes have led the Judicial Branch to adopt interim procedures in the short term, with plans for an advisory com-

mittee to look at a long term strategy.

(Continued on page 6)

(Continued from page 5)

In a supervisory order dated July 2, 2010 the Judicial Branch outlined two interim procedures set to take effect July 12, 2010. Those procedures address new requirements found in SF 2383. Chief Justice Ter-nus also includes in the order the Court's plan to form an advisory committee to study fine collection efforts and advise on ways to improve upon those efforts. The advisory committee will be composed of judges, magistrates, and court staff.

***“The first interim procedure addresses installment payment plans.”***

The first interim procedure addresses installment payment plans. The order directs that persons shall be instructed to pay fines at sentencing or upon imposition of the fine with the office of the clerk of court. A judge may order installment payments for those that are able to show they can not pay their

fines in full on the date imposed. The payment plan may be either one administered through the Department of Revenue's central collection unit (CCU) or, if available, one arranged with a county attorney who participates in the collection of court debt.

Additional structure is to be added to installment payment plans. A payment must be made each month, with a minimum payment of at least \$50. The payment plan must be structured so that the entire debt will be fully paid within two years or less. If a person is more than 30 days late on a payment, the Judicial Branch must immediately assign the debt to CCU or the county attorney's office for collections. No installment payment plan may be offered for debt that is already delinquent because it was not paid within 30 days from when it was imposed.

The second interim procedure addresses court debt collection procedures. The order directs that unless the subject of judicial review, no judicial officer may block, waive, modify, void, or stay any installment payment plan or other debt collection agree-

ment administered by a number of other state agencies. This includes garnishments, administrative levies, wage assignments, installment payment plans, executions, income tax offsets, driver's license suspension, vehicle registration holds, professional licensure suspension, and other procedures authorized by law.

To comply with SF 2383, a judge may no longer set an initial payment more than 30 days from the imposition of a fine. Formerly they could allow up to 120 days for the first payment. To address those who were given this kind of leeway in the past, the order precludes any additional extension of time for the payment of their court debt.

The final element of the order sets the formula for the calculation of community service in lieu of a fine. The total amount of community service shall equal the court fine imposed divided by 7.25, which equals the minimum wage rate. This means that a person who owes \$725 in fines, would be assigned a total of 100 community service hours if so ordered.

## Labor

(Contact Lon Anderson at 1-5184.)

### Review of the Workers' Compensation Laws in Iowa

The Iowa Workers' Compensation law requires most employers to provide benefits to eligible employees who have injuries arising out of and in the course of employment.

There are few classifications of employees who are exempt from the law, and therefore not eligible for benefits. Proprietors (independent contractors) limited liability company members and partners are not considered employees but may elect to be covered by purchasing a valid workers' compensation insurance policy specifically including the proprietor or partner.

Most employees who are injured in Iowa, working under contract of hire made in Iowa, or whose employment is principally localized in Iowa, are eligible for benefits if they have a job-related injury.

In Iowa, "injury" is defined very broadly to include any health impairment other than the normal building up and tearing down of body tissues. The health impairment must be a result of employment activities. Diseases and hearing losses are also considered to be injuries if they are a result of the employment activities or exposures. An employee is not entitled to benefits for a preexisting injury or disease unless it is aggravated, or worsened, by the employment.

The employer provides medical care reasonably suited to treat the employee's injury, and has the right to choose the medical care. If the employee is dissatisfied with the care offered, the employee should discuss the problem with the employer or insurance carrier. In certain situations the employee may wish to request alternate care. If the employer, or insurance carrier,

does not allow alternate care, the employee (through appropriate proceedings) may apply to the Workers' Compensation commissioner for alternate medical care. If the employer-retained physician gives a rating of permanent impairment, which the employee feels is too low, the employee does have a right to another examination by a doctor of the employee's choice at the employer's expense.

The majority of disputes in workers' compensation claims can be resolved by open communication between the employee, employer and insurance carrier. The employee should be able to learn the reasons for any action taken, as well as the nature of the evidence supporting the action. If the dispute is not resolved, a contested-case proceeding may be initiated before the Workers' Compensation Commissioner.

(Continued on page 7)

(Continued from page 6)

The Workers' Compensation Commissioner is the head of the Division of Workers' Compensation which is part of the

Iowa Workforce Development. Workers' Compensation has the responsibility of administering, regulating, and enforcing the workers' compensation laws. Though the Workers' Compensation Commissioner's office cannot represent the interests of any

party, the agency provides information regarding the provisions of the Workers' Compensation Law, the rights of the parties, and the procedures the parties can follow to resolve their disputes.

## Local Government

(Contact Ann McCarthy at 1-3015.)

### Get to Know Your County

Everyone knows that Iowa has 99 counties. But did you know that Texas has 254 and Kansas has 104 counties? Nationwide there are 3032 counties.

Forty eight states have operational county government. Alaska and Louisiana call their counties "boroughs" or "parishes". Connecticut and Rhode Island have regionalized demarcations but no associated county government.

Counties vary in size and population ranging from just 26 square miles (Arlington,

Virginia) to 87,860 square miles (Alaska). Loving County, Texas has 67 residents while Los Angeles County, California has 9.6 million people.

In Iowa, the largest county in terms of square miles is Kossuth County at 973 square miles. And Adams County has the fewest Iowans at 4,200 citizens.

The role of county government is rapidly changing. Traditional county government roles include assessment of property, record keeping of such things as property

and vital statistics, maintenance of rural roads and administration of election and judicial functions. Today the role of counties is shifting to economic development, employment/training, planning and zoning, and water quality.

Get to know your county government. Statistics about your county's budget, property taxes and employees are readily available. Click here to learn more: <http://www.iowacounties.org/Services/Research/FiscalInfo/NewFiscalInfo.htm>

## Natural Resources

(Contact Lew Olson at 1-3096.)

### State Law, DNR Rule Allows Pheasant Stocking as of July 1

On Tuesday, June 29, 2010, the Iowa Department of Natural Resources (DNR) issued a press release noting that a new rule from 2010 legislation allowing individuals to release pen reared Chinese ring-necked pheasants on their own land from DNR approved hatcheries on July 1. The law

does not allow for the release of pen reared pheasants on land not owned or rented by the person releasing the birds. The law, House File 2310 was introduced as a bipartisan bill in the House, passed unanimously by the House (93-0) and by a closer 29-20 vote by the Senate in re-

sponse to record low pheasant numbers.

Approved hatcheries in Iowa are Hoovers Hatchery, Inc., in Rudd, Murray McMurray Hatchery, Inc., in Webster City, and Malloy Gamebirds, in State Center.

### DNR Announces Water Resources Coordinating Council Meeting

On Thursday, July 8, 2010, the Iowa Department of Natural Resources (DNR) announced in an article that is part of its weekly 'EcoNewsWire' newsletter that the Water Resources Coordinating Council will meet Tuesday, July 13 from 9:00 a.m. to noon. The council will meet in Room 19 of the state Capitol building to hear updates on the Iowa-Cedar River Basin Study and the Iowa Integrated Wetlands Drainage Initiative. The Iowa Integrated Wetlands

Drainage Initiative will be described by the Iowa Department of Agriculture and Land Stewardship which is a project to enhance ecosystem services by integrating improved agricultural drainage and treating drainage water with constructed wetlands. The initial phase of the larger project is to conduct five pilot projects in north central Iowa that will include extensive evaluation to compare modeled projections with actual field conditions. The second issue that will

be reviewed is the Iowa Cedar River Basin Study. Following the floods of 2008, the Army Corps of Engineers offered to lead a study of the basin and make recommendations to, among other things, improve water quality and reduce the impacts of flooding. The coordinating council committee appointed to pursue the Corps' offer will report to the full council on progress made in developing a basin plan for the Iowa-Cedar River basin.

## DNR Announces Three Public Meetings to Discuss Proposed Fishing Rules

On Tuesday, July 6, 2010, the Iowa Department of Natural Resources (DNR) issued several related press releases announcing public meetings discussing proposed fishing tournament and fish restitution rule changes. The first meeting solicits comments on a proposal to change the rules (ARC 8882B) covering fishing tournaments. The proposal more clearly defines the definition of "Fishing Tournament" and exempts fishing events held for educational purposes and sponsored by DNR from the permit requirement. The meeting is scheduled for 1 p.m., July 20, at the fourth floor east conference room, Wallace State Office Building, 502 E. 9th St., in Des Moines. DNR will be accepting written comments through July 20.

The second public session scheduled involves proposed fish restitution rule changes (ARC 8883B) involving compensation to the state and public for damages to natural resources and wildlife resulting from water pollution or a hazardous condition. This proposed rule changes defines

priority watershed and will direct compensation collected for natural resource damages from the vicinity of the loss to priority watersheds selected by the Department of Natural Resources. The public hearing for this session is scheduled for 2 p.m., July 20, in the fourth floor east conference room, Wallace State Office Building, 502 E. 9th St., in Des Moines.

The third meeting will receive comments on a proposal to change the fishing regulations covering closed seasons on the Mississippi River, the implementation of a 5/0 hook size when snagging and a no snagging restriction below the Oakland Mills Dam (ARC 8881B). The proposed changes removes the closed fishing restriction below Lock and Dams 11, 12, and 13, limit anglers to a maximum 5/0 treble hook size when snagging nongame species and adds a no snagging restriction from directly below the Oakland Mill's Dam to the downstream end of the 253rd Street boat ramp. This first public meeting will begin at 7 p.m., July 20, in the Swiss Valley Nature

Center 13606 Swiss Valley Road, Peosta, Iowa.

Copies of the proposed rule changes can be accessed from the June 30, 2010 Iowa Administrative Bulletin pages 2981, 2983, and 2984 respectively, which can be accessed on the internet involving pages 47-50 of that pdf document at: <http://www.legis.state.ia.us/asp/ACODOCS/DOCS/06-30-2010.Bulletin.pdf>. Any person attending the public hearing and having special needs, such as hearing or mobility impairments should contact the Department of Natural Resources at 515-281-6976 and advise of specific needs. The DNR will be accepting written comments for all three proposed rules through July 20. Comments are to be sent to Martin Konrad, Iowa Department of Natural Resources, 502 E. 9th St., Des Moines, IA 50319-0034 or offer oral comments by calling 515-281-6976 or in person at the fisheries bureau office on the fourth floor of the Wallace Building.

## Public Safety

(Contact Tony Phillips at 1-3026.)

### New Drug On Law Enforcement Radar

According to traffic data, Saturdays in June are traditionally some of the deadliest days to travel on Iowa roads. To address this, the Iowa State Patrol has begun their "Safe Saturdays" program for the second year in a row.

Each Saturday in June, the State Patrol will activate entire districts with all uniformed officers, regardless of rank, participating in the program. This will increase the active staff level on those Saturdays. An unfortunate incident involving the death of an Indianola teenager last month has brought increased attention to an emerging drug known as "K2" or "Spice". Increased concerns have lead Gary Kendell, the State's Drug Policy Coordinator, to issue a statewide alert on the drug.

K2 or Spice, is a relatively new substance that is often referred to as a synthetic mari-

juana. The drug is sometimes sold as a herbal incense and can currently be easily acquired in some of Iowa's shopping malls or online. But the drug raises serious concerns. According to the statewide alert issued by Kendell the drug is especially dangerous because "unlike marijuana, according to the Iowa Statewide Poison Control Center, the effects of these products include anxiety, panic attacks, agitation, hallucinations and seizures."

Indeed, the tragic death of an Indianola teenager in June seems to confirm the concerns surrounding the effects of smoking K2/Spice. In that incident, following smoking the drug with friends, the teenager suffered a severe panic attack and went home and shot himself.

K2/Spice and other synthetic marijuana products have been labeled by the DEA as

"drugs and chemicals of concern." However, they are not yet illegal. To date, only three states have banned K2/Spice but according to Kendell, "at least eight other states are considering a ban."

As for Iowa, Kendell says he will ask Governor Culver and the Legislature to make K2/Spice and products like it a schedule one controlled substance, which would ban the sale of the substance in Iowa. Additionally, he will advocate for a federal ban with Iowa's congressional delegation.

For those interested in more information on drugs and trends, they can find it at the Iowa Office of Drug Control Policy website: [www.iowa.gov/odcp](http://www.iowa.gov/odcp).

## State Government

(Contact Kristi Kielhorn at 2-5290.)

### Final TouchPlay Lawsuit Settles

The books are closing on the four year TouchPlay controversy. Iowa settled Tuesday for \$150,000 with Red Line Vending, Lottery Service Corp. of Iowa, William Wohlers, and Thomas Wohlers. William Wohlers, owner of Red Line Vending estimated that the settlement represented less than 20 percent of his businesses' total loss over TouchPlay.

This settlement was the last agreement that needed to be reached to end the battle

between the various vendors of TouchPlay machines and the state after the legislature prohibited the use of the some 6,700 machines back in May of 2006. Following the ban, the vendors sued the state claiming breach of contract.

Before the legislature prohibited the machines, citizens complained about TouchPlay's presence because they looked a lot like slot machines. The TouchPlay machines were placed in grocery stores, bowling alleys, and other locations easily and

frequently accessed by minors.

During its short life, TouchPlay contributed about \$30 million in profit to the state's general fund before the machines were banned. Initially, the lawsuits included \$900 million in claims, but in total the state settled the lawsuits for about \$18.4 million, including the final \$150,000 settlement that ended the controversy this week.

## Transportation

(Contact Kristi Kielhorn at 2-5290.)

### Iowa Required to make a Railroad Crossing Safety Plan

According to the Federal Railroad Administration, Iowa has had the tenth most railroad crossing accidents in the country. Iowa recorded 221 railroad crossing accidents between 2007 and 2009, a number Federal officials have deemed excessively high. Texas had the most accidents in that time period with 775 and California was second with 463.

Congress passed legislation in 2008 that required the railroad administration to find ways to make the country's rail system

safer and accidents less frequent. The railroad administration recently released rules in response to that legislation.

***"Iowa must complete the plan within one year and implement the plan with five years."***

These new rules require the ten states with the most crossing accidents to develop

safety plans or risk losing millions in federal grants. Iowa currently receives \$4 million annually for railroad crossing safety improvements.

Because Iowa's accident number puts it in the top ten in frequency, a safety plan will have to be created. Iowa must complete the plan within one year and implement the plan with five years. There may be an opportunity to apply for some federal funds to help cover the cost of creating and implementing the new safety plan.

## Veterans Affairs

(Contact Jason Chapman at 1-3440.)

### Walk For Military Marriage

The legislature has worked the past several years to address issues facing military members and their families both during and after a soldier's combat deployment. The toll that a deployment takes on a family and a marriage can be too much for some to bear and many suffer or crumble because of it. There are some resources available for families to take advantage of and one of those groups, America's Family Coaches, is sponsoring a Walk For Military Marriage to help raise money to continue providing free resources to military families.

With the Iowa National Guard facing its largest deployment since World War II this

summer, thousands of Iowa families are going to be affected. America's Family Coaches provides resources and counseling to thousands of military families before, during, and after deployment at no cost to the family.

The Walk will take place on Saturday, July 17, 2010, at Gray's Lake in Des Moines. The event will feature lost of activities for the entire family including inflatables, games, and food. You can participate in the Walk in three different ways:

2. Sponsor – If you can't walk, you can donate or sponsor the walk
3. Volunteer – You can also help by volunteering to help the event take place

For more information, visit <http://www.greatmarriagesandfamiliesiniowa.com> or call 515-334-7482 (ext. 9104).

1. Walk – Every walker/family sets a goal to raise at least \$100

## Ways and Means

(Contact Matt Hinch at 1-3298.)

### Homebuyer Tax Credit Closing Deadline Extended, Despite Report Of Fraud

On July 2, 2010, President Obama signed into law a provision extending the closing deadline – to September 30, 2010 – that homebuyers must meet to qualify for tax credits. The very popular tax credit program provides refundable tax credits to first-time homebuyers and long-time resident buyers. Through February 2010, \$1.8 million taxpayers have received \$12.6 billion in tax credits. The extension pertains only to eligible homebuyers who entered into a binding purchase contract on or before April 30th. Prior to the change in law, potential homebuyers in the process of buying a home had to close the deal by the end of June.

According to the Internal Revenue Service (IRS), the push to extend the closing deadline arose from concerns that many eligible homebuyers would lose out on the tax benefit because of their inability to close before the required deadline. Nationwide,

real estate agents estimated approximately 180,000 homebuyers would have missed out on the tax break if the deadline hadn't been extended. They claim banks and settlement offices have not been able to process and close on purchase agreements because of the flood of homebuyers trying to meet the original June 30 closing deadline.

Approximately two weeks before the extension was signed into law, the United States Treasury Department's Inspector General for Tax Administration issued a report identifying more than \$28 million in homebuyer tax credits improperly issued to individuals filing fraudulent claims. Moreover, of the total amount of taxpayer dollars misspent, more than \$9 million went to nearly 1300 prison inmates, 241 of which are serving life sentences. The investigation also found that IRS employees scammed the system by filing for the credit themselves,

despite the fact they did not qualify.

The report credits "control weakness" for the erroneous payments and recommends the IRS "reconcile Prisoner Files from year to year" in addition to implementing post-refund examination activities.

However, the majority of improper payments were made to individuals who purchased homes prior to the dates allowed under the program. Critics of the new deadline point to that finding as evidence that the new extension will continue to encourage fraud and abuse. They contend that homebuyers who entered into negotiations after April 30 will simply back date their contracts to make them eligible for the credit. If the IRS doesn't crack down and strengthen antifraud measures, it appears it will likely be the case.