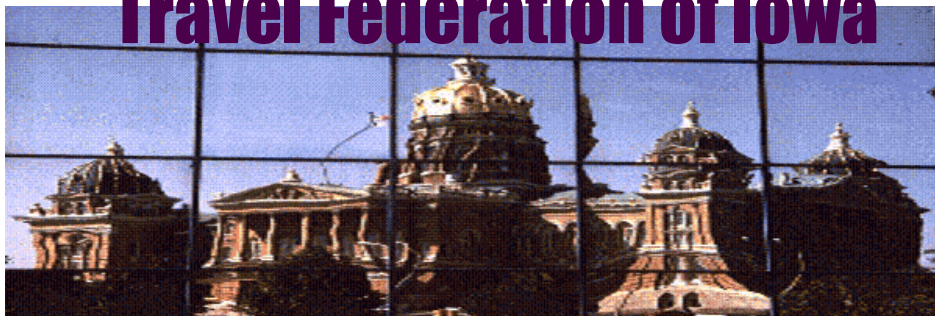


Travel Federation of Iowa



LET'S TALK
TOURISM

Issue Nine – June 14, 2006

News from the Capitol Steps

Election News & Other Interesting Tidbits

Final Status of Bills

News from the Capitol Steps

Legislators introduced 1769 bills this year, not including the hundreds of resolutions drafted for consideration. Only 171 out of the 1769 bills actually made it all the way to the Governor's desk for a signature. So if you are bill – your chances of becoming a law in Iowa are pretty slim. About 7%, to be exact.

The Governor turned around and signed 168 of these 171 bills sent to him. He vetoed three bills - two dealing with manure management plans in hog lots and one that would have restricted a city's ability to take land from a property owner to develop it for city use (eminent domain). The Governor also took out minor sections of ten other bills (line-item vetoed) – including the veto of language that would have prohibited DED from charging non-profits a fee to place materials in Iowa's welcome centers. This is the second year in a row that he has vetoed this language, saying it threatened the ability of the centers to stay open.

By law, the Governor has 30 days from the end of session to sign or veto the bills passed by the Legislature this year. That period ended on Friday, June 2. We have attached the final status of the bills passed by the Legislature this year.

We hope to be putting together some helpful tools for you to use over the summer you're your legislators, local officials, and candidates for statewide office. With another session under your belts, it may seem like the time to rest. But an advocate's work is never done! Keep watch on the listserve – we'll be making some suggestions that will help us prepare for the 2007 session (and help you prepare your legislators and candidates for legislative office for what's in store come January!).

Thanks again for a great legislative session - and keep up those contacts with your legislators. They really listen.

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Election News & Other Interesting Tidbits

Only 11% of the Iowans who are registered to vote went to the polls for the Primary Election on Tuesday, June 6. That's right - only 1 in every 10 Iowans that COULD vote actually DID vote. That means 9 out of every 10 eligible voters decided to stay home.

The low voter turnout really hurt some of the incumbents facing well-financed primary opponents. Three incumbent Republicans lost their primaries, beat by candidates recruited and

funded by Iowans for Tax Relief. Sen. Maggie Tinsman (R-Bettendorf), Rep. Paul Wilderdyke (R-Woodbine), and Rep. Joe Hutter (R-Bettendorf) all opposed ITR's proposed "Taxpayers Bill of Rights," a constitutional amendment that would prohibit legislators from increasing taxes without prior approval of voters.

Groups which are reliant on tax-supported services or public funding worry that such an amendment would bind legislators in tough budget years and make it difficult for them to raise enough money to live up to their commitments. Supporters say taxpayers should have final say in tax increases - and if taxpayers support these services and programs, they will agree to raise taxes. ITR spent lots of money on these races, and won them all.

Rep. Hutter has said he will run as an independent in the race (but he only received 36% of the vote in the Primary Election). Sen. Tinsman, who lost by only 71 votes, is considering a run as an independent, but was firmly undecided when approached after the election.

In a surprise move, Sen. Stew Iverson (R-Dows) announced this week that he will retire when his term ends this year. He will not run for re-election in November. As you recall, Sen. Iverson was defeated in an unexpected leadership election during the final month of session by Sen. Mary Lundby. Sen. Iverson was in a very competitive race to keep his seat against challenger Rich Olive, a Story City businessman who is running as the Democrat in the race. The Republicans will pick a new candidate through a special convention - Rep. George Eichhorn (R-Stratford) has said he will run for the seat, and Rep. Jim Kurtenbach (R-Nevada) is considering it. If one of them is conventioned in, the Republicans will need to field a candidate for that House seat.

A complete list of the candidates for legislative office is attached in this email.

Republican legislators remain angry with the Governor for vetoing two key pieces of legislation - their two top priorities for the year. One is a provision in the Education Reform bill that would have addressed teacher performance issues and another was the eminent domain bill.

Republican legislators want to come back to Des Moines for a special session to override the Governor's veto of eminent domain, and potentially address the Governor's veto of the Education Reform Bill. Democratic legislators say they will come back into session, but only to fix the eminent domain bill, not override the Governor's veto or address other issues like education reform.

Only the Governor can call legislators back for a special session, which can last as long as needed. Even if the Governor agrees to bring back legislators, a veto override isn't easy. You need 2/3 of both the House and Senate to override the veto. That's 67 of the 100 Representatives and 33 of the 50 Senators.

The Legislature has not voted to override a Governor's veto in more than forty years, and not more than a handful of times in Iowa's entire history. So unless there is a deal struck on fixing the eminent domain bill, and only that bill, a special session is highly unlikely. It's always dangerous to bring legislators back to Des Moines. As Mark Twain so aptly said, "No man's life, liberty or property are safe while the legislature is in session."

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Final Status of Bills

Signed into Law

HF 2238 - Federal Block Grant Bill - Allocates funding that comes down to Iowa from Federal Block Grants (total of \$4.5 billion) including funds for substance abuse treatment and prevention, community mental health centers, maternal/child health services, child health specialty clinics, preventive health initiatives, community action agencies, community development, low-income energy assistance, social services (including MH/MR/DD/BI local purchase), homeless transition grants, and child care development. Effective 7/1/2006.

HF 2663 - DNR Leasing Authority - Blocks the Iowa Department of Natural Resources from being able to collect lease payments on certain inland lakebeds and riverbeds (except for the area under docks). Effective 7/1/2006.

SF 2056 - Honey Creek Bond Program - Last session, the Legislature authorized the Honey Creek Park Authority to issue bonds up to \$28 million to build this destination park at Lake Rathbun. However, the Authority needed \$28 million in net bond revenues, which means the authority needed to go beyond \$28 million. This bill fixes this issue so the Honey Creek development can proceed as planned. Effective 3/9/2006.

SF 2232 - Transportation Budget - Makes appropriations to the Department of Transportation for the upcoming fiscal year (FY2007), including \$40,000 for the Mississippi River Parkway Commission and \$50,000 for the North America's Superhighway Corridor Coalition. Total appropriations are \$305.3 million - of which \$45.8 million comes from the Road Use Tax Fund and \$259.5 million from the Primary Road Fund (this is an increase of \$3.0 million). Effective 7/1/2006.

SF 2330 - TouchPlay Prohibition - Prohibits the Iowa Lottery from allowing retailers to have monitor vending (TouchPlay) machines. Amends the definition of lottery game to exclude these machines. Gives retailers 45 days to pull the machines (those that do not are taxed heavily each day of operation past the 45 days). Effective 3/20/2006.

HF 2459 - Economic Development Budget - Appropriates \$29.7 million to the Departments of Economic Development and Workforce Development, and for Regents economic development programs (\$670,000 overall decrease from current levels, which is 2%). Cuts funding for rural and satellite Workforce Development Centers in the wake of the CITEC scandal by \$1 million (total \$5,856,655) and requires IWD to adhere to strict accountability protocols (and requires reporting and an audit of contracts). Overall funding for IWD is cut by 9%. DED funding is actually increased by \$230,000 (1.6%). No change in funding for the Office of Tourism. Increases funding for the World Food Prize by \$115,000 (it is the same appropriation for the program). This frees up \$115,000 in the DED budget to support operational activities. Prohibits DED from charging welcome center fees to non-profit organizations (this language was vetoed by the Governor last year). Requires DED to develop public-private partnerships with Iowa tourism businesses, tour groups, tourism organizations, and local governments to assist in developing advertising efforts. Requires DED to maximize other sources of funding and contributions in advertising and marketing. All other funding is maintained at the current level. **NEW LANGUAGE THIS YEAR:** Requires any business receiving financial assistance from DED's business development appropriation to sign a contract stating they will hire only US citizens or non-citizens authorized to work in the state. All DED vendors will also be required to comply with this requirement. Allows up to \$100,000 of the \$350,000 Iowa Values Fund SBDC appropriation to be used to help with business succession plans. Effective July 1, 2006. *LINE ITEM VETO: The Governor vetoed language that prohibits DED from charging nonprofits fees to place information in welcome centers. The Governor said "It is critically important that the State's interstate welcome centers remain open seven days a week and be allowed to serve the nearly 250,000 travelers that visit those centers annually. Currently, the brochure enrollment revenue that comes from non-profit organizations is used for staffing these centers. Without those funds, the centers would be closed several days a week." The Governor also vetoed language limiting the use of the state motor pool.*

HF 2521 - Administration & Regulation Budget - Appropriates \$83.5 million to various departments in state government (\$3.3 million decrease). Includes \$300,000 for the Governor's new Local Government Innovation Fund to be used by the Department of Management to identify models of collaboration among local governments that might be replicable; overcome barriers to collaboration through technical assistance, outside mediation and facilitation; promote best practices; and encourage innovative and creative models of collaboration. Effective 7/1/2006. LINE ITEM VETO: The Governor vetoed sections limiting the use of state motor pool.

HF 2527 - Education Budget - Makes appropriations for educational and cultural programs. Maintains the current level of funding for the Department of Cultural Affairs (\$240,195), Community Cultural Grants (\$299,240), Historical Division (\$3,239,269), Historic Sites (\$534,676), and Arts Division (\$1,181,329). Increases funding for Great Places program support by \$100,000 (total \$300,000). Establishes a \$250,000 "Consider Iowa Pilot Program" at Iowa State University to retain Iowa's college graduates. The program will work with businesses and community colleges and include interactive websites, career development opportunities, alumni consulting service, virtual career fairs, employer strategy sessions, and research on why graduates leave. Requires a progress report by 1/15/2007 and final recommendations by 1/14/2008. Effective 7/1/2006. LINE ITEM VETO: The Governor vetoed sections of the bill the were in conflict with the teacher quality legislation (corrective veto) and language limiting use of the state's motor pool.

HF 2782 - Infrastructure Budget - Appropriates money from the Rebuild Iowa Infrastructure Fund (RIIF). Maintains the current funding levels for battle flags (\$220,000), Loess Hills (\$600,000), Brownfield Redevelopment (\$500,000), local government cost-share grants for boating accessibility (\$2.5 million), state parks maintenance (\$2 million), REAP (\$1.1 million), state park infrastructure (\$1 million - but includes a new earmark of \$25,000 to be used for stone wall repairs at Backbone State Park), commercial air service airports (\$1.5 million), and DNR lake restoration plans (\$8.6 million - \$4 million for Clear Lake, \$500,000 for Storm Lake, and \$1.4 million for Crystal Lake). Increases funding for Department of Cultural Affairs for historical site preservation grants by \$300,000 (total \$800,000); recreational trails by \$1 million (for a total of \$2 million, of which \$200,000 is earmarked for Wapello County); lake dredging by \$700,000 (total of \$975,000, of which \$225,000 is to be used in Delaware County); and State Fair infrastructure by \$250,000 (total \$1 million). Doubles county fair funding (\$2.12 million - from \$1.06 million) and funding for general aviation airports (\$1.5 million - from \$750,000). Adds \$3 million in new funding for the three currently designated Great Places (Clinton, Coon Rapids, Sioux City), \$1 million for the Grout museum for the Sullivan brothers veterans museum, \$250,000 for the American Gothic Visitors' Center in Eldon, and \$250,000 for a four-season boathouse at Lake Darling. Appropriates \$300,000 for a new DNR initiative to develop projects that create natural resource-based business opportunities. This funding is available to local resource conservation and county development groups on a dollar-for-dollar matching basis. Eliminates Great Places restriction on naming additional "great places" and allows the Board to identify up to six new places (current law requires a two-year waiting period). Requires the Department of Cultural Affairs to work with Vision Iowa/CAT to maximize and leverage money in designated Great Places. Requires designated Great Places to present information on proposed activities and total financial needs to the Board as a condition of receiving funding. Requires the Department of Cultural Affairs to account for the \$3 million appropriated to Great Places. Establishes a Great Places Fund (the \$3 million appropriated goes into this and any other money appropriated in the future - and it does not revert). Creates a State Aviation Fund (funded with half the aviation fuel fees), to be used for airport engineering studies, construction and improvements, and the windsock program. Preference in receiving funds shall be given to collaborative airport efforts. Establishes a Marine Fuel Tax Fund with funds from watercraft fuel taxes, to be used for lake dredging and renovation, acquisition and development of access to public boating waters, maintenance of boating facilities and navigation aids, and DNR operational costs associated with recreational boating activities. Effective 7/1/2006.

HF 2791 - County Endowment Fund Increase - Increases the amount of gaming funds deposited in the county endowment fund from .5% to 1% and redistributes the money in the following manner: 80% to county endowment funds (about \$3.4 million); 10% to Endow Iowa tax credits (about \$1.1 million); and 10% to DED for tourism marketing (about \$1.1 million). Takes \$260,000 from the Tourism Marketing line item and gives it to the Department of Cultural Affairs for Community Cultural Grants and \$260,000 from the Endow Iowa Tax Credits line item and gives it to the Department of Cultural Affairs for operational support grants. Eliminates the sunset of the tax credit and takes effect July 1, 2007. Requires that any charity receiving a grant approve all expenditures of grant money and allow the state to audit the spending of grant money (CITEC provision). Effective 7/1/2007.

HF 2797 - Standings Budget - Makes nearly \$150 million in miscellaneous general fund appropriations, \$170 million in appropriations from other funds, and corrects several other bills passed this session. Appropriates \$5,000 to the Department of Cultural Affairs (DCA) to study arts education & enrichment programming for school age children using regional forums. Includes funding for the African American Historical Museum & Cultural Center in Cedar Rapids (\$85,000), historic preservation for sites sustaining tornado damage in Iowa City (\$250,000), and World Food Prize (\$750,000 for FY07 and \$1 million for FY08). Also establishes a Sustainable Natural Resources Resource Funding Advisory Committee to review ways to provide sustainable funding for natural resources needs (Secretary of Agriculture, Iowa Natural Heritage Foundation, Ducks Unlimited, Pheasants Forever, Iowa Association of County Conservation Boards, Iowa Farm Bureau, Farmers Union, Nature Conservancy, Iowa Environmental Council, Iowa Renewable Fuels Association, DNR Director, and legislators). LINE ITEM VETO: The Governor vetoed provisions of this bill dealing with dogs in licensed breeding facilities and an \$80,000 appropriation to bring manure management plans online (a bill directing the DNR to do this did not pass). The Governor also vetoed a section that would have allowed an employee of a property management company to defend a claim in small claims court on behalf of the property owner. This language was in response to a recent change in Polk County to the longstanding practice of allowing property management companies to initiate actions in small claims court. The Governor asked the Legislature to review this issue next year and make sure the change does not ease restrictions on the unauthorized practice of law in small claims court.

SF 2183 - Transportation Enterprise Zones - Makes a number of changes to Enterprise Zone legislation, including reauthorizing the program and changing the designation criteria from population thresholds to census tracts. Makes other changes to qualifying criteria. Allows enterprise zones designated after March 2006 to remain in effect until census tracts are designated for 2010. Allows a city to apply at any time for an enterprise zone designation. Strikes the requirement that a city has 24,000 persons to certify an enterprise zone, and allows a city with at least two census tracts to do so, if the zone meets certain distress criteria. Limits the total amount of land that can be designated in a county to 1%. Modal Zones: Allows a city with three census tracts, and 50% of the population in each tract in the city to create an enterprise zone of up to four square miles if the area is within one mile of three of the following: a commercial airport, a barge terminal or navigable river, entry to an interstate or to part of the commercial and industrial highway network. Does not include such a zone within the 1% designation, but requires the area to be blighted. Does not allow a housing business to be eligible under this program. Caps the incentives at \$50 million for FY 2007 - FY 2010. Two Tracts: Allows cities with two census tracts, and 50% of the population in each tract in the city. Does not include such a zone within the 1% designation. Allows a housing business to be eligible under this program. Allows the DED to certify one zone every two years. County Zones: Strikes the March, 2006 deadline for county zones to be certified. Allows cities meeting the distress criteria to apply for a one-time 10-year extension. Requires the DED to report on the effectiveness of zones. Retroactive to 3/1/2006.

SF 2272 - Department of Education Bill - Makes a number of changes to education. However, before passing, the provisions changing the school start date to August 25 (from September 1) and eliminating the school start date waiver (so schools start no earlier than August 25) were stripped out. Therefore, no change is made to the school start date. Effective 7/1/2006.

SF 2410 - Government Accountability Act (CIETC Bill) - Requires private companies, not-for-profit organizations, and government entities receiving state or federal grants or funds amounting to more than \$500,000 to provide detailed information which includes executive officer compensation and qualifications, whistleblower protections, nepotism policies, etc. Detailed annual reports are required to the Legislative Services Agency. Oversight agencies are required to review, measure performance, and audit all contracts regularly, to ensure compliance. Does not apply to DOT contracts, Medicaid contracts, Public Safety Peace Officers Retirement System, Public Utilities or City Enterprises, Dual Party Relay Services, court-appointed attorneys, banks or credit unions, Department of Education noncompetitive or formula grants, vendor contracts, contracts for insurance or special or outside counsel, or competitive public bidding contracts. Expands the State Auditor's authority to review with 24 hours notice any state contract, and grants them access to confidential records for the purposes of reviewing contracts. Gives the Ombudsman similar access to information needed to investigate complaints. Requires the Government Oversight Committee to implement a systematic process of reviewing the reports filed with the Legislative Services Agency. Effective 7/1/2006.

Vetoed by Governor

HF 2351 - Eminent Domain Revisions - This bill would make several changes to Iowa's laws governing eminent domain, including: The bill changes from 40 feet to 66 feet the width of a public way that may be acquired by eminent domain by an owner of land without a way to the land. The bill generally disallows the use of eminent domain when the property will be used for economic development purposes. The only real exception is when the city can prove that 75% or more of the acquisition area is slum or blighted, however this also comes with added restrictions (such as needing a two-thirds vote of the city council). The bill strikes the exception of condemnation of agricultural land for industrial purposes. The bill only allows the use of eminent domain in lake development when the lake is solely to be used for drinking water (many federal grant programs, however, require multi-purpose use). The bill also restricts the power of a city to acquire property outside the city limits by eminent domain except in very exceptional circumstances; for airports, it is specifically prohibited unless the county board of supervisors OKs the project. The bill set compensation limits for properties at 130% of assessed value. Would have been effective upon enactment.

Adopted Resolutions

SR 118 - Public-Private Development Projects/Feasibility Study - Requests a feasibility study to explore the possibility of cooperative public-private development projects around public and private lakes in the state. Recommendations are due by December 15, 2006.

Dead Bills

These bills didn't make it through the 2006 legislative session. They are now dead – if legislators want to continue to work on one of these bills, it will have to be reintroduced as a new bill in 2007.

HF 2037 - Targeted State Parks Appropriation (House Economic Growth Committee)

HF 2049 - Senior Property Tax Freeze (House Ways & Means Committee)

HF 2199 - Longer School Calendars (House Education Committee)

HF 2206 - Historic & Cultural Tax Credits (House Economic Growth Committee)

HF 2217 - Endow Iowa Standards (House State Government Committee)

HF 2227 - Historic Property in Enterprise Zones (House Ways & Means Committee)

HF 2253 - School Start Date Requirements (House Education Committee)

HF 2257 - State Franchise Tax Revenue (House Ways & Means Committee)

HF 2310 - Economic Development Informational Website (House Economic Growth Committee)

HF 2322 - Dedicated Funding for Public Hunting, Parks & Trails (House Appropriations Committee)

HF 2368 - Film Promotion Program (House Ways & Means Committee)

HF 2376 - Airport Improvements (House Appropriations Committee)

HF 2402 - Economic Development Changes (House Economic Growth Committee)

HF 2407 - Cultural & Entertainment District Tax Breaks (House Ways & Means Committee)

HF 2409 - Hotel/Motel Tax (House Ways & Means Committee)

HF 2480 - Railroad Loan & Grant Fund (House Appropriations Committee)

HF 2526 - Iowa Civil War Sesquicentennial Commission (House Floor)

HF 2535 - Special Events/Festivals in State Parks (House Natural Resources Committee)
HF 2536 - Sales Tax TIF (House Ways & Means Committee)
HF 2610 - Historic & Cultural Tax Credit Expansion (House Ways & Means Committee)
HF 2614 - Rural Economic Development Program (House Appropriations Committee)
HF 2653 - Land Use Planning (House Floor)
HF 2683 & SF 2188 - Community Foundation & Firefighter Checkoffs (House & Senate Ways & Means Committee)
HF 2709 - Minimum Hours for Instructional School Time (Senate Education Committee)
HF 2727 - Destination Project Sales Tax Rebates (House Ways & Means Committee)
HF 2747 - TouchPlay 2 (Senate Ways & Means Committee)
HF 2766 & SSB 3257 - Recreational Property Tax Class (House & Senate Ways & Means Committee)
HF 2771 - Property Tax Reform (House Floor)
SF 2026 - Support Arts License Plate (Senate Transportation Committee)
SF 2047 - Athletic Event Sales Tax (Senate Ways & Means Committee)
SF 2050 - Gambling Establishment Wage Thresholds (Senate Economic Growth Committee)
SF 2148 - Regional Sports Authorities (Senate Economic Growth Committee)
SF 2150 - School Start Date Waiver Elimination (Senate Education Committee)
SF 2156 - Historic Property in Enterprise Zones (Senate Ways & Means Committee)
SF 2200 - Great Places Funding (Senate Appropriations Committee)
HSB 596 - Historic Property in Enterprise Zones (House Economic Growth Committee)
SSB 3047 & HSB 727 - League/ISAC Property Tax Reform (Senate & House Ways & Means Committee)
SSB 3085 - Property Tax - Rollback & Essential Services (Senate Ways & Means Committee)
SSB 3116 - Education Reform Bill/Common School Calendar (Senate Education Committee)
SSB 3192 - School Start Date & Bell Schedules (Senate Education Committee)
SSB 3250 - Property Tax Reform (Senate Ways & Means Committee)
SSB 3252 - Property Assessment Study (House Ways & Means Committee)

These bills are dead, but they were either entirely or partially enacted in other legislation.

HF 698 & SF 2061 - Dedicated Funding for Tourism Marketing (House & Senate Appropriations Committee)
HF 2086 & SF 2117 - Enterprise Zone Re-Certification (House & Senate Economic Growth Committee)
HF 2091 - Enterprise Zone Dates & Distress Criteria (House Economic Growth Committee)
HF 2094 - County Video Lottery Ban (House State Government Committee)
HF 2125 - Eminent Domain Revisions (House Economic Growth Committee)
HF 2167 & SSB 3163 - Fair Appropriation (House & Senate Appropriations Committee)
HF 2591 - Great Places Program (House Floor)
HF 2595 - Enterprise Zone Eligibility (House Floor)

SF 2201 - CAT/Additional Points to Great Places (Senate Floor)

SSB 3223 - Enterprise Zone Certification Extension (Senate Economic Growth Committee)

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2006 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 2006 Dates to Know:

- **October 23-25, 2006 – 2006 Tourism Conference (Ames)**

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