

LET'S TALK TOURISM

Iowa Legislative Report *Capitol News - End of Session Issue*

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At 3:43 p.m. on June 30th, just a little over eight hours before a budget shutdown, the Iowa Legislature and the Governor came to agreement and passed all the remaining necessary bills required in order to close down the 2011 Legislative Session. The 2011 session was the 3rd longest in Iowa history

The total budget they agreed to spends \$5.99 Billion in FY 2012 (the fiscal year that began July 1st). The budget also allocates SOME of FY 2013 funding, in differing percentages ranging from 50% to 100%, depending how each section was negotiated.

Some of the major hold-ups that slowed down the final days were property tax reform (which was left by the wayside, but could be revisited in a special session), nuclear energy (tabled until next year), passenger rail (kept alive, but essentially on life support), legislation making it a crime to record video or audio inside farm facilities without the owner's consent (tabled until next year), allowable growth for schools (set at 0% in FY 2012 and 2% in FY 2013), and Medicaid funding for abortions (lawmakers chose to reference federal Medicaid law).

The Governor, by law, has 30 days after the end of session to review and sign, veto or line-item veto legislation. To allow for this without triggering a government shutdown, the Legislature passed a bill (HF 698) that funds most parts of state government temporarily until the relevant appropriation bill is acted upon. Most of the bills the Governor is currently reviewing are ones that he could legally line item veto (meaning he could delete sections of the bill without vetoing the entire legislation) due to the fact that most of the remaining bills carry some sort of appropriation.



Tourism Priorities

Funding for tourism priorities exist in several different appropriations bills, including but not limited to Economic Development, Infrastructure (RIIF), Standings, Transportation, and Agriculture & Natural Resources. In the last few days of session, every appropriation bill was still in play, and some individual priorities were being shifted from one bill to another as caps on each of the bills began to solidify. Pulling bits and pieces from the different scattered bills, here is what we know:

Department of Economic Development Funding - The Administration funding for the Department is collapsed into one line item to make it easier to transition to the new public-private partnership model, but the funding is largely intact. It took about a 9.2% cut, along with a \$150,000 cut to the World Food Prize and the elimination of \$165,775 in Main Street grants. In addition, while the Iowa Values Fund is not funded and slated for repeal next session, the new partnership was given an appropriation of \$15 Million for incentive programs, \$8.6 million of which is pre-allocated by the Legislature, including \$300,000 to DNR for State Parks and \$300,000 to the Cultural Trust Fund. How all of this develops for the Tourism Office is something that TFI will be watching closely through the Administrative Rules process in the months ahead.

Tourism Marketing from Gaming Dollars - Your calls and e-mails helped! You'll recall that the Legislature contemplated cutting over a half million from this line item in the Standings bill. They ended up restoring the higher \$810,306 figure and recommending the same level for next year (in the bill, it says \$405,153 for next year, but most of Standings is funded at 50% for the 2nd year). The goal moving forward will be to try to not only protect the \$810K figure, but to get it uncapped and let it bounce back to its original figure of just over a million dollars.

Passenger Rail - Was essentially zeroed out, but left on life support for a year. Advocates for this will really have some work to do in the year ahead to make their case for this program.

Regional Sports Authorities - This was zeroed out and restored several times throughout the session. In the end, the Legislature put it in the bill at the \$500,000 level. There is no funding available in year two though, so

this will have to be fought for next year again.

CAT & RECAT - As you'll recall, throughout the session, CAT & RECAT were slated for elimination or near-elimination by the Governor and legislators. In the end, RECAT was indeed eliminated. However, CAT was reduced down to about \$5.3 million and then will INCREASE back up to \$15 million next year. Legislators made it clear to us in the closing hours that they like the competitive nature of the CAT program and want to find a way to allocate more resources to it. This was very good news, and emphasized that we'll need TFI members to be talking with their legislators about the value of this program.

Environment First Fund - The standing appropriation cap on this program was reduced from \$42 million a year down to \$33 million for this fiscal year (FY 2012) and then back up to \$35 million in FY 2013.

Great Places - \$1 million is provided for Great Places Infrastructure Grants in the RIIF bill and the Department of Cultural Affairs is allowed to use up to \$45,000 of that to administer the program.

Some other highlights:

- \$250,000 for cabin renovation at Camp Sunnyside
- \$2 million to DNR for floodplain management
- \$5.5 million to DNR for lake restoration and water quality
- \$350,000 from the lake restoration funds to study and report to the General Assembly on the reconstruction of Lake Delhi
- \$75,000 to retain an asset manager to oversee Honey Creek Resort
- \$75,000 for the Water Trails and Low-Head Dam Safety Program
- \$3 million to DOT for recreational trails
- \$475,000 to the Loess Hills Alliance (75% of which will go to the Hungry Canyons Account and 25% to the Loess Hills Alliance Account)



An IPEP Summary from the DED that was shared after HF 590 at long last made its final journey through the House and the Senate

Highlights of HF 590 - Reorganization of the economic development programs in the executive branch of Iowa state government

During the 2011 Session, the Iowa General Assembly passed sweeping changes to the administration of the state's economic development. One of the primary goals of the changes is to enhance collaboration between the public and private sector.

With this goal in mind, the legislation provides for two new entities: the Iowa Economic Development Authority (which replaces the Iowa Department of Economic Development) and the Iowa Innovation Corporation. These two entities will work in concert to further economic development policy to create additional wealth for all Iowans.

The Economic Development Authority will have many of the same duties as the former Department but is required to develop an annual strategic plan outlining the Authority's goals for the coming year and setting metrics that will be used to measure the Authority's progress in achieving those goals.

In addition, the Authority has limited capacity to issue negotiable bonds and notes to finance the cost of business enterprises, to finance the working capital needs of businesses, and to refinance existing indebtedness.

The Authority is governed by a board comprised of eleven voting members appointed by the Governor and subject to confirmation by the Senate. These members are selected from certain business backgrounds and occupations specified in the legislation, and they represent a geographic balance among the state's newly constituted federal Congressional Districts. In addition, the Authority board includes four ex officio non-voting members of the legislature and three ex officio non-voting members representing the Board of Regents, Community Colleges and Iowa private colleges.

The Authority must establish a nonprofit corporation

organized under Chapter 504 of the Iowa Code and qualifying under 501(c)(3) of the Internal Revenue Code as a tax exempt entity. This corporation may receive and disburse funds from public and private sources to further the overall economic development and economic well being of the State.

The corporation's articles will provide for its governance and management. A board of directors is established to govern the corporation and will initially be comprised of seven members appointed by the Governor to concurrent four year terms. Two of the members are subject to confirmation by the Senate.

The corporation may employ personnel necessary for the performance of the duties assigned to the corporation. Such employees are not state employees.

Among its various duties, the corporation must work with the Authority and the Iowa Innovation Council to create a comprehensive strategic plan. In addition, the corporation functions as an Innovation Intermediary by aligning local technologies, assets and resources to work together to advance innovation in Iowa.

The remainder of HF 590 contains transition provisions for converting the IDED into the new Authority and provides for various Code changes in conformance with the new provisions.

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