

Legislative E-Update ~ 3.30.10 Adjournment

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Parts of these articles were excerpted from various news sources, including the Des Moines Register.

1. Budget Action Concludes 2010 Session

Legislators of both parties said from the beginning that the 2010 legislative session would be dominated by the budget. Recession-shriveled revenues meant a gap of historic proportions between funds available and projected spending. Legislators passed a far-reaching government reorganization bill to streamline operations and shaved departments' budgets. The final tally: a general fund budget totaling \$5.28 billion for fiscal 2011, which starts July 1. That's \$41.5 million less than the current year.

But state government will actually spend \$5.88 billion when \$328.4 million in federal stimulus money and \$267.4 million in cash reserve funds are counted, according to an analysis by the nonpartisan Legislative Services Agency.

This week, the Legislature passed the final budget bill before adjourning, known as the "standings bill". The bill, House File 2531, included allocations for many major ongoing expenses, including \$2.50 billion in school aid. The bill also included dozens of other items, some of which failed to pass through typical legislative processes and were added to the bill in a last-ditch effort to win approval.

A few key proposals died in the final hours of the session, including efforts to make government more accountable to the public and to allow mothers accommodations for expressing breast milk.

To balance the budget, lawmakers are taking money from other accounts - such as a fund meant to clean up leaky underground storage tanks - to pay expenses usually covered by the general fund.

At the beginning of fiscal 2012, the state will have total reserve fund balances of \$204.1 million. That's \$105 million in cash reserves and \$99 million in the economic emergency fund. At the end of fiscal 2009, the state had \$519 million socked away in reserves.

K-12 SCHOOL FUNDING

Schools got a slightly better deal on the last day of the session but still came up \$162.1 million short of full funding under a projection from the Legislative Services agency. End of the year action allocated \$5.1 million more from the state's underground storage tank fund. The final result: Iowa will allocate \$2.50 billion in general fund aid in the fiscal year that begins July 1. That's up \$150 million from the current fiscal year, as Gov. Chet Culver has pointed out.

Culver's numbers are accurate. But Republicans and school advocates note that his estimate fails to consider that the current year's budget was hit with across-the-board cuts. Plus, federal stimulus funding will drop significantly from this year to next year. Lawmakers authorized 2 percent growth in school district budgets for next year. But schools will end up more than \$160 million short of full funding, according to the services agency.

Republicans have said this could lead to local property tax increases. Democrats, however, point out that the funding level is much higher than projected earlier in the session. Schools, like state government, must continue to search for ways to save money, they said.

INFORMATION BOARD

Open-government advocates had pushed to establish a public information board to help Iowans who think government officials are violating the state's open-records or open-meetings laws. A version of the proposal, House File 777, passed the House last year and included an advisory board that advocates said wouldn't cost Iowa taxpayers. The Senate, in turn, added an enforcement arm to the proposal that would have ultimately

cost Iowans roughly \$500,000 a year. But legislators killed the provision. Lawmakers supporting the proposal cited public agency scandals of the past and mismanagement allegations of the present in arguing their case.

BREAST-FEEDING

Lawmakers also removed a portion of the standings bill that would have required employers to provide reasonable accommodations for mothers to express breast milk. Federal lawmakers approved a similar breast-feeding law, and some state legislators think that takes care of the issue. But advocates for breast-feeding have said Iowa should still pass its version because it would be slightly stronger.

A provision in the federal health insurance reform law says businesses with 50 or more employees must provide reasonable accommodations, other than a toilet stall, to express breast milk for the first year of an infant's life. The version the Iowa Senate approved earlier this session would apply to all employers and would encourage reasonable accommodations for expressing milk for the first two years of a child's life.

OTHER PROVISIONS OF THE "STANDINGS BILL"

UNIONS: Rural water workers will be able to join unions, despite efforts to strip the language from the bill. Employees at some public utilities have previously been exempt from union coverage because the utilities don't have a budget certification process. The bill adds language that would allow such employees to unionize. Rep. Bruce Hunter, D-Des Moines, said the new language simply clarifies language in the law, but Republicans strongly disagreed and said it would increase costs for rural water users.

UNEMPLOYMENT TAXES: The bill allocates \$1.5 million from cash reserves to prevent a rate increase for employers that have to kick in money to the state's unemployment trust fund. The cash would stave off two possible rate increases this year.

POWER FUND: \$2 million from cash reserves would go to the Iowa Power Fund. Lawmakers had proposed trimming money for this renewable-energy research fund, but Gov. Chet Culver had requested that the \$2 million be restored. Total spending would be \$21.6 million.

AEAs: An extra \$2.5 million would be cut from Area Education Agencies and be put into aid for K-12 schools.

NONCONTRACT STATE WORKERS: Pay would be frozen for noncontract state employees. Those not covered by a labor union contract would not get cost-of-living or step increases.

HOSPITAL PROVIDER TAX: Hospitals would be charged a tax used to tap extra federal matching money. It would mean extra money for the state's share of Medicaid costs, and hospitals would come out ahead on the deal.

AUTISM: The bill would spend \$140,000 on a new insurance benefit for state employees: care for autistic children.

DOMESTIC SHELTERS: \$500,000 from cash reserves would go to domestic violence shelters.

PRESCHOOL: \$4 million from cash reserves would go to voluntary preschool programs.

IOWA JOBS FOR AMERICA'S GRADUATES: \$540,000 from cash reserves would go to a program with a record of helping low-income children succeed in school and prepare for the work force.

BEER: Grocery stores would continue to be able to sell high-alcohol beer to bars. This measure would fix a problem with a law passed earlier this session that allows microbreweries to sell high-alcohol beer.

TAX FRAUD: Penalties would be imposed for false or frivolous claims for state tax credits. This was proposed in the wake of problems with filmmaking tax credits. Moviemakers allegedly falsified information to get enhanced state film tax credits.

LIBRARIES: Library levy votes would be allowed in flood-ravaged communities.

PHARMACIES: \$150,000 would be spent on a pharmacy-based medication disposal program.

[2. 2010 Session Had Share Of Winners And Losers](#)

Iowans who owe court debt might not be able to run from it much longer. Speeders and traffic law violators face higher fines. Some property owners might see their property taxes rise if school districts do not have enough cash reserves to cover spending needs. Drivers who can't resist fiddling with cell phone messages will be forced to pick up new habits.

Legislators ended the 2010 session this week, authorizing a general fund budget for next year of \$5.28 billion, \$41.5 million less than this year.

Winners in the session included veterans and military members, who will benefit from an array of new perks. Domestic violence victims got new protection: Those accused of abuse will have their guns confiscated. Also, greyhound breeders will see racing continue at Iowa's two tracks, fewer Iowans will be denied permits to carry a concealed weapon, and state inspectors will be able to crack down on puppy mills.

On the other side of the ledger, gambling interests did not get expansion options they sought, labor unions didn't gain more clout, and the Farm Bureau saw almost none of its legislative agenda enacted.

Here's a breakdown of some of the results:

WINNERS

VETERANS/MILITARY MEMBERS: Lawmakers approved providing tax advice for deploying soldiers, giving veterans Veterans Day off, and providing college tuition reimbursement for service members and their families. Iowa was the first state in the country to approve 10 military-readiness measures recommended by the U.S. Department of Defense. In addition, a new health insurance mandate will cover broad mental health treatment for vets. Armories will get state money for improvements. Money for a home ownership assistance program for vets was cut by \$600,000, but there's still \$1 million available.

MARRIED GAY COUPLES: It remains legal for same-sex couples to wed in Iowa. Democrats chose not to start the process for a statewide vote on banning gay marriage. This is a defeat for Iowans who want marriage to be between only one man and one woman.

CHILDREN/TEENS: All children 17 and under will have to start buckling up in the back seat. Teens will be banned from all cell phone use behind the wheel. A free preschool program will continue. Schoolchildren could see less exposure to harmful cleaners because schools must consider using environmentally friendly cleansers. Lawmakers rounded up cash to help a program with a record of helping low-income children succeed in school and get prepared for the work force, Iowa Jobs for America's Graduates. But there wasn't enough money to save all K-12 students' teachers who are getting layoff notices.

FLOODED CITIES: Targeted disaster relief, flood mitigation and construction projects will get \$33.6 million. Flood-ravaged cities can have

a library levy vote this year, rather than wait until the next general city election in 2011. New flood plain maps will be created with \$10 million in federal money. A flood research center at the University of Iowa will get its second year of funding at \$1.3 million. Two flooded Cedar Rapids government buildings will get money: \$8.9 million for the county public service building and \$6.5 million for the old federal courthouse, which is now tapped for city office space. A proposal to prohibit development in the 500-year flood plain failed. Cities killed the idea, arguing that the location of the 500-year flood plain is uncertain.

TEACHERS: Teachers protected a special pot of money that has boosted their salaries by about \$5,000 a year since it was approved in 2007. At Indian schools, teachers will get \$90,000 to help pay for salaries. Public school teachers won the right to force school leaders to negotiate with them on issues such as firing teachers when administrators are overhauling the lowest-rated public schools. And the teachers union, the Iowa State Education Association, successfully fought off proposed state rules to protect the names of Iowans who accuse teachers of abuse and other licensing violations. But because of a decrease in general state aid for schools, some teachers will lose their jobs if district officials don't have enough cash reserves and choose not to raise property taxes.

DOMESTIC VIOLENCE VICTIMS: Their accused abusers must give up their guns. Iowans under a protective order for domestic violence or who have been convicted of domestic abuse are now barred from possessing firearms or ammunition.

ANIMAL-RIGHTS ACTIVISTS: State inspectors can step up oversight of dog breeders and crack down on so-called puppy mills that don't provide adequate food, water, housing, sanitation, grooming and overall health. The breeders will pay higher license fees. The fines for unlicensed puppy mills are double those for licensed facilities, at \$1,000 a day.

BICYCLISTS: Drivers who try to run them off the road or throw stuff at them will face a \$250 fine. But a stronger bicycle safety bill with more restrictions on drivers failed.

NATIONAL RIFLE ASSOCIATION: A bill to standardize the way sheriffs in all 99 counties issue permits to carry weapons concealed in one's clothing died earlier this session, but a provision was revived and approved on the second-to-last day.

HOSPITALS: Hospitals will get a fresh influx of cash. They'll pay a new provider tax that the state will use to tap extra federal matching money. Then about 75 percent of the additional money will go right back to the

hospitals via higher payments for care for low-income Iowans on Medicaid.

TAXPAYERS: A government reorganization plan will save taxpayers about \$270 million next budget year, according to estimates. That's \$57 million in salaries saved from state workers who take early retirement incentives and \$213 million in other reorganization efforts. Big-revenue taxes - such as the state income tax and the gas tax - won't go up. But a shortfall in state school aid could translate into increased property taxes. Property owners won't know for a year whether their taxes will go up because their local school didn't have enough in cash reserves to make up for a loss of state aid and chose to raise property tax rates. The next property assessment is in spring 2011. Iowans can still deduct their Iowa income taxes on their federal tax forms; lawmakers didn't eliminate federal deductibility.

BUSINESSES: Most business tax credits were left intact, but credits worth about \$115 million were stripped away if lawmakers thought they weren't creating jobs or accomplishing their goals. Multistate corporations won't have to pay more state taxes, because lawmakers again rejected moving to a "combined reporting" system. At the last minute, lawmakers moved to help small businesses. A program will help those who are having trouble accessing credit get private loans, and a new state fund will dish out low-interest loans of up to \$50,000. Businesses that intentionally skip out on paying various taxes and benefits for their workers by telling the state they're "contract workers" rather than company employees will face new oversight. In some cases, this "misclassification" has been linked to the hiring of undocumented immigrants.

RENEWABLE ENERGY: The Iowa Power Fund will get \$21.6 million to fund research projects for renewable energy, shy of the \$25 million it usually gets. Tax credits for wind energy weren't touched. The state will put up \$7.5 million to fix railroad tracks to accommodate big wind turbine parts manufactured in Iowa; the tracks need a wider curve to handle cars carrying massive blades.

ROAD USERS: Money was not diverted from road and bridge construction and maintenance to help pay for other government services. The road use tax fund will still pay for roads, not state troopers' salaries.

NURSES: New initiatives aim to help fix a nursing shortage. A new account will gather money for financial aid to encourage nurses to go back to school to become nursing teachers. Another new account will help pay for nursing schools to buy better laboratory and technical equipment.

CHILDREN WITH AUTISM: A new health insurance mandate for coverage

of autism treatment applies only to state employees. Lawmakers say it's an experiment to demonstrate the coverage doesn't cost much, so it should become a statewide mandate. The cost for the state will be about \$140,000 next year.

CANCER PATIENTS: Iowans with cancer no longer have to pay out-of-pocket for their treatment - such as blood work, doctors' charges, hospital charges, diagnostic tests - when they enroll in a clinical trial. This mandate applies only to state-regulated insurance plans, typically held by smaller employers.

CITY RESIDENTS: Local governments will be required to consider new "smart planning" guidelines for planning and zoning that lawmakers established. The guidelines encourage revitalization, decisions that will protect natural and agricultural resources, and use of energy-efficient design and renewable energy. And hotel guests won't pay more taxes. Cities failed in their request to boost their hotel and motel tax rate to 9 percent, 2 percentage points higher than currently allowed, to pay for services such as police protection.

LOSERS

AGRICULTURE: No biodiesel or ethanol mandates passed. The Iowa Farm Bureau, the voice of the agriculture industry, lost several battles. The group wanted to grandfather in animal operations so they didn't have to make improvements to their facilities to meet new rules restricting manure from being applied to frozen ground. And they wanted farmers to be able to do their own electrical work on their farms without hiring a licensed electrician. But farmers will benefit from a new law that lets trucks carrying agricultural loads that weigh more - as much as 96,000 pounds - use secondary roads.

GAMBLING INTERESTS: Gaming interests got nothing. Harrah's will still be forced to subsidize greyhound racing. All 17 state-regulated casinos won't be let off the hook for a referendum every eight years on whether their community wants them to stay open. Casinos won't be able to profit from online gambling, professional sports betting or large-scale poker tournaments. On the other hand, gambling taxes didn't go up, as often happens in a tough budget year.

LABOR UNIONS: Four priorities for labor unions failed again this year: letting workers injured on the job choose their own doctors in workers' compensation cases, letting unions negotiate on more topics during contract talks, setting a prevailing wage for workers on government construction projects, and letting unions charge nonunion workers fees for

certain services. Even pared down versions - "fair share" that would apply to only state employees, "choice of doctor" only for police and firefighters - died. They did see some wins: The ratio of front-line state workers to supervisors, known as span of control, will move to favor workers. Building and construction trade unions will get a fresh burst of state cash for flood prevention projects, and various brick-and-mortar projects throughout Iowa were funded. And employees of certain Iowa public utilities, specifically rural water districts, will be allowed to join a union.

TRIAL LAWYERS: In wrongful-death cases, survivors won't be able to sue for a new element of damages: loss of enjoyment of life for the deceased. The jury would have had to calculate a dollar amount for this nebulous factor: \$5,000, \$5 million, \$50 million? The issue was complicated when Republican lawmakers argued Iowans should be able to sue on behalf of unborn children robbed of their enjoyment of life by, say, a reckless driver who kills a pregnant woman. Lawyers often get about a third of whatever the jury awards; they lost their effort to get this bill passed.

TEXTERS: Those who can't resist sending and reading text messages while driving will have to pick up new habits. But the motoring public wins if the restrictions prevent car crashes.

DEBTORS: State revenue officials will have new power to subpoena utility companies for the cell phone numbers and last known addresses of those who owe taxes. Separately, a new state debt collection coordinator will go after \$525 million-plus in court debt. However, an amnesty program will let debtors who owe the courts get out of as much as half of what they owe if they pay the other part by Nov. 30.

SPEEDERS: Dozens of traffic fines will go up. Failure to wear a seat belt goes from \$25 to \$50. Failure to maintain control goes from \$35 to \$100. The largest fine, \$200, will be levied for offenses such as misusing an ID to buy alcohol or tobacco, permitting an unauthorized minor to drive, failure to obey a railroad crossing signal and unlawful passing of a school bus. Altogether, the extra fines will bring in an extra \$9 million a year, which will keep courthouses open and prevent most layoffs in the judicial system. Also, lawmakers gave speeders more wiggle room before the state must notify their auto insurance companies.

OPEN-GOVERNMENT WATCHDOGS: The state won't spend \$6,000 to create a public information enforcement board that would have helped Iowans seeking access to meetings and records from taxpayer-funded officials. And the state won't create a user-friendly Web site that would have let Iowans know how much of their money charities actually spend

on charitable purposes. However, lawmakers reinforced Iowa's corporate campaign contribution ban to include details on who's paying. More campaign committees must file financial disclosure reports electronically so Iowans can easily search data. And future "draft this candidate" initiatives must publicly disclose donors even though the candidate has not yet announced an intention to run.

PROPANE USERS: State human rights officials pointed out that some propane companies were denying Iowans heating fuel in the midst of a cold winter for several reasons, including bad credit, even if customers had the cash in hand to pay. But an attempt to require fuel delivery to those with cash, or on federal assistance, failed.

VULNERABLE IOWANS: Low-income, disabled, elderly or abused Iowans who need help from the Department of Human Services may see a change in the quality or speed of services because of cuts in DHS's state funding. Lower staff levels in field offices will mean an increase in caseloads, especially for workers who manage state benefit programs. Response times will increase, more rural county offices will become part time, fewer foster kids will get monthly visits from DHS case managers, and more and more transactions will take place over the Internet and by phone. DHS, however, will insist that positions for resident treatment workers at the institutions and child protective workers in the field aren't left vacant.

MENTALLY ILL: Lawmakers won't close any of the four state-run mental health institutes, but beds will be lost. A health insurance mandate for coverage of mental ailments such as depression or drug addiction failed, but Iowa already requires coverage for major mental illnesses. Iowans who are delivered to a mental health facility by police and face criminal charges will be turned over to law enforcement after they're released from a 48-hour emergency detention.

STATE WORKERS: How many state workers will face layoffs because of budget cuts is uncertain. Those not covered by a labor union contract will see a pay freeze next year - no cost-of-living or step increases. And contributions will go up 1.5 percent for the IPERS retirement system. The state will kick in 60 percent of that and workers 40 percent. Starting in July 2012, workers' pensions will be based on their last five years of work instead of their last three. But that's expected to help the \$20 billion pension fund to stay financially sound.

PRIVATE SECTOR WORKERS: Workers will not be guaranteed paid sick leave. Working moms won't be guaranteed a place other than a toilet stall to express breast milk. Workers will be notified before big layoffs.

TELECOMMUNICATIONS COMPANIES: Phone companies such as Qwest wanted to change the way they're assessed taxes. They pay property tax on machinery and equipment that other industries don't pay. The bill failed. It could have cost local governments as much as \$40 million a year when phased in.

INSURANCE COMPANIES: Health insurers such as Wellmark face new regulations meant to give Iowans a heads-up before rate increases take effect. Insurers will also have to share specific reasons for the increase.

FILM INDUSTRY IN IOWA: Iowa's film incentives program will be suspended for three years, although projects currently in the pipeline can move forward. Also, moviemakers will face penalties if they make false or frivolous claims for the tax credits.

SEX OFFENDERS: Those convicted of felony sexual abuse in other states formerly could live within 2,000 feet of schools or child care centers, unlike those convicted in Iowa. That loophole in state law is now closed.

MIDWIVES: Lay midwives failed in their push to become officially licensed and certified by the state.

SHERIFFS: Iowa sheriffs lost their nearly unlimited discretion to deny anyone a permit to carry a weapon concealed in their clothing while in public. They can deny a permit for only a few reasons now.

HIGHER EDUCATION: Both community colleges and the public universities got more state aid than they expected to get for the next budget year, but their funding is down from past years.

LOBBYISTS: One new law shines more sunlight on lobbyists who wine and dine lawmakers during the session. But lobbyists squelched one proposal that would have required them to wear name tags and another that would have banned state agencies from employing someone whose job is primarily to be a lobbyist. The majority of the lobbyist corps at the Statehouse leans Republican, so these lobbyists couldn't always persuade the majority Democrats to approve their agendas.

[3. Other News: Legislative Briefs](#)

Shortened session saves dollars

Democratic leaders closed the 2010 session on its 79th day. Most

legislative sessions in recent years have run at least 100 days. If the Legislature had adjourned a week ago, lawmakers would have made history by holding the shortest session since 1878. That one ran 72 days.

But it's still one of the fastest sessions in modern times - the shortest since the 75-day run in 1972. Compare that with the 131-day session in 2005, a year Republicans were in charge.

Before this session started, Democrats vowed to accelerate the session to 80 days to save money. It costs about \$35,000 a day, or \$140,000 a week, for lawmakers' per-diem pay, printing and supplies, and other expenses.

More government streamlining needed

Several dozen ideas for cutting costs in state government that the Iowa Legislature didn't act on this year are worth considering again next session said House Majority Leader Kevin McCarthy, D-Des Moines. Some ideas "were that close" this year, but legislators faced push-back from "everywhere."

This session focused by necessity on short-term savings, but lawmakers should focus next year on long-term savings, possibly by closing facilities and shifting workers into other state jobs, McCarthy said.

Still, a government reorganization plan enacted this session could save an estimated \$270 million - "the largest cost-savings package in the history of the Iowa Legislature either as a dollar amount or as a percentage," he said.

Even as the pace of tax revenues picks up, Democratic leaders will push for more government streamlining, McCarthy said. "I think we still need to be diligent," he said.

4. [Bill Tracking](#) - a spreadsheet outlining the HBA IA bills tracked is available to members only by contacting the HBA IA office.

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