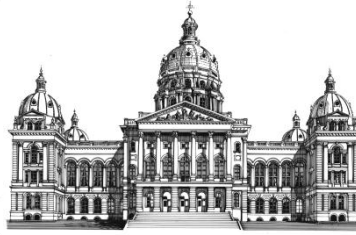


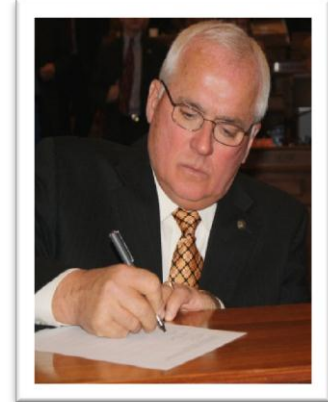
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House of Representatives
State of Iowa
Eighty-Fourth General Assembly
STATEHOUSE
Des Moines, Iowa 50319



OLSON'S OBSERVATIONS

A group of Iowa unions held a rally here at the statehouse as a “show of solidarity” with the protesters in Wisconsin. As you may know, Wisconsin Governor Scott Walker is pushing for state workers to pay more for their health care and pensions and would make it so unions can only negotiate over their pay, saving their state over 300 million in the next two years.

Our Governor is proposing what is considered a “lite” version of what Governor Walker is pushing for in a new veto power that would let the Governor or state legislators nullify a negotiated contract with unionized state workers. Another difference in the two Governor’s plans is that Governor Walker’s will affect all public-sector workers in that state, from teachers and fire fighters to state workers, while Governor Branstad’s proposed changes in Iowa labor law primarily impact state government workers. Both plans will give the taxpayers a seat at the table in public union negotiations. The previous one-sided bargaining has inflated the state’s budget and created a public class whose wages and benefits outpace the competing private sector.

**“BOTH PLANS WILL GIVE THE
TAXPAYERS A SEAT AT THE TABLE
IN PUBLIC UNION NEGOTIATIONS.”**

HSB 48, a bill for an act relating to rulemaking authority of the DNR and including effective date and applicability provisions, and HSB 75, a bill for an act relating to certain fees assessed for activities regulated under the federal Clean Air Act, have passed out of Environmental Protection Committee and as of now I don’t know the fate of these bills.

Last week an Iowa House subcommittee supported the sale of Pollock’s “Mural,” which had an estimated value of \$150 million in 2008. The bill has been killed but the intent was to sell the painting while allowing the University to display it on loan every four years and use the money from the sale to provide scholarships for students.

Governor Branstad has appointed Iowa District Court Judge Bruce Zager, Iowa Court of Appeals Judge Edward Mansfield, and Thomas Waterman all to the Iowa Supreme Court this week.

One of my areas schools, Central DeWitt (22-2), qualified for the Girls Class 3-A State Tournament in Des Moines. If you’re on your way to this event stop and visit us at the Capitol and good luck girls!

Always feel free to contact me on any issue before the Iowa Legislature. I can be reached at 515/281-6055 during the week or by e-mail at (steven.olson@legis.state.ia.us) or visit my web page for information at (www.iowahouserepublicans.com/members/steven-olson).

Appropriations

House Sends Taxpayers First Act “Extra Light” to the Governor, Other Provisions Remain Alive

On Monday, February 21, the House unanimously approved House File 45, the Taxpayers First Act and sent the bill to the Governor. While the bill was severely reduced in size and scope by the Senate, the provisions that remained are priorities of the House Republican caucus and the other provisions that were removed remain alive as part of Senate File 209 and the budget subcommittee bills.

While HF 45 saved \$500 million in all funds over FY 2011, 2012 and 2013, the Legislative Services Agency scored the Senate amendment at a paltry \$10 million in savings in all funds over the three-year period. The Senate also deleted the most important piece, which is the division that establishes the Tax Relief Fund. They also took out the supplemental appropriations for mental health and indigent defense.

Here are the items that remain in the bill after the Senate amendment:

- Prohibits legislators and legislative employees from having a better health care plan than plans bargained for by executive branch employees
- Eliminates funding for the shuttle from the parking ramp to the Capitol
- Requires the Transportation, Infrastructure and Capitals budget subcommittee to review all sustainable communities projects (this is the House language on heated sidewalks)
- Limits sabbaticals to not more than 3% of faculty through the end of FY 2012 (*this is a small reduction to the overall number of sabbaticals for FY 2012*)
- Cuts acquisitions by the state library by 50% through the end of FY 2011
- Denies any state benefits to adult illegal aliens
- Prohibits taxpayers funded lobbyists
- Cuts expenditures for office supplies, equipment purchases, printing and binding and marketing by 50 percent of the unencumbered appropriation
- Prohibits out-of-state travel by state employees unless they get a waiver from Executive Council
- Requires the sale or lease of the Iowa Communications Network
- Requires Department on Aging to develop a plan to reduce number of Area Agencies on Aging
- Prohibits the purchase of any new state vehicles, requires Admin and Reg budget sub to look into privatization of the state vehicle fleet
- Eliminates the Generation Iowa Commission
- Prohibits Iowa from renewing its membership in the North America Super Corridor Coalition
- Reduces Department of Education by \$59,000 due to not having a director until January 2011
- Reduces funding for the legislative health care coverage commission by \$167,000
- Prohibits DOT from planting wildflowers unless it is for erosion or weed control
- Eliminates the Rebuild Iowa Office and shifts responsibilities to Division of Homeland Security at the end of FY 2011
- Provides “claw back” provisions for local government funding if found to be ineligible
- Corrective language regarding early childhood and unemployment compensation

In addition, the Senate added the language from House File 94, the Taxpayer Transparency Act, which requires the Department of Management to create a searchable budget database and internet website. The Senate changed the language to require the database to be updated every 60 days instead of every 30, deleted the tax rate calculator that would show the tax rate by location, exempted federal funds and grants from the database, required the Regents to provide only information related to state funds and not only funds, and added required the database to have information about special tax credits.

Five provisions that were removed from HF 45 were added to SF 209, the Senate's supplemental and coupling bill. Those five provisions are as follows:

- Creation of the Tax Relief Fund to capture the surplus from the ending balance
- Establishment of a minimum health insurance premium of \$100 for all state employees
- Requires the Revenue Estimating Conference to set a growth rate for FY 2013 at next meeting
- Prohibits DNR from purchasing land through the end of FY 2011, cuts REAP by same amount
- Appropriates \$25 million for mental health and repeals the current system as of July 1, 2012

Other provisions which were removed from the bill such as defunding the passenger rail project, changing universal preschool, and ending the funding for JEL and the Values Fund are included in the budget subcommittee bills that were scheduled to be approved by the subcommittees this week.

While House Republicans are disappointed that the Senate Democrats took such a timid approach to the bill, some of the items that remain in the bill are important pieces for the taxpayer.

Senate Democrats Release Spending Targets, Fail to Release Full Balance Sheet

On Tuesday, February 22, Senate Democrats released spending targets for the FY 2012 budget.

While it is a step forward that they did release the entire budget and not just the numbers for the budget subs. Unfortunately, they did not release a balance sheet so we do not know the revenue adjustments or if they are assuming they will spend some of the FY 2011 ending balance "off-budget," as they have in previous years.

According to their targets, they are \$16.3 million below the Governor's recommendation and \$246 million above the House Republican budget targets. It appears that they continue sending the Health Care Trust Fund money through the General Fund and if that is the case, they are really \$146 million above the House GOP targets. However, not knowing if they are using one-time money for ongoing spending, it is difficult to have a strict apples-to-apples comparison.

In addition, they have already approved SF 209, which couples with the federal tax code and reduces revenue by \$200 million over FY 2011 and FY 2012. SF 209 was approved by the Ways and Means Committee on Monday and the Appropriations Committee on Tuesday.

House Republicans see positive developments in the release of the Senate Democrat targets, including our priorities of spending reductions and tax relief. However, until all of the details are unveiled, it will be difficult to determine if they are serious about those two things are still using the same old gimmicks that led to the large spending gap of the upcoming fiscal year.

(Contact: Lon Anderson, 1-5184)

Agriculture

House Ag Panel Poised to Consolidate State Egg & Milk Regulations in IDALS

On Wednesday February 23, 2011, the House Agriculture Committee was scheduled to debate several bills that consolidate certain agricultural product inspection duties into the Iowa Department of Agriculture and Land Stewardship (IDALS). House Study Bill 110 shifts certain egg inspection regulatory functions and House Study Bill 111 consolidates milk inspection into IDALS from the Department of Inspections and Appeals and the Department of Public Health.

It makes sense to have IDALS work with the federal Food & Drug Administration (FDA) on inspecting egg farms since IDALS already has the State Veterinarian and regional veterinarians and animal, farm and facility inspections. Currently egg handlers are regulated by Iowa Code chapter 196 by IDA which oversee:

- (1) candling (inspection) and grading of shell eggs;
- (2) storage of shell eggs;
- (3) labeling of packaged shell eggs;
- (4) transportation of shell eggs; and
- (5) records.

While IDALS doesn't currently address eggs, it does regulate sellers of baby chicks. The recently adopted FDA regulations contract nearly all of the new regulatory duties imposed last summer to a pertinent state agency. The FDA rules that became effective on July 9, 2010 apply to farms with more than 50,000 chickens with regulations expanding as of July 9, 2012 to apply to farms with over 3,000 chickens.

Components of FDA Egg Rule are as follows—

- (1) pullets must be monitored for Salmonella enteritidis (SE) and baby chicks must come from negative-test hatching eggs;
- (2) farms must have a biosecurity plan to prevent this disease;
- (3) mandatory rodent/pest control program which are the principal vector for infection of flocks with this disease;
- (4) poultry houses must be cleaned and disinfected;
- (5) eggs must be cleaned, sanitized and refrigerated;

(6) all poultry barns must have environmental swabs tested for SE at three times—(a) 14 -16 weeks of chickens age – prior to laying eggs [chickens start laying eggs at about 19 weeks of age], (b) 40 – 45 weeks of chickens age, and (c) 4 to 6 weeks after chickens molt. If one environmental sample is positive in a laying chicken barn for SE, owner must submit to a laboratory 1,000 eggs every two weeks for a total of 4 times. If one egg is positive all eggs from barn may not be sold as whole shell eggs.

The other bill consolidating food/animal regulations into IDALS is HSB 111. Currently, IDALS is responsible for dairy inspections across the state. HSB 111 provides that surveys will continue in order to maintain food safety and commerce but will be housed in one Department within state government. IDALS has been told that besides Iowa, there is only 1 other state that has the survey officers in two separate departments. Missouri recently transitioned to having one department have the responsibility for both functions. IDALS has spoken to officials in both Nebraska and Missouri and both agencies agree that moving the ratings officers into one Department has made their work more efficient and communication is better with the client (dairy plants and farms).

(Contact: Lew Olson, 1-3096)

Commerce

Has the Massachusetts Health Plan Failed?

Massachusetts Governor Deval Patrick proposed a series of major reforms to Massachusetts' health insurance industry in an effort to implement cost containment on health care premiums. But to some, the proposed changes signal an admission by the Bay State's governor that the much heralded Massachusetts Health Plan had failed to control costs.

Monday's announcement by Patrick kicked off a new effort by the governor and his administration to enact changes to the 2006 law that many see as the genesis of the federal health care reform law enacted last March. Governor Patrick called for giving his office the power to review contracts made between insurers and hospitals and doctors and the fees agreed to in these agreements. These contracts would also be part of the review process for any rate increase requests from insurers that must be approved by Massachusetts insurance regulator.

Patrick also called for shifting Medicaid, state employees' insurance, and those getting subsidized coverage through the Massachusetts Health Plan into a capitated payment model. Health care providers would be paid a set amount per person they care for, instead of charging on a fee for service basis. These changes would impact one in four residents of Massachusetts. Patrick also is seeking ways to encourage health insurers to adopt the same model.

The proposal represents a significant admission that Massachusetts' current efforts have failed to control the growth in health care costs. This should be a concern to people across the nation, since the Massachusetts Health Plan served as the template for what congressional Democrats and the Obama

administration put together in the Patient Protection and Affordable Care Act. Since the model is not saving money, it is quite likely that plans based on it will also fail to achieve savings.

(Contact: Brad Trow, 1-3471)

Economic Growth

Department of Economic Development Reorganization

The Governor's office has filed a bill that would serve as a structural reorganization of the current Department of Economic Development. HSB 103 is the second attempt at creating a public-private collaboration to take care of the state's economic development needs. The Iowa Partnership for Economic Progress (IPEP), coupled with the Economic Progress Authority and the Economic Progress Corporation would all work together to attract new business and expand existing businesses in Iowa.

The Economic Progress Partnership is a board of individuals chaired by either the Governor or Lieutenant Governor. The seven member board is appointed by the Governor and is composed of individuals within the private sector or who have expertise in the area of economic development. This board develops a comprehensive economic development strategy that is implemented by the two other portions of the new plan.

The Economic Progress Authority is the public portion of the public-private collaboration. The Authority takes the place of the current Department of Economic Development, and assumes all of its duties and responsibilities. A seven member board is appointed by the Governor and confirmed by the Senate to oversee distribution of state funds for economic development projects. The board also contains four ex-officio legislative members to maintain oversight over taxpayer dollars.

The Economic Progress Corporation is the private portion of the public-private collaboration. The new Corporation is a nonprofit that qualifies as a 501 (3)(c) under federal law and a 504 under Iowa law. The Corporation is **not** considered an agency, department or administrative unit of the state. This also means that the Corporation **cannot** receive appropriations from the General Assembly. The Corporation can, however, contract for the performance of assigned duties by the Economic Progress Authority. Any state dollars that are used by the Corporation are open and be subject to sunshine and oversight provisions currently afforded state agencies. The Corporation is established so that donations and bequests qualify as tax deductible under federal and state income tax laws.

There have already been two subcommittees on the proposed bill, and work continues to be done before the Economic Growth committee takes up the bill sometime next week.

(Contact: Louis Vander Streek, 1-3626)

Education

President Obama Releases FY12 Budget Proposal

Last week President Obama released his budget to Congress. In it is a \$77 billion appropriation to the Department of Education for FY12, which begins October 1, 2011. Some of the proposals were mentioned in the President's State of the Union Address, others were not. The details are below.

For overall funding numbers, his proposal funds the DE at \$77 billion, which includes \$48.8 billion in non-Pell grant discretionary programs, an increase of \$2 billion over FY11.

HIGHLIGHTS OF THE DEPARTMENT OF EDUCATION BUDGET PROPOSAL

While authorization of the Elementary and Secondary Education Act (ESEA) and No Child Left Behind (NCLB) will require separate authorization bills, the President supports these acts with a \$26.8 billion appropriation, an increase of 6.9%. He plans to reform the ESEA, as he stated in his address with increased accountability, working towards college-and career-ready standards and assessments, supporting early learning, families and communities, providing more school choice, rewarding excellence and promoting innovation, paying attention to rural schools, increasing STEM (science, technology, engineering, and math) education, increasing teacher support, and turning around low-performing schools. (Additional details on these plans can be found on the DE website: <http://www2.ed.gov/policy/elsec/leg/blueprint/index.html>)

The President is also requesting \$14.8 billion for Title 1 grants to LEAs as part of the College-and-Career-Ready Students program. This amount includes a new \$300 million Title 1 Rewards Authority that would provide financial rewards for LEAs that reach annual performance targets, significantly increasing academic achievement for all students and closing achievement gaps.

And Race to the Top (RTTT) is returning in a different form. New competitions modeled on RTTT will get a proposed \$1.4 billion for. These new competitions include:

- Competitive Early Learning Challenge Fund for States (\$350 million)
- K-12 RTTT program for school aimed at reform at the school district level (\$900 million)
- New "First in the World" competition to test, validate, and scale up effective approaches to improving college access and generating better outcomes from education dollars (\$150 million).

And in an effort to eliminate duplicative and inefficient programs, the President's budget consolidates 38 K-12 programs into 11 programs and eliminates 13 discretionary programs. This will be a total budget savings of \$146.8 million. Some grants are a part of this consolidation as well

The President is also recommending investing in innovation with a \$300 million grant, and a \$600 million grant aimed at turning around low-performing schools. These funds would go to states who then subgrant these to Local Education Areas (LEAs) in the state.

Additional increases include maintaining Pell Grants the recently increased level of \$5,500 per student; Investing \$100 million to prepare STEM teachers, including plans to scale up programs producing STEM teachers and plans to research how best to recruit and prepare the best STEM teachers; and finally, a \$200

million increase in Individuals with Disabilities Educational Act (IDEA) funding, which helps states provide special education services.

This is obviously the beginning of the process and much work is yet to be done. There are some savings and efficiencies that are part of the President's budget for education, but his overall budget spending, including the increases provided in the education portion, don't work to address the rising debt level our nation is facing. States should also be careful that this possible influx of funds from the federal level doesn't lead them to budget cliffs again, like the federal stimulus funds that have been part of state's budgets over the past several years.

(Contact: Jason Chapman, 1-3015)

Environmental Protection

Environment Panels Okays Bill to Legislate & Stop Title V Fee Increase; Give DNR Director Exclusive Rule Making Authority for DNR Matters

On Tuesday, February 22, 2011, the Iowa House Environmental Protection Committee passed House Study Bill 75 on a party-line 13-aye to 8-nay vote. The measure retracts authority for the Environmental Protection Commission to devise and promulgate Title V permit fees by rule. Instead it establishes a codified fee rate at its current \$56 a ton of chargeable pollutant. The bill also codifies language concerning which Department of Natural Resources (DNR) clean air program costs may be funded with fees (Title V).

The bill further requires DNR to make monthly detail expense report of moneys it expends on the program from next July 1, though December 31, 2011. The bill is in reaction to DNR attempts to further ratchet up Title V fees. Over the last several years DNR Air Bureau has been using Title V funds, which are paid by Iowa's largest industries and job creators, to fund other parts of the Air Bureau's regulatory activities. Some of those activities are required, while others are optional under federal law. HSB 75 seeks to clarify what other state clean air programs may be funded with Title V fees.

HSB 75 was amended in Committee to address some concerns that had been identified in subcommittee. The adopted amendment clarifies that the definition of "permit" in the bill to only the Title V operating permit. The amendment expanded on language in the initial bill that was close to the federal code of regulation (CFR) language for the Title V program. It was, however, missing some critical verbiage which was added to the bill by taking "allowable cost" language from 40 CFR that apply to the clean air act and replicating that language into the bill. The word "reasonable" is also added to ensure Iowa DNR is conscious of the dollars being spent.

The amendment struck an annual reporting requirement of the initial bill that DNR report to the legislature the human health improvements derived from the Title V program. The language was stricken because DNR expressed a concern that it doesn't have sufficient public health staff or the additional staff time that it would take to prepare a meaningful report. The last aspect of the Committee adopted amendment addresses several implementation dates. It delays the prohibition of DNR not using Title V fee generated monies for other non-title V programs air program components (including construction permitting) until January 1, 2012 to acknowledge the lack of state funds available to fund the DNR construction permitting program and the necessity of private industry to receive permits. The delay creates an opportunity for DNR to continue other clean air program functions without interruption, while affording it more time to review changes needed to make the air bureau more efficient for the regulated industries.

The other measure approved by the House Environmental Protection Committee was House Study Bill 48 which removes rule making authority of both the Environmental Protection Commission (EPC) and the Natural Resource Commission (NRC) and gives that role to the DNR director. Both the NRC and the EPC continue to exist, albeit now in a citizen advisory role to the Director and DNR. The bill passed on a party-line 13-aye to 8-nay vote. The bill was amended in Committee to include some qualifying language on the scope of the DNR director's rule making authority to explicitly state he is limited and constrained by Code language on specific environmental regulation matters. The Committee turned down a Democratic sponsored amendment to require that the DNR Director record and make available to the public any and all of his conversations and communication that might arise with any discussion involving a rule dealing with a fee amount.

(Contact: Lew Olson, 1-3096)

Human Resources

Illinois budget proposal poses challenges to Iowa's Medicaid system

When Illinois governor Pat Quinn obtained an 11th hour agreement on tax increases and program cuts to address Medicaid issues in January, many thought that the Land of Lincoln had made a significant effort to correct the funding problems that had plagued the program for years. But yesterday's release of Quinn's budget proposal shows the tradition of using Medicaid as a bank account has not ended and Iowa taxpayers may be left with part of the bill.

Governor Quinn has proposed a series of cuts to various health and human services providers in the next fiscal year. Among the groups facing cuts are nursing homes, who would have their rates cut by six percent next year. That is a stark contrast to the proposal by Governor Branstad to provide Iowa nursing homes with a five percent increase in rates as part of the biennial rebasing of rates. Other Medicaid providers in Illinois are facing similar cuts.

More surprising is Governor Quinn's decision on Friday to immediately slash funding for substance abuse treatment programs in Illinois. Quinn's decision to stop providing funding for any non-Medicaid treatment services means Illinois will cut substance abuse treatment by 80 percent. This decision leaves 55,000 people without treatment options in Illinois.

These decisions are likely to result in a number of Illinois residents seeking medical care and substance abuse treatment in other states, like Iowa. With less than stringent residency requirements, it is quite possible that Iowa will see a spike in the number of people seeking substance abuse treatment in the next few months. And if the reductions in Medicaid rates are implemented, eastern Iowa health care providers can continue to see patients coming across the Mississippi to seek medical care at Iowa taxpayers' expense.

In an effort to stem the tide, House File 287 is under consideration in the House Human Resources Committee. The bill requires Medicaid applicants to prove Iowa residency and imposes a \$2000 fine for those who falsely apply for Iowa Medicaid coverage. The bill would have Iowa's residency requirements mirror those recently passed by Illinois.

(Contact: Brad Trow, 1-3471)

Judiciary

Judiciary Committee Legislative Update

The House Judiciary committee has held countless subcommittee meetings before the legislative funnel on March 4th. Here are the major bills Republicans and Democrats discussed in subcommittee this week:

HF 64 Again this week, hearings were held on eminent domain legislation. More Iowans spoke about the impact eminent domain has and how best to craft legislation to protect both property owners, cities and others involved with land development. A final bill is expected sometime next week.

HSB 10 This bill will provide protection to both general contractors and subcontractors when a mechanics lien is not available. The bill will apply to claims for materials supplied and claims for labor. HSB 10 will require different notice than current law, including an early notice and an additional written notice.

HSB 96 This bill provides that conveyances or encumbrances of a homestead by two people married who own the homestead is not necessarily invalid if one spouse has not signed the conveyance or encumbrance. This legislation will prevent one spouse from being unjustly enriched over another and allow judges discretion to determine what is fair to the parties in these situations.

HSB 44 This bill establishes parole eligibility for people convicted of non-homicide Class "A" felonies who were sentenced to life without parole before they turned 18. Those that would be eligible under this law would have to serve a substantial minimum sentence being determined by the Judiciary committee. This legislation was drafted to comply with a U.S. and Iowa Supreme Court decision.

(Contact: Amanda Freel, 1-5230)

Labor

Collective Bargaining

The issue of collective bargaining is a hot topic around the nation. Wisconsin, Indiana, Ohio, and most recently Iowa, have been focal points for a debate about each state's own process for collective bargaining.

In Wisconsin, Democrat Senators fled the state in order to prevent a vote that forces public employees to pay for a portion of their health insurance and pension plans and the bill also eliminates collective bargaining rights except in relation to wages. Republicans in Wisconsin control both the Senate and the House as well as the Governor's office. Gov. Walker has vowed a vote on the bill and is not interested in a compromise.

Iowans are not unfamiliar with the issue that is being debated in Indiana where a scene similar to Wisconsin was set as Democrat House members have reportedly fled the state. Republicans in Indiana are attempting to pass Right-to-Work legislation, which prevents any worker from being forced to join or pay dues to a union to get or keep a job. The current arrangement, also known as "Fair Share," forces non-union workers to pay union dues regardless of their membership in the union. Iowa is currently a Right to Work state, and Iowa Democrats attempted to change that in 2007 by repealing those provisions in Iowa law. Their attempts ultimately failed in the House after the bill had originally passed the Senate.

Iowa had its own run in with labor issues this week. Wednesday saw a protest from union members, and a counter-protest from Tea Party members. Also under discussion that afternoon was the subcommittee on HSB 117, which is a bill sponsored by House Republicans that affects the collective bargaining law in Iowa. The subcommittee heard from a variety of individuals who spoke for and against the bill. The major changes in the bill include: the ability of a public employee to opt out of representation by the union, allowing the state to control what portion state employees pay for insurance (currently, 84% of state employees pay **no** premiums for health insurance), allowing an arbitrator to make a decision between two opposing sides during the arbitration process (currently, the arbitrator must only choose either side A's offer or side B's offer), forcing the arbitrator to compare public and private wages and benefits when possible (currently, the arbitrator does not have to compare to private wages or benefits), and forbidding the arbitrator from considering past bargaining agreements when negotiating new contracts.

The bill will continue to be worked on by Republicans, who have invited their Democrat counterparts to provide input into making the bill better. The bill will move on to the full Labor committee before it is sent to the House floor.

(Contact: Louis Vander Streek, 1-3626)

Local Government

Local Government Plans to Pass Several Bills

The House Local Government Committee plans to send some bills through the process to the House Floor for consideration.

House Study Bill 58 – Civil Service Commission – This bill originally started out changing the census used in determining whether a city needs to have a civil service commission. Current code requires the use of the 1980 census and the bill proposes to change that to the 2010 census. The bill would affect 11 new cities who climbed over the 8,000 population threshold, and 3 who fell below, making the total number of cities required to have a civil service commission at 49 (up from 41).

However, the cities view civil services commissions as an unfunded mandate. As a result, an amendment is coming to committee which makes the commissions optional. Committee members argued that the civil service commission is an outdated entity that may not be as necessary given the increased protection in Human Resources and Equal Opportunity laws passed over the last thirty years. Majority members of the committee are in favor of making it optional, and thus a local decision on whether the commission is still necessary.

House Study Bill 59 – GASB and OPEB – The Government Accounting Standards Board (GASB) recently issued a report addressing Post-Employment Benefits Other than Pensions (OPEB) and the cost cities have to cover in relation. This is benefits that a city or county has to provide to retirements that includes health and dental, vision, prescription and others. Cities pay for this by using investments. However, current Iowa law restricts investments to a narrow range of low-risk, primarily short-term, fixed investments. This often ties a city's hands when they need to cover these post-employment benefits for long periods of time. This bill would allow cities the option of a wider array of investment options to more effectively meet the costs they have for this situation.

House Study Bill 81 – Designation of Utilities Collection – This bill allows for a city utility to delegate its certification authority by resolution to a county treasurer for collection of unpaid bills due for sewer, storm water, sewage treatment, solid waste, and water services. It also allows for a city council, operating under a 28E agreement with a city utility, to delegate its certification authority to the utility.

House File 132 – Urban Renewal Plan filing – This is a simple bill that clarifies that an urban renewal plan should be filed with the county auditor. In some cases the plan is not getting to the auditor, for one reason or another, and the auditor needs to receive these plans.

(Contact: Jason Chapman, 1-3015)

Public Safety

The Right to Self Defense

During the past seven weeks of the legislative session, Republicans in the Public Safety committee have been working hard to preserve gun rights for Iowans. After the success of Iowa's "shall" issue gun permits, House Republicans are determined to keep guns in the hands of law abiding citizens, even in the face of vocal opposition.

Within the next eight days, the Public Safety committee will vote to send House File 7 to the floor. House File 7, also known as the castle doctrine bill, addresses several areas of self-defense with a weapon. The goal of this legislation is to provide Iowans with the right to self-defense in their home, car, business, and any other place they may legally visit, and to protect those justified in their use of force from costly legal proceedings.

Under current law you might be able to use deadly force in your home, vehicle or place of work, but you may face criminal prosecution and perhaps even a civil trial. In either case, you have to prove you were justified in using deadly force, even in your home. This is a costly process, both emotionally and financially.

House file 7 works to correct this injustice by providing a presumption for the justifiable use of deadly force. Under the new legislation, if a person is in their house, vehicle, or place of business and someone unlawfully and forcefully enters, the law presumes the intruder presents an imminent risk of unlawful deadly force to the people who are legally present. Placing the presumptions in the Iowa Code will allow Iowans to use force, including deadly force if necessary, for protection. Law enforcement would still investigate the incident in the same way. However, before an arrest could be made there must be probable cause that shows the force used was unlawful.

Those who oppose gun rights and the 2nd Amendment, argue that this will turn Iowa into the Wild West, with gun fights in the streets. Common sense and a quick glance at the legislation shows this is an outrageous claim, only used to scare honest law abiding citizens. This legislation protects Iowans who protect themselves and their families. Iowans should not be punished for lawfully defending themselves. House File 7 still requires a person to be reasonable in the amount of force they use, but in the event deadly force is reasonable, law abiding citizens won't be prosecuted for the use of deadly force.

Committee and floor debate will take some time, but House Republicans are committed to securing the right to self-defense for law abiding Iowans. Unlike some, who have announced they only supported gun legislation to earn endorsements, House Republicans don't protect gun rights because of popularity or endorsements, House Republicans protect gun rights because it's the right thing to do for all Iowans.

(Contact: Amanda Freel, 1-5230)

State Government

Plumber's Licensing Reform Passes State Government

With bi-partisan support, House File 42 passed House State Government Tuesday. The bill originally started as a complete repeal of the licensing structure created in 2007, but after two subcommittee meetings and much discussion, a strike-after amendment was adopted in committee.

The strike after amendment became the bill and although it kept the state-wide licensing and licensing board, it makes many significant changes aimed at deregulating an overly-complicated, cumbersome licensing structure.

First, the amendment directs that the application for licensure cannot be more than two pages in length. Currently, it is a ridiculous eight pages long. The amendment also restructures the fees for the time being to be \$50 for journeyman and apprentice (previously \$100) and \$125 for masters (previously \$250). The amendment requires the board to do an annual review of the fee structure and report to the General Assembly so that in the future fees are set only as high as necessary to sustain the program and board.

In addition to the fee structure and accountability language, the amendment lengthens the license period from two years to three years. This increases the value of the fee reduction even more. With that three year license, the continuing education requirement will remain at 8 hours (resulting in a decrease overall).

The amendment also makes clear that cities and counties are forbidden from charging any sort of licensing fees since all licensing fees are statewide. This does not affect permit and permitting fees, which are a separate and distinct county and city issue.

The amendment also creates an exemption for an individual to work on their own property without a license. This exemption would not apply to income-property, but would allow a homeowner to replace a toilet without a license. The exemption also extends to someone who offers to help the property owner at no charge. Also exempted from the licensing requirement are volunteers for projects such as Habitat for Humanity and the like.

Finally, the amendment seeks to correct the gross over-assessment of licensing fees it has collected in the last three years. The licensing board was always supposed to set licensing fees that reflected only what was needed to run the licensing system and the board. With three million dollars in their bank account—this was clearly not done. The amendment requires that the board return three million dollars in fees back to the license holders who paid them.

(Contact: Kristi Kielhorn, 2-5290)

Transportation

Some Relief for Speeding Tickets in Transition Zones

House File 239 passed the House Transportation Committee on Tuesday with unanimous support. Currently when the Department of Transportation considers a license suspension or revocation, they are required to disregard the first two speeding tickets a driver receives within any 12 month period when the violations were for less than 10mph over the speed limit and in a 34—56mph speed limit zone. The bill raises that ceiling to 61 miles per hour. The reason behind the change is an attempt to accommodate those “transition” zones on where the speed limit might go from 70mph to 60mph and then to 55mph. House File 239 does offer some protection for drivers who might be caught in those quick transition zones.

In addition, the bill also directs that the abstract of operation record provided to insurers must include a designation as to which speeding violations were for 10mph or less over the speed limit in speed zones with a speed limit between 35mph and 60mph (previously the ceiling was 55mph). The bill also states that car insurance companies must disregard the first two speeding tickets in a 12 month period that are for no more than 10mph in a speed zone between 35mph and 60mph for purposes of insuring or cancelling a policy. House File 239 now moves to the floor as committee bill.

(Contact: Kristi Kielhorn, 2-5290)

Veterans Affairs

Possible State Enhancement of USERRA

In upcoming legislation Representative Hanusa will be bringing a bill to the Veterans Committee to protect the rights of our veterans. As our state’s veterans look for initial employment and reemployment, this bill will protect them from discrimination regarding their military status. The bill is designed from the federal USERRA law and enhances the state application of what USERRA already accomplishes.

USERRA (The Uniformed Services Employment and Reemployment Rights Act) protects civilian job rights and benefits for veterans and members of Reserve components. The upcoming bill will provide similar protection to Iowa’s National Guard servicemen.

USERRA states that a service member who is a member of, applies to be a member of, performs, has performed, applies to perform, or has an obligation to perform service in a uniformed service shall not be denied initial employment, reemployment, retention in employment, promotion, or any benefit of employment by an employer on the basis of that membership, application for membership, performance of service, application for service, or obligation.

Also for returning service members, USERRA provides that these individuals are reemployed in the job that they would have attained had they not been absent for military service (the long-standing "escalator" principle), with the same seniority, status and pay, as well as other rights and benefits determined by seniority. USERRA also requires that reasonable efforts (such as training or retraining) be made to enable returning service members to refresh or upgrade their skills to help them qualify for reemployment. The law clearly provides for alternative reemployment positions if the service member cannot qualify for the "escalator" position. USERRA also provides that while an individual is performing military service, he or she is deemed to be on a furlough or leave of absence and is entitled to the non-seniority rights accorded other individuals on non-military leaves of absence (<http://www.dol.gov/vets/programs/userra/main.htm>).

(Contact: Jill Jennings, 1-3440)

Ways and Means

House Adds to Senate Supplemental Bill

Senate File 209 which couples Iowa tax law to the Federal tax code for changes made between January 1, 2008 and January 1, 2011 passed with a bi-partisan vote of 17-7. The Legislature has not chosen to couple the past few years which has been a source of frustration not only for taxpayers but also for tax preparers.

The Federal changes include the repeal of the limitation of itemized deductions, expands the child and dependent care credit, maintains the student loan interest deduction and increases limits on Section 179 expensing for business. In addition teachers can take a deduction for classroom supplies.

The original Senate File only allowed individuals and corporations to couple with the federal tax code beginning January 1, 2011. The House Ways and Means Committee amended the bill to allow individuals and corporations to couple with tax years beginning on January 1, 2010. In addition, our amended bill allows businesses to take enhanced bonus depreciation for tax years 2010 going forward.

Enhancing bonus depreciation encourages firms to accelerate otherwise planned investment spending forward – thus giving the economy a much needed boost. Businesses will get deductions for machinery, equipment, software and other items to grow their business. This will help spur job growth all over the state at all income levels. With over 100,000 Iowans still out of work this bill delivers a \$311 million stimulus to the Iowa economy over the next three years.

The original Senate File included an increase to the Earned Income Tax Credit from 7% to 10% increasing the total impact of the EITC from \$30 million to \$44 million. House Republicans voted to keep the EITC at the current level of 7% as any increase in the EITC needs to be discussed in conjunction with the 20% income tax already approved by the House.

The 20% across the board income tax cut impacts all Iowans not just those earning under \$45,000 as the EITC. The 20% income tax cut provides working Iowans 2.5 times the tax relief and impacts 257,000 more Iowans than the Senate Democrats' expansion of the EITC

(Contact: Dustin Blythe, 1-3452)