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1. Prevailing Wage Legislation Could Be Debated

Legislation that would force schools, cities and counties to pay average wages for contract labor is gearing up for a Statehouse comeback with a list of revisions that advocates say will help win over rural lawmakers. Opponents say the idea would cost taxpayers millions of dollars. Advocates argue it would reduce Iowa's reliance on undocumented workers and provide higher-quality projects that would be less likely to face cost overruns.

"It's a live round," said Rep. Rick Olson, a Des Moines Democrat who plans to lead floor debate on the proposal. "With the compromises, I think the necessary vote has been captured" for it to win approval.

House File 810, in essence, would require contractors and subcontractors to pay employees who work on public projects the same average hourly wage and benefits as those paid in private projects. Last year, the bill failed to gain legislative traction after some rural lawmakers argued that it would place economic strains on their schools, towns and counties. This year, however, unions in support of the proposal are advocating for amendments. Cities with a population fewer than 20,000 people and counties with fewer than 40,000 people would be exempt unless a project's cost was \$3 million or more.

"There's a lot of supporters for it" among House Democrats, said House Majority Leader Kevin McCarthy of Des Moines.

Some studies in states with prevailing wages estimate the laws add 20 percent or more to the costs of public projects. Others, however, show there's a cost savings once other factors are considered. But opponents

dispute the calculations and say the laws would dramatically increase taxpayer costs.

"It's just bad public policy for taxpayers," said John Gilliland, senior vice president of government relations for the Association of Business and Industry. "There's a tremendous burden on taxpayers in this state. Everybody up here is aware of it. Everybody talks about it. This is a public policy that would just add to that burden."

House Minority Leader Christopher Rants, a Sioux City Republican, said his party is largely against prevailing wage laws. He called the proposal a "money grab by the unions" and "political payoffs" to Democrats.

"I get that they're trying to use a divide-and-conquer technique," Rants said. "These amendments say we'll only raise taxes in the urban areas and not the rural areas. Well, how smart is that? Not very."

Iowa is one of nine states that have never had a prevailing wage law; nine others have repealed the wage laws while other states have substantially altered their provisions.

Ohio lawmakers, for example, exempted schools from prevailing wage laws in 1997. A report generated by the state's budget office two years before the exemption estimated that a complete repeal of the law would save the state and its local governments between \$80 million and \$236 million a year.

The Iowa League of Cities, which represents most Iowa towns, is opposed to the prevailing wage proposal. The group's director, Alan Kemp, said the argument about the proposal tempering the use of illegal workers is flawed.

"What will end up happening is you may still have (undocumented) immigrants, but you just increased the wages for those individuals," Kemp said.

2. Bill Would Mandate Health Coverage For Kids

Almost all Iowa parents would be required to have health insurance for their children by 2010 under legislation to be introduced at the Statehouse next week. The requirement would cover all children, with the possible exception of undocumented and new immigrants, said state Sen. Jack Hatch, a Des Moines Democrat who is helping lead health-care reform efforts at the Capitol.

Experts estimate up to 45,000 Iowa children lack health insurance. About half of them already qualify for free or inexpensive government insurance plans, but their parents either don't know about the programs or have failed to sign them up. Hatch said he hopes a state requirement would lead such families to inquire about public programs and to enroll their children.

The senator said he would include the requirement in a set of health-related bills he plans to introduce next week, that will also contain recommendations made last month by a commission he co-chairs. Hatch noted that the state has worked for years to enroll more children in Medicaid, which is for poor families, and Hawk-I, which is for moderate-income families. The state has made major strides in the past decade, but the progress has slowed in the past couple of years.

The idea of requiring people to have health insurance is being debated in other states and nationally. Democratic presidential candidates favor requiring coverage of at least children, and several states are looking at mandates. But a national expert said no state currently requires children to have health insurance. Jennifer Tolbert, a health policy analyst for the Kaiser Family Foundation, said the closest is Massachusetts, which requires adults to have insurance. Illinois offers universal health insurance for children, but doesn't require families to sign up, she said. Several other states, including Colorado, Connecticut and New Mexico, are considering variations on the idea.

Iowa's mandate probably would exclude some immigrant children, Hatch said. The federal government, which pays most of the cost of Medicaid and Hawk-I, says the money cannot go to cover immigrants who are in the United States illegally or who have been here legally less than five years. If Iowa wanted to cover such children, it would have to use its own money.

Hatch said his proposal would split uninsured children into three groups.

The first group would be children who currently qualify for Medicaid or Hawk-I but aren't enrolled. He said it would cost the state roughly \$15 million to \$20 million to cover them, and the federal government would kick in roughly double that amount.

The second group would be children whose families make somewhat more money than Hawk-I's current annual income limit, which is about \$41,000 for a family of four. Hatch said he wants the state to spend roughly \$6 million to \$8 million subsidizing private policies for children whose parents make up to about \$62,000.

The third group would be children whose families make more than about \$62,000. Their parents would be required to buy insurance, but they would get state help in finding affordable policies, Hatch said.

3. Other News: Court Rules Subsequent Owners Can Sue Builders; Energy Efficiency Goals Released; Preferred Contractor Legislation Introduced

Iowans who find defects in their homes can sue contractors for work-related damages years after the fact, even if they bought the house from previous owners, the Iowa Supreme Court ruled this week. The court's 6-0 decision reverses two lower-court rulings against a Clive couple, who had tried to sue for water damage to their home.

•We believe that Iowa law should follow the modern trend allowing a subsequent purchaser to recover against a builder for a breach of the implied warranty of workmanlike construction,• Justice Jerry Larson wrote in the 14-page ruling.

The court extended those •implied warranty• rights to the plaintiffs and sent the case back to district court. Not allowing second- or third-time owners to file claims of shoddy construction •would do an injustice to those who purchase a home from a previous buyer shortly after the home was constructed,• the ruling said.

Iowans would save \$9 billion if energy use is cut 1.5 percent each year for the next decade, a group of Iowa legislators said this week. The group, which includes Democrats and Republicans, called for energy efficiency assistance for all residents, more effective use of taxpayer money already allocated for energy efficiency, and incentives for utility companies to exceed savings standards.

"We can better reduce high energy bills and avoid costly foreign entanglements with cooperative efforts to become efficient," said Rep. Nathan Reichert, a Muscatine Democrat.

The lawmakers involved in the group, along with environmental advocates, vowed to work for bolder energy efficiency goals.

Legislation was filed in both the House and Senate this week in an attempt to end the practice of insurance companies limiting repair of covered

damages to a prescribed list of suppliers and contractors. House File 2122 and Senate Study Bill 3108 would make it an unfair practice for an insurer to require a repair shop to purchase supplies or parts only from a list specified by the insurer.

The goal of the legislation is to provide local businesses, not just large chain retailers, with an opportunity to at least bid on a repair project, something that is not allowed under the current practice. Subcommittees in both chambers plan to meet in the upcoming weeks.

4. Bill Tracking

The following committee action took place this week in the Iowa House and Senate. For full details of the legislation, please visit www.legis.state.ia.us.

House Environmental Protection Committee: Voted Out: (1)

SF 261 PRIVATE SEWER INSPECTIONS

Requires the inspection of a private sewer system when a building where people live, gather or congregate is sold. Requires the septic tank to be pumped out at the time of the sale, if it has not been pumped out within one year. Requires that a private sewage system that fails be updated to meet current standards. Requires the DNR to certify inspectors and to maintain a list of certified inspectors. Allows county personnel to be certified inspectors and allows counties to set an inspection fee for inspections conducted by certified county personnel. Includes reporting requirements. Amended & PASSED, 10-2

The following legislation was introduced this past week in the Iowa House and Senate. For full details of the legislation, please visit www.legis.state.ia.us.

HF 2122 PURCHASING REPAIR PARTS (Quirk) Makes it an unfair practice for insurer from requiring a repair shop to purchase supplies or parts only from a list specified by the insurer. Allows the beneficiary or the repair shop to submit a written, documented complaint to the Insurance Commissioner.

HSB 593 ALARM INSTALLER TECHNICAL BILL (State Government)
Makes technical and other corrections regarding alarm installations and installers. No subcommittee available

HSB 594 HOMEOWNER PROTECTION FUND (Local Government)
Creates a homeowner consumer protection fund in the office of the

Attorney General to investigate, prosecute and educate consumers about frauds related to mortgage lending. Creates a \$5 surcharge to be collected by the county recorder when a mortgage is recorded. Allows the county recorder to keep up to 1% of the funds collected for expenses.

HSB 596 HOME IMPROVEMENT CONTRACTOR BONDS (Labor)

Contractors: Requires contractors to have a \$75,000 surety bond before doing home improvement work, in addition to any other bonding requirements. Makes it a simple misdemeanor for a contractor not to have such a bond. Allows injured parties to recover for a breach of contract by the contractor of because the contractor has violated the Consumer Fraud statute. Requires a person who files suit on the bond to notify the Division of Labor Services. Does not invalidate a lawsuit for a failure to file notice but bars payments from the bond for such a failure. Allows the AG to bring equity actions on behalf of injured persons and gives the AG's suit precedence over any other claims. Invalidates a home improvement contract and any debt for the project if a contractor fails to have a bond.
Bond Company: Requires the bond company to give 30 days notice to the contractor and the Division of Labor Services before canceling a bond.

SF 2083 ENERGY EFFICIENCY GOALS (Hogg) Creates a statewide energy savings goal of 1.5% per capita, per year 2011 to 2021.

Establishes a three-year phase-in period to develop strategies for the goal. Directs the Office of Energy Independence, with assistance from advisory councils created in the bill, to coordinate strategies. Establishes reporting requirements, requirements for utilities and a pilot project. Contains other provisions on achieving the energy use reduction goal.

SF 2084 GREEN BUILDINGS & GREEN BUILDING CREDITS (Hogg)

Tax Credit: Creates an income tax credit for building or rehabbing a building that meets standards for promoting energy efficiency. Makes the credit range from 1% to 1.4% of the allowable costs depending on the standards met. Makes definitions related to the allowable costs and other standards. **Public Buildings:** Requires major public buildings of state agencies, school districts and colleges to meet federal standards for energy and environmental design and green building rating standards, (LEED silver standard). Makes exceptions.

SSB 3094 ALARM INSTALLER TECHNICAL BILL (State Government)

Makes technical and other corrections regarding alarm installations and installers.

SSB 3107 HOMEOWNER PROTECTION FUND (Local Government)

Creates a homeowner consumer protection fund in the office of the Attorney General to investigate, prosecute and educate consumers about

frauds related to mortgage lending. Creates a \$5 surcharge to be collected by the county recorder when a mortgage is recorded. Allows the county recorder to keep up to 1% of the funds collected for expenses.

SSB 3108 PURCHASING REPAIR PARTS (Commerce) Makes it an unfair practice for insurer from requiring a repair shop to purchase supplies or parts only from a list specified by the insurer. Allows the beneficiary or the repair shop to submit a written, documented complaint to the Insurance Commissioner.