

LET'S TALK

TOURISM



Iowa Legislative Report Capitol News Issue # 2

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Showcase Rescheduled!!

Due to the weather last week and the concern for everyone's safety traveling to and from Des Moines, the TFI Board of Directors decided to postpone the 2011 Travel Federation of Iowa Showcase to **February 22, 2011**.

Please plan to be there for one of the most widely attended legislative receptions of the year!!

Around the Rotunda

We have reached the end of the 4th week of the Legislative Session, one-fourth of the way through (maybe). Iowa's school children (and many of their snow-bound parents) got a snow day after a mid-week blizzard hit the state. Not so for legislators. Snow didn't keep them from their duties at the Capitol. They continued to debate bills, have committee and subcommittee meetings, and hold a public hearing on the controversial resolution to amend Iowa's constitution to define marriage. With many previously scheduled events cancelled due to the weather, legislators spent more time holed up in the Capitol.

This week, the Iowa House passed their rules for the legislative session, and there were a couple of note.

- **The Iowa House of Representatives will no longer be allowed to vote on bills between Midnight and 8 a.m.** Legislators want their work to be done "in the light of day." Late night debates are not unusual, especially when legislators are trying to finish up their work for the year. But the halls of the Capitol are pretty barren at 3:00 a.m.
- **Two deadlines (called "funnels") have been moved up one week.** The first funnel deadline was changed to Friday, March 4. Bills need to be voted out of their committees of origin by the end of that day to stay alive. If they survive the first funnel, bills will then need to be voted out of one chamber (House or Senate) and ready for debate in the other chamber by Friday, April 1. This is called the second funnel.

The past couple weeks have been focused on getting bills introduced, developing strategies for the weeks ahead, educating new legislators on process and programs, and getting ready to tackle the budget. The pace in the weeks ahead will start to quicken as the pieces begin to come

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together and show what bills have a realistic chance of enactment this year.

As they prepare for difficult budget choices, it is important to point out that the Legislative Services Agency released new figures this week that show Iowa's economy continues to improve. Now seven months into fiscal year 2011, the state has been collecting 6.6% more than last year. While Iowa's revenues are growing by over 6%, the Governors' budget cuts most programs and services by 6%. These cuts were necessary in order to replace one-time funds used to balance previous budgets, change budgeting practices, and pay for the proposed tax cuts.



Governor Releases Two-Tear Budget

Governor Branstad presented his two-year budget to the Iowa Legislature last week and called for increasing taxes on casinos, cutting taxes on corporations, and instituting good budgeting practices. **Some of these good budget practices include:**



- Not using one-time money to pay for ongoing expenses.
- Not starting new programs in the middle of the year.
- Ending "automatic" appropriations.
- Stopping new proposals that shift costs to local property taxes.
- Budgeting for two years, so lawmakers can plan ahead.

The following are highlights of the proposed budget:

- Reducing Iowa's current corporate income tax rate from a set of tiered rates ranging from 6.0% to 12.0% to a flat corporate tax rate of 6.0%.
- Increasing the maximum tax rate for gambling facilities from the current 22.0% to 36.0%
- The Governor also plans to roll back taxes on commercial property owners by 8% per year for 5 years (leaving the rollback at 60%).

A few budget items to be aware of for tourism:

- The Governor proposes to replace the existing Iowa Department of Economic Development (IDED) with a public-private partnership that will be referred to as the Iowa Partnership for Economic Progress

(IPEP).

- The budget zeroes out the CAT and RECAT programs
- Eliminates the \$6.5 million allocation for rail service to Chicago
- Cuts 6% from the DED's Administration, as well as the Business Development and Community Development divisions.
- Cuts the World Food Prize allocation in half in Year 1 and then zeroes out the funding in Year 2
- Cuts County Endowment and earmarked Tourism Dollars from gaming revenues by 6%
- Eliminates the Power Fund and the Rebuild Iowa Office
- Eliminate the \$500,000 allocation for Regional Sports Authorities
- Lowers the Iowa Values Fund allocation from \$38 Million to \$25 Million
- Zeroes out Blank Park Zoo Capital funding
- Eliminates Great Places funding
- Eliminates the Honey Creek Asset Manager
- Allocates \$5Million to State Park Infrastructure
- Keeps the Rail Assistance Revolving Loan Fund at \$2 Million
- Keeps Recreational Trail Funding at \$2 Million
- Keeps Public Transit Infrastructure funding at \$2 Million
- Keeps County Fairs Funding at \$1,060,000

Want More Detail?

• You can read the Governor's speech and get his budget at <http://bit.ly/g0FNN8>.

• You can read the non-partisan analysis of the Governor's budget at <http://bit.ly/eOVxco>.

→ Iowa Partnership for Economic Progress (IPEP)

Ever since the campaign season, you have heard Governor Branstad talking about his goal of replacing the Iowa Department of Economic Development with a public-private partnership model that would have more flexibility in job creation activity. Over the past two weeks, the Governor and his newly-appointed DED Director Debi Durham have been rolling out details about the proposal. There are, no doubt, several more items that will need to be worked out in negotiations with legislators in the weeks and months ahead.

The proposed legislation can be found at <http://governor.iowa.gov/2011/01/ipep/>. Additionally, Des Moines Register Reporter Jennifer Jacobs created the blog post below which we found to be a pretty accurate summary of the proposal. (You can also reach Jennifer's post at <http://blogs.desmoinesregister.com/dmr/index.php/2011/01/31/summary-of-new-economic-development/>). Please look over the proposal and feel free to comment to your legislators and to TFI's lobbyists and Board members about your thoughts.

Summary of new economic development public-private partnership

10:30 AM, Jan 31, 2011 by Jennifer Jacobs

CURRENTLY: Today, the state's economic development programs are run by the Iowa Department of Economic Development. Oversight is provided by a board with members appointed by the governor.

PROPOSAL: Gov. Terry Branstad's legislation would replace the agency and the old board with a new entity called the Partnership for Economic Progress.

One director/chief executive would oversee both a new public state agency (whose records would be open) and a private entity that could spend public money (whose records would be closed).

A new board of business experts would oversee both, and would be in charge of naming the director/chief executive - not the governor.

Three parts of IPEP

The as-yet-unnumbered governor's bill also calls for the following:

1.) BOARD:

A new "economic progress board" would take over most of the responsibilities of the old board. It would oversee policy implemented by the partnership.

It would be made up of seven members plus one non-voting member who would act as chairperson: either the lieutenant governor or governor, depending on their schedules. The seven board members' appointment would be subject to confirmation by the Iowa Senate. The seven members would be actively-employed private business leaders serving unpaid, four-year terms.

No one with a conflict of interest could serve, the bill says. Members would be reimbursed for direct expenses.

The board would establish a non-profit corporation. The board would make sure the corporation and the authority work together, partly by setting rules.

It would adopt the budgets for the corporation and the authority.

2.) AUTHORITY: A new "economic progress authority" would be a tax-exempt administrative unit of the state that "does not fit into the general pattern of operating departments."

It would be led by a director (currently Debi Durham). The current staff would still be public employees, and would remain in the same building and retain their pension benefits and salaries.

The director could delegate duties to the corporation by means of contracts for services if it would be less expensive and more efficient.

3.) CORPORATION: A new "economic progress corporation" would be a private, non-profit corporation that would be participate in the Partnership for Economic Progress.

It would not be a state agency. It would not have to comply with any requirements on state agencies, including open records/open meetings laws. It would not have tax credit authority.

The corporation "shall not receive appropriations" but could "receive and expend funds from public and private sources."

It's funding would come from tax-deductible donations. The purpose of the donations, which would not be public record, would be to lessen the burdens of government while furthering economic development in Iowa.

The authority's director would also be the chief executive officer of the corporation. This director/CEO would manage daily operations and employ personnel for the corporation who would not be public employees.

The non-public budget for the corporation would be separate from the authority.

Other pieces of the plan

ECONOMIC PROGRESS FUND: The state's premier economic development program, the Grow Iowa Values Fund, would be renamed the Economic Progress Fund. The public authority would have to report to the board the number of new jobs created and retained with the projects that received state money.

COMMISSION ON VOLUNTEER SERVICE: The membership and organizational structure would change. Currently, the commission is within the governor's office and has appointed members. Under the bill, the commission would be within the IPEP authority and made up of

authority personnel.

The commission helps agencies develop quality programs address Iowa's greatest areas of need, and helps engage Iowans in their communities by facilitating service opportunities. It played a role in coordinating volunteers during the 2008 floods.

JOB TRAINING PROGRAM: The adoption of rules for the Industrial New Jobs Training Program would be made by the authority, along with state education, revenue and workforce development staff.

"The authority must also monitor compliance of community colleges participating in the program and report on its effectiveness," the bill says.

The program, also called the 260E program, allows community colleges to borrow money on behalf of private businesses to pay for businesses' training costs for new workers.

All assistance and benefits provided would have to be reported to the board each year.



Redistricting Begins

Every ten years all congressional and legislative districts in the country are redrawn to reflect new population figures. Next week, Iowa will get the official Census Bureau numbers and begin the redistricting process.



Iowa's redistricting process is considered the best in the nation. Other states appoint commissions to draw the new lines - a process that can get *very* political. The courts in those states are often brought in to settle disputes. But in Iowa, our non-partisan Legislative Services Agency (LSA) creates the redistricting plan. Iowa's process is very clear.

The LSA must submit their initial proposal to the State Legislature for our approval within 45 days of getting the new census figures. The Legislature will then vote on the proposal within 15 days. This first proposal will most likely be delivered toward the end of March, so legislative action on the proposal will happen sometime in early April. This first plan cannot be amended.

If the first plan fails, the LSA goes back to the drawing board and comes up with a second plan. This time they only get 35 days to prepare the plan. Legislators must wait seven days before voting on this second plan. The second plan cannot be amended either - and legislators cannot decide to go back to the first plan. A second plan would likely be ready for debate in May/June - after the session ends. If this happens, legislators would call a special session to vote on the redistricting plan.

Finally, if the second plan fails, the LSA would draw up a new plan

within 35 days. This too would require a special session. Unlike the first two plans, the third plan can be amended. In all, legislators are required by Iowa law to pass a plan by September 1, 2011, and the Governor must sign it by September 15, 2011. If this does not occur, the Iowa Supreme Court will draw the new lines.

In 1981, the third plan was passed without amendment. In 1991, the first plan was enacted. In 2011, a second plan was enacted. You can find out more information on redistricting at <http://bit.ly/dTGSNK>.

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