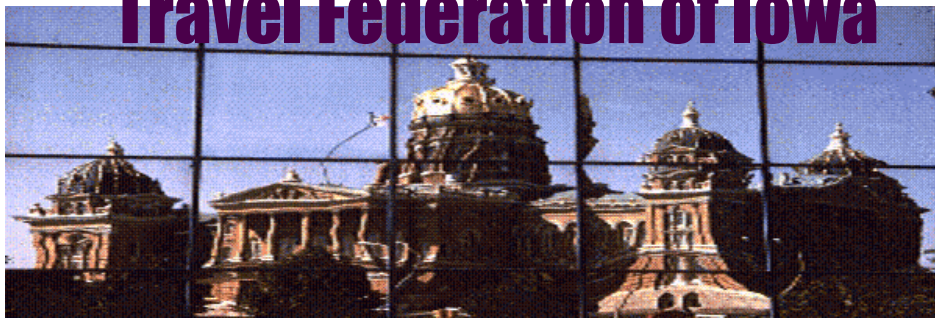


Travel Federation of Iowa



LET'S TALK
TOURISM

Issue Two – February 3, 2007

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Important Bills

Capitol News

We have reached February and the end of the first quarter of the 2007 Legislative Session. As you are well aware, the past two weeks have brought bitter cold to Iowa. Inside the already drafty Statehouse, a water line broke this past week and some offices had to be temporarily relocated. The extensive renovation they had just completed after a water line break two years ago was completely ruined in the most recent break.

Despite the weather-related distractions, the pace at the Capitol continues to pick up. Subcommittee meetings this past week were occurring at a blinding pace. The 8 AM time slot each morning often saw ten to twelve subcommittees scheduled in every last corner of the Capitol building, with lobbyists trying to keep up on what was happening in several of them at the same time.

The Legislature has taken action on two of the big issues from the campaign – bullying legislation and increasing the minimum wage, the latter of which was signed into law on January 25th. The Legislature has had a public hearing to gather input on health care and has begun several hearings on how to improve the effectiveness of Iowa's current sex offender law.

On Tuesday, January 30th, Governor Culver stood on the floor of the Iowa House to deliver his first budget to the Iowa Legislature, a budget he and his team had to cobble together in a fairly short amount of time. The highlights of Culver's budget include: an increase of \$1 per pack in the tobacco tax, a \$70 million increase in teacher pay, a \$100 million four-year Power Fund, an increase in health care coverage for children and lifting the ban on stem cell research and \$12.5 million towards the development of a Center for Regenerative Medicine at the U of I. And, of course, as Iowa law requires, Governor Culver's proposed budget is balanced. You can learn more about the Governor's budget at www.dom.state.ia.us/state/budget_proposals/files/FY08_Gov_Rec.html.

Now the fun begins. The Legislature will now review the Governor's budget in depth and build in its own priorities over the coming weeks. We will start seeing individual appropriations bills being put together very soon, and some have already started developing the language for the bill. Typically, this process doesn't start until late February at the earliest. Good news for those wanting to vacate the Capitol before May.

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Tourism News

As you will see in the bill list in the next session, there are several bills to address cultural and arts districts, great places, and various other programs to help communities create vibrant downtowns and main streets.

The subcommittee addressing the “leading” bill on these topics (SF 29) is going to be subject to many meetings before the group feels comfortable enough moving forward. Legislators on that subcommittee are seeking your input now to make that bill as good as it can be. Sen. Roger Stewart (D-Maquoketa), Sen. Bill Dotzler (D-Waterloo), Sen. Jim Hahn (R-Muscatine), Sen. Hubert Houser (R-Carson), and Sen. Rich Olive (D-Story City) serve as the subcommittee on the bill, and can all be contacted at 515/281-3371 during the week.

One thing that will be taken out is the ability of communities to use condemnation to establish recreational trail connections. While everyone agreed this is needed and should be adopted, they didn’t want to open that can of worms again this year. It’s a no-win situation for legislators politically.

Just weeks after taking office, Governor Culver presented his first budget to the Iowa Legislature on January 30, just days after signing the state’s new minimum wage into law.

The budget spends \$369 million more for the fiscal year beginning July 1, 2007 – bringing the state budget total to \$6.8 billion. This is a 5.7% increase in spending. Almost half of this increased spending comes from the Governor’s recommended \$1 tobacco tax increase, which is expected to bring in an additional \$140 in revenues.

With only two weeks to put together a budget, Governor Culver adopted a “status quo budget” (meaning, one that provides the same level of service as this year) and added in the priorities outlined during his campaign. These priorities include:

- ★ **Increasing teacher pay by an additional \$35 million this year** to bring salaries up to the national average. This funding is in addition to the \$105 million increase already approved by the Legislature.
- ★ **\$12.5 million to fund an Iowa Center for Regenerative Medicine at the University of Iowa** to support potential life-saving cures resulting from stem cell research.
- ★ **\$50 million to jumpstart the Iowa Power Fund** to help Iowa become energy self-sufficient. This would include \$25 million for the current year (called a “supplemental”) and \$25 million for next year. The Power Fund would help Iowa businesses invest in renewable energies, alternative fuel, and clean technology. This is part of a four-year, \$100 million total appropriation.
- ★ **\$17.6 million to improve Iowa’s water quality.**

The Governor recommends a \$1.94 million increase in the economic development budget (5.3%). This includes a \$1 million increase to fully fund the Iowa Workforce Development field offices and \$1 million more for the Community Development Block Grant (CDBG) program to expand the Main Street Iowa Program.

The Governor cuts the following one-time programs from his budget: Arts Education & Enrichment Program (\$5,000), African-American Historic Museum (\$85,000), Historic Resource Development Emerging Grants (\$250,000), and

American Gothic Visitor's Center (\$250,000).

The Governor continues with the current level of commitment to the Grow Iowa Values Fund, and the following programs:

- ★ \$3 million for Iowa Great Places
- ★ \$5 million for Community Attractions & Tourism (CAT) grants
- ★ \$4million for water quality grants
- ★ \$800,000 for historic preservation grants
- ★ \$8.6 million for lakes restoration
- ★ \$2 million in recreational trails
- ★ \$1.06 million for county fair improvements

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New Bills

The following bills were introduced in the last two weeks. Legislators have until Friday, February 16 to request bills. After that time, only legislative leaders and committee chairs may make bill requests.

HOUSE BILLS

[HF 104](#) - Iowa Wine Designation (Bill Status: House State Government Committee) - This bill establishes that "native wine", for purposes of alcoholic beverage control, means wine of which at least 51 percent by volume is derived from wine manufactured in this state. Current law provides that native wine means wine manufactured entirely in this state.

[HF 106](#) - Gambling License Moratorium (Bill Status: House State Government Committee) - This bill imposes a moratorium on the issuance of any new licenses to conduct gambling games on an excursion boat. In addition, the bill prohibits a licensee from moving the location of a boat or racetrack after the effective date of the bill. Effective upon enactment.

[HF 130](#) - Historic and Cultural Tax Credit Increase (Bill Status: House Ways & Means Committee) - This bill increases the amount of historic preservation and cultural and entertainment district tax credits that may be authorized in a fiscal year from \$2.4 million to \$20 million. In addition, the bill requires that at least \$2 million of the tax credits be dedicated for awarding to projects under \$200,000. The bill would take effect upon enactment and apply retroactively to January 1, 2006, for fiscal years beginning after that date.

[HF 131](#) - Property Tax Reform Proposal (Bill Status: House Ways & Means Committee) - This bill is similar to [HF 847](#) from the last General Assembly. This bill would require a city council or county board of supervisors to adopt a resolution and to hold public hearings before they could increase property taxes. The bill would lower the requirement on the number of signatures to protest a county budget. The bill would tie commercial and industrial property taxes into the rollback that affects residential and farmland property. The bill would also require cities and counties, when faced with reduced revenue, to first reduce funding for services that are not essential services. The bill defines essential services as police and fire protection, emergency management, streetlights, water and sewage, snow and garbage removal, roads, streets, bridges and sidewalks.

[HF 132](#) - Sales Tax TIF (Bill Status: House Local Government Committee) - This bill authorizes a city with a local option sales and services tax to establish by ordinance a sales tax increment financing district for the purpose of dedicating and using the revenues it receives from retail establishments in the district to pay the loans, advances, indebtedness, and bonds used to assist in the development, redevelopment, improvement, or rehabilitation of an athletic, cultural, or entertainment facility or complex project located within such district.

[HF 138](#) - Road Use Tax Fund Allocations (Bill Status: House Transportation Committee) - This bill would change Road Use Tax Fund (RUTF) allocations so that 50% of the money would go to the primary road fund, 25% to the secondary road fund and 25% to the street construction fund of cities. Appropriations to the secondary road fund to counties would be made on a per-capita

basis.

HF 170 - Income Tax Check Off for Zoos (Bill Status: House Ways & Means Committee) - Allows a voluntary \$1 income tax check off for qualified Iowa zoos (through an Iowa Zoo Fund created in the Department of Cultural Affairs). Requires placement on the tax form by January 1, 2008.

HF 171 - SSMID Expansion (Bill Status: House Economic Growth Committee) - This bill contains several provisions that enable the expanded use of self-supported municipal improvement districts (SSMIDs). Among the changes this bill would allow any combination of residential, commercial, or industrial properties to comprise a SSMID district.

SENATE BILLS

SF 54 - Midwest Rail Compact (Bill Status: Senate Transportation Committee) - Enacts the Midwest Interstate Passenger Rail Compact to promote development and implementation of intercity passenger rail service in the Midwest. Other midwestern states would also need to join the compact in substantially the same form.

SSB 1082 & HSB 150 & HSB 146 - Historic & Cultural Tax Credits (Bill Status: Senate Economic Growth Committee, Companion Status: House Economic Growth Committee) - Eliminates the discounting of the value of a historic preservation tax credits and allows the entire tax credit to be refunded, or to be carried over for succeeding tax years, until depleted. The bill increases the amount of tax credits that may be approved each fiscal year to \$20 million less the cost for administration. Reserves \$2 million for projects with qualified costs of \$500,000 or less, and \$6 million of tax credits for projects in cultural and entertainment districts or in Iowa Great Places. Allows any of these unused reserve credits to be applied to reserved tax credits in order of original reservation. Appropriates \$150,000 annually to the DCA for administering this program. Applies to cultural districts created before July 2007.

Previously Reported Bills

The following bills were introduced & reported in earlier updates.

FINAL ACTION

HF 1 - Minimum Wage Increase (Bill Status: Signed) - Increases the state minimum wage from \$5.15/hour to \$6.20/hour on April 1, 2007 and to \$7.25/hour on January 1, 2008. Requires yearly increases in this minimum wage based on the consumer price index. Effective immediately.

HOUSE BILLS

HF 11 - Public Land in Voluntary Annexation (Bill Status: House Local Government Committee) - Currently, written consent of the agency having jurisdiction over public land may be used to determine the percentage of territory included with the consent of owners and without the consent of owners. Under this bill, public land cannot be used to determine such percentage regardless of whether the agency having jurisdiction over the public land consents or not.

HF 48 - Brownfield Appropriation (Bill Status: House Appropriations Committee) - This bill appropriates \$3 million from the general fund to the DED for deposit in the Brownfield redevelopment fund to be used to provide financial assistance under the Brownfield redevelopment program.

HF 72 - County Endowment Fund Increase (Bill Status: House State Government Committee) - Increases the amount of gaming money going into the county endowment fund (where tourism will begin receiving funds in FY08) from .8% to 1.1% beginning July 1, 2007. This should double the amount of funding dedicated to tourism in FY08.

SENATE BILLS

SF 20 - Condemnation by Consent (Bill Status: Senate Judiciary Committee) - Strikes from Iowa Code written last year a provision that allows land to be condemned if the owner consents. This provision is being stricken because it may not be constitutional (i.e. if the owner consents, why did they not simply sell the property.)

SF 24 & HF 193 - County & District Fair Funding (Bill Status: Senate Appropriations Committee, Companion Status: House Appropriations Committee) - Dedicates \$1.59 million of gambling revenues to fund county and district fairs that are members of the Association of Iowa Fairs. Requires gambling funds first go to fund the Vertical Infrastructure Fund, then go to provide

general state support for fairs (effectively placing fair funding in front of other infrastructure budget projects).

SF 26 - Art Sales Tax Exemption (Bill Status: Senate Ways & Means Committee) - Exempts the sale of materials and services used in operating a non-profit private performing arts center from the sales tax. The bill is retroactive to July 2006, and authorizes refunds.

SF 29 - Cultural Economic Development (Bill Status: Senate Economic Growth Committee) - This bill increases from \$2.4M to \$12.4 million the amount of historic preservation and cultural and entertainment district tax credits that may be approved each year. The bill expands self-supported municipal improvement district eligibility. The bill also makes it easier to condemn land solely for the purpose of connecting recreational trails and sets up a trail connectivity fund in DED. The bill provides for tuition assistance for workforce training programs at community colleges and moves the Main Street program from DED to the Department of Cultural Affairs. *Amendment: In subcommittee, Senators struck the trail condemnation section (but kept the rest of the trail connectivity incentive section.)*

SSB 1016 & HSB 149 - Iowa Great Places Limitation (Bill Status: Senate Economic Growth Committee, Companion Status: House Economic Growth Committee) - Lifts the limitation on the number of Iowa Great Places (currently capped at six) and allows the Iowa Great Places Board to designate as many as they want, as long as the sites "demonstrate a readiness to participate." Requires state agencies to give extra points to grant or loan applications from communities with a Great Places designation, but only for a period of three years following the designation.

SSB 1017 & HSB 102 - Iowa Cultural Trust Grant Fund Use (Bill Status: Senate Economic Growth Committee, Companion Status: House Education Committee) - During state fiscal years 2004 & 2005, the Iowa Cultural Trust Board was allowed to use funds in the Iowa Cultural Trust to implement a statewide educational program to promote Iowa nonprofit arts, history, and sciences and humanities organizations. This bill allows for this to continue once the Trust balance exceeds \$3 million.

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2007 Top Tourism Priorities

1. Increase the Iowa Tourism Office's budget to the Midwest regional average of \$8.3 million. Iowa's current budget of \$3,442,000 is not even half of the Midwest regional average.
2. Maintain a traditional school year calendar.
3. We encourage local interest groups to consider what will best serve the industry in their location and encourage them to advocate for those issues.

Important 2007 Dates

- **Tuesday, February 6, 2007: TOURISM SHOWCASE at the Iowa State Fairgrounds**
- **Friday, February 16, 2007:** Final Day for legislators to request bills
- **Friday, March 9, 2007:** First "Funnel" (deadline to be voted out of committee of origin)

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