

## Legislative E-Update ~ 4.8.11

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*Parts of these articles were excerpted from various news sources state media outlets.*

### **1. Senate Democrats Offer Property Tax Relief Plan**

**4-7-11 Radio Iowa**

Senate Democrats are proposing property tax relief that would have greater financial impact on small businesses rather than larger ones. Under the plan, the property tax rate would be cut in half on a commercial building's first \$30,000 worth of value. That means, for example, the operators of a suburban "big box" store and small, "Main Street" businesses would get the same \$600 worth of tax relief. Senator Joe Bolkcom, a Democrat from Iowa City, is chairman of the Senate Ways and Means Committee which drafts tax policy.

"It'd provide significant benefit to those small business owners who are about trying to create jobs in this economy," Bolkcom says.

In the first year, Senate Democrats would send \$50 million in state tax dollars to local governments to cover that tax break. "One of the main concerns that we have with any tax proposal is that we don't either shift taxes from one taxpayer to another or simply say to local governments... 'You're going to have to do with hundreds of millions of dollars worth of less revenue to provide services and do your work' and so responsible for us was having a tax relief effort for commercial businesses where...state government picked up the tab," Bolkcom says.

House Speaker Kraig Paulsen, a Republican from Hiawatha, isn't endorsing the plan, but he's not rejecting it either.

"I continue to be excited that we all are talking about things and right now what I'm trying to do is look at that proposal, look at the governor's proposal and look at our proposal and see where those pieces overlap," Paulsen says. "I think we're all interested in doing something, in addressing, in particular, commercial property taxes."

But Senate Republican Leader Paul McKinley of Chariton scoffs at the size of the Democrats' six-hundred dollar property tax cut.

"To a company doing several million dollars in business...paying tens of thousands, perhaps hundreds of thousands of dollars in property tax whose making a decision, 'Where are we going to locate?' — \$600 is not going to make a difference," McKinley says.

## **Branstad “encouraged” by Democrats’ plan**

Governor Branstad says he’s “very encouraged” that Senate Democrats have unveiled a plan for cutting commercial property tax rates. Branstad, a Republican, has proposed reducing commercial property taxes by 40 percent for new businesses or businesses that expand. His tax reduction plan would provide \$65 million in property tax relief the first year. Senate Democrats propose targeting the property tax reduction to small businesses.

“We need to reduce the commercial property tax to make Iowa more competitive, so I look at this as a very positive development,” Branstad says.

Commercial property in Iowa is taxed at 100 percent of its value, a significantly higher rate than is charged on farmland or on housing. Branstad says both Republicans and Democrats recognize it’s an inequity that must be addressed.

“Nothing has been done about this for 30 years,” Branstad says. “It’s critically necessary. We’re very uncompetitive.”

A third approach from House Republicans would eventually equalize the property tax rates for all kinds of property: commercial, agricultural and residential. To do that, House Republicans would use far more state income taxes to run Iowa’s public K-12 schools rather than use any property taxes for general school operations. Property taxes would still be used to finance school building construction.

## **2. New Iowa Political Map Likely To Be Approved**

*4/7/11 [IowaPolitics.com](http://IowaPolitics.com)*

The Iowa House is expected to vote soon on a map of newly drawn legislative and congressional districts and passage appears likely.

"That would be my expectation," House Speaker Kraig Paulsen, R-Hiawatha, said when asked if the map is coming up for a vote in the Iowa House next week would be approved. "Haven't been given a good reason to turn it down yet, or a strong reason. Obviously, we have had contact from Iowans on both sides."

Paulsen said a lawmaker can always find a reason to vote against the map, but the question is whether that reason is in accordance with the law.

"The congressional districts, in particular, the population deviations are small," he said. "They seem to have a similar level of compactness. They're obviously not identical because you've got some counties that have more people than others but the perimeters are about as small as you can get 'em."

The map was drawn based on population shifts in the 2010 U.S. Census. Senate Minority Leader Paul McKinley, R-Chariton, joined Paulsen in praising the nonpartisan redistricting process and saying that it's working.

"I've not heard any real negative comments," McKinley said. "You have a lot of legislators thrown in together which can be problematic, but to problems there are

solutions and I think those are working themselves out."

It appeared that those testifying at a Council Bluffs public hearing earlier this week were more unhappy with the plan than those who spoke in Bettendorf or Cedar Rapids. But McKinley declined to say that it will be harder to swallow there, despite some residents of western Iowa being lumped in with central Iowa.

"I don't know that it will be," McKinley said. "I think they've done a really good job with population deviation and compactness. You get some crazy-looking House and Senate districts but do you give up population deviation to achieve more compactness? That's really a lot of what it comes down to. We've not heard, frankly, a lot of negative comments."

Senate Majority Leader Mike Gronstal, D-Council Bluffs, who last week said that a second map could be even more uncomfortable for some than the first, was more noncommittal about the outcome of this first map.

"I don't think we've crossed that bridge yet," Gronstal said. "We're going to wait and see what the public hearing results are and we're going to listen to the recommendations of the Temporary Redistricting Committee."

Gronstal said individual lawmakers are still evaluating the map and determining whether they can win re-election in the new districts. "Everybody's trying to calculate whether there's a pathway to victory," he said.

### **3. House Rejects Changes In Appointment Process For Appeals Court**

Only six members of the Iowa House voted to consider a plan that would let the governor appoint whomever he or she wants to serve on the Iowa Court of Appeals. It would have replaced the current system in which a 15-member Judicial Nominating Commission submits three names to the governor and the governor must choose one of the three nominees for openings on the court. Representative Dwayne Alons, a Republican from Hull who is a critic of the Iowa Supreme Court's ruling on gay marriage, said the current process isn't working.

"Many people in my district and, I believe, many people even all across the state of Iowa are very supportive of us changing the way judges are appointed and selected," Alons said.

Legislators cannot change the process for appointing district court judges or justices to the Iowa Supreme Court. It would require a constitutional amendment to do that, but legislators have the authority to make changes in the way members of the Iowa Court of Appeals are appointed.

Alons proposed a system similar to the one U.S. presidents use to fill vacancies on the U.S. Supreme Court. Whomever the governor would choose for the Iowa Court of Appeals would have to be confirmed by the Iowa Senate under the plan Alons outlined during House debate this week. Alons called it a "baby step" toward ultimately changing the way all judges are appointed to Iowa courts.

“A first look or attempt at moving in a different direction than relying upon this commission that we now have for the selection of judge names to be submitted to the governor,” Alons said.

Seven of the members of the 15-person Judicial Nominating Commission are lawyers and supporters of the current system says that helps ensure political considerations take a back seat to the qualifications of the individual being nominated.

“I disagree with that analysis,” Alons said. “Everything we do here is political.”

The other five State Representatives who voted with Alons to consider the plan were Republicans Royd Chambers of Sheldon, Betty De Boef of What Cheer, Kim Pearson of Pleasant Hill, Jason Schultz of Schleswig and Tom Shaw of Laurens.

But 89 other representatives voted against considering the proposal, including Representative Richard Anderson, a Republican from Clarinda. “Any changes to the Judicial Nominating Commission process I think should be done only after very careful and thoughtful work,” Anderson said.

Anderson is a lawyer who submitted an initial application for one of the recent openings on the Iowa Supreme Court, but withdrew it before the Judicial Nominating Commission began its interviews.

A few bills that proposed changes in the way judges are selected in Iowa failed to win committee approval by a key deadline a few weeks ago, and none of those bills are eligible for debate for the remainder of the 2011 legislative session.

#### **4. Legislators Plot More Money, Redesign Of Mental Health System**

*4-8-11 Radio Iowa*

The death of a southeast Iowa lawman has sparked more public discussion of an effort in the legislature to redesign the state’s mental health care system.

The family of the man who shot the Keokuk County deputy to death this week says their relative had suffered from mental illness. That incident was discussed during debate this week in the Iowa House. According to Representative Mary Gaskill, a Democrat from Ottumwa, the current system means long waiting lists, especially for rural Iowans.

“When someone is in a mental health crisis, you can’t wait two or three weeks to get into services, even more usually,” Gaskill said, “maybe three months.”

A group of legislators have been working since January, considering ways to change the system. House Speaker Craig Paulsen, a Republican from Hiawatha, says legislators plan to dedicate more money for mental health services — after the system is reconfigured.

“What we’re trying to do is to make sure that first of all every Iowan has access to the same quality and type of service,” Paulsen says. “Right now, there’s kind of this patchwork quilt of in this county you can get this, and in this county it’s something different...and there ought to be some sort of uniformity.”

Senate Democratic Leader Mike Gronstal of Council Bluffs says “everybody agrees it will take more resources” to provide the care mentally ill Iowans. And while there was a proposal last year to close one of the state’s Mental Health Institutes, Gronstal says that’s not part of this year’s discussion.

“The Mental Health Institutes are places to commit people residentially. We continue to believe more effective, usually, mental health treatment is at the local level,” Gronstal says. “And so I don’t think we have any plans to close any of those, but I don’t think we have any plans to end up with more people in those Mental Health Institutes.”

## **5. Statehouse Leaders Vow No Gov’t Shutdown**

*4-8-11 Radio Iowa*

After meeting for 13 weeks, Republicans and Democrats in the Iowa legislature have yet to agree on spending levels for next year’s state budget, but the top two leaders in the legislature say there’ll be no government shut-down here.

House Speaker Craig Paulsen, a Republican from Hiawatha, says there’s a “healthy dialogue” at the statehouse. “There’s going to be some things we disagree on that aren’t going to happen,” Paulsen says. “But I think we also all recognize that we need to govern and we’re going to get the work done for Iowans.”

Senate Democratic Leader Mike Gronstal of Council Bluffs says there will “absolutely not” be anything like the federal government shutdown that’s looming. “I’d just gently say Speaker Paulsen and I are smarter than they are in Washington, D.C.,” Gronstal says. “We’re going to figure out a way to govern. We’re going to look for common ground. We’re going to set the things we disagree with aside and we’re going to find a way to govern.”

Iowa’s legislative branch has the same partisan make-up as the legislative branch in the federal government, with Republicans in control of the debate agenda in the Iowa House and the U.S. House of Representatives and Democrats in control of the both the Iowa Senate and the U.S. Senate. Gronstal says that scenario is nothing new in Iowa, as the Iowa Senate was split evenly, 25 Democrats and 25 Republicans, in 2005 and 2006.

“We’ve got lots of experience in this kind of a world, split-government in Iowa,” Gronstal says. “We’ve had split government in many different forms over the 29 years I’ve been in the legislature.”

Paulsen says he’s been “very satisfied” with progress at the statehouse in Des Moines. “It’s been slower, probably, than any of us like, but I think we’re laying a proper foundation so that we can find a way to make the decisions that have to be made as we move through the next several weeks,” Paulsen says.

Governor Terry Branstad, a Republican, has vowed to veto budget bills he doesn’t like and call legislators back into special session again and again until he gets what he wants, a showdown that could result in a state government shutdown if it’s not resolved by June 30, 2011.

## **6. Other News: Legislative Briefs**

## **Leaders rule out gambling tax debate**

Top Republican and Democratic legislative leaders say Gov. Terry Branstad's plan for a sharp increase in taxes on casinos won't be part of the discussion as lawmakers look to write a new state budget and end this year's session.

Republican House Speaker Kraig Paulsen says there's not even been a discussion of the issue in the House. Democratic Senate Majority Leader Michael Gronstal says Democrats in the Senate are not interested in raising taxes.

Both leaders predicted the Legislature will find compromises that will allow lawmakers to adjourn on schedule.

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## **Congressional members oppose food stamp waivers**

Eighteen members of the Congressional Black Caucus (CBC) sent U.S. Department of Agriculture Secretary Tom Vilsack a letter outlining their objections to granting state waivers which would allow restrictions on food stamp purchases. New York currently has a proposal before USDA to disallow the purchase of caloric beverages with food stamp benefits, and a half dozen states are considering measures directing state officials to file similar waiver petitions.

In their letter, CBC members expressed they are "deeply concerned that pending waiver requests and other proposals to restrict consumer food choice would weaken SNAP's (Supplemental Nutrition Assistance Program) future effectiveness. Such proposals would unfairly treat SNAP customers differently from other consumers, unduly complicate SNAP redemption at point of sale, and threaten to increase the stigma long associated with SNAP. "

Lawmakers added that "Proposals to restrict consumer food choice in SNAP also detract from meaningful efforts to tackle the obesity problem, which affects the entire population."

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## **House and Senate deadlocked on bill banning synthetic marijuana**

The Iowa House and Senate are deadlocked over legislation that would ban a synthetic version of marijuana known as K-2. House Republicans are demanding tougher penalties for selling the product than some Senate Democrats will support. The stalemate is upsetting to the family of an 18-year-old from Indianola who committed suicide after smoking K-2. David Rozga's death last June immediately turned his mother, Jan, and father, Mike, into crusaders.

The Iowa House — both Republicans and Democrats — approved a bill that would establish a prison term of up to 10 years for those caught selling or possessing K-2.

Some Democrats in the Senate say that's too tough and will add more prisoners to an already over-crowded state prison system. Rozga says those legislators are underestimating the dangers of K-2.

“Don’t get me wrong. I understand there’s a cost associated with incarcerating somebody,” Rozga says. “But what price has my family paid?”  
Until the Pharmacy Board’s temporary ban, K-2 was widely sold as incense.

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## **Senate confirms key Democrat to serve in Republican Branstad’s administration**

Iowa’s former Secretary of State — a Democrat who lost his bid for a second term this past November — has been confirmed to serve in Republican Governor Terry Branstad’s administration.

Only one senator voted against Mauro for the new job. Senator Dave Chelgren, a Republican from Ottumwa, faults Mauro for failing to have proper procedures in place for counting absentee ballots in Chelgren’s close race in 2010 that was decided by just 10 votes.

Two days after Mauro’s 2010 loss to Republican Matt Schultz, Republican Terry Branstad said Mauro had been a “very good Secretary of State” who ran state elections fairly. Mauro has been working as a deputy in Branstad’s Workforce Development agency since January and Senator Pam Jochum, a Democrat from Dubuque, says that, too, may have helped Mauro win over some Republicans.

The Senate voted to confirm Mauro and five other top Branstad managers this afternoon. Long-time Branstad aide Dave Roederer was confirmed to serve as director of the Department of Management. Mariannette Miller-Meeks of Ottumwa, a Republican who ran unsuccessfully for congress in 2008 and 2010, was confirmed to be Branstad’s Public Health director. And Mary Cownie, wife of Republican State Representative Peter Cownie of West Des Moines, was confirmed to be director of the Iowa Department of Cultural Affairs.

## **7. Bill Tracking**

**The following legislative action took place this week in the Iowa House and Senate. For full details of the legislation, please visit [www.legis.iowa.gov](http://www.legis.iowa.gov)**

Issue related legislation:

### **SENATE FLOOR ACTION**

#### **Bills to the Governor:**

#### **HF 132 URBAN RENEWAL PLANS**

Requires the division of revenue for an urban renewal plan to be filed with the auditor of each county affected by the ordinance.

The **Senate PASSED** the bill 49-0; it now goes to the **Governor**

#### **HF 299 COPPER ORDINANCE**

Allows local governments to adopt a copper theft ordinance. Requires salvage dealers to maintain accurate records in English of the purchase and receipt of salvaged materials. Allows the local government to require specific records in the ordinance and that those records must be maintained for at least one year. Allows for

the suspension or non-renewal of a license issued under such an ordinance by a magistrate or judge if the ordinance is violated.

The **Senate PASSED** the bill 49-0; it now goes to the **Governor**

#### **HF 516 SUBDIVISION IMPROVEMENTS**

Establishes notice requirements for a city to give to contractor before considering the acceptance of subdivision improvements. (Cities over 50,000: Required to give notice 48-hours in advance of considering the acceptance of the improvement; cities 25,000 to 50,000: Can give notice 48-hours in advance, if requested.)

The **Senate PASSED** the bill 50-0; it now goes to the **Governor**

#### **HOUSE COMMITTEE ACTION**

**House Ways & Means Committee: Voted Out**

#### **HF 388 URBAN RENEWAL PROJECTS**

Prohibits adopting new ordinances or designating increased amounts of sales tax for urban renewal projects. Effective on enactment. **PASSED** 19-6

#### **HF 633 CONSTRUCTION REGISTRY/LIENS**

Establishes a state construction registry. Changes contractor references in regards to these liens to General Contractor and adds a category for Owner-Builder. Requires that a lien include the address of the property of a description of the location. Requires a general contractor to give notice to an owner that subcontractors may file liens. Requires a general contractor or owner-builder to notify IFA on the commencement of work. Requires subcontractors to make various submissions. Establishes deadlines for subcontractors to file liens due to non-payment by a general contractor. Contains other related provisions. Requires an administrator to maintain an electronic database and eliminates certain requirements for the clerk of courts on liens. Appropriates \$150,000 for the registry. Effective January 2013. **AMENDED AND PASSED** 23-2

General business legislation:

#### **HOUSE FLOOR ACTION**

**Bills to the Senate:**

#### **HF 661 EPC & NRC RULEMAKING**

Transfers the rulemaking authority of the NRC and the EPC to the director of the DNR, in consultation with the commissions. Prohibits the Director from adopting a rule related to federal regulations until the regulation has had final approval.

H-1546A - **RULED NOT GERMANE**

H-1546B by **Isenhardt** - Requires that communications to the Director regarding fee-setting, including those made through the phone or in person, be written down and made available for inspection at no charge. **FAILED** 55-35

H-1489 by **Isenhardt** - Requires a majority of both commissions to approve of the rules. **FAILED**

H-1476 by **Isenhardt** - Strikes the requirement to wait for final federal action.

**FAILED**

The **House PASSED** the bill 60-29; it now goes to the **Senate**

The following legislation was introduced this past week in the Iowa House and Senate. For full details of the legislation, please visit [www.legis.iowa.gov](http://www.legis.iowa.gov)

Issue related legislation:

**HF 673 URBAN RENEWAL PROJECTS** (Successor to HF 388)

Prohibits adopting new ordinances or designating increased amounts of sales tax for urban renewal projects. Effective on enactment.

**HF 675 CONSTRUCTION REGISTRY/LIENS** (Successor to HF 633)

Establishes a state construction registry. Changes contractor references in regards to these liens to General Contractor and adds a category for Owner-Builder. Requires that a lien include the address of the property of a description of the location. Requires a general contractor to give notice to an owner that subcontractors may file liens. Requires a general contractor or owner-builder to notify IFA on the commencement of work. Requires subcontractors to make various submissions. Establishes deadlines for subcontractors to file liens due to non-payment by a general contractor. Contains other related provisions, including duties on checking the lien registry. Requires an administrator to maintain an electronic database and eliminates certain requirements for the clerk of courts on liens. Effective July 2012, but liens filed before then will be subject to the previous rules.

General business legislation:

**No business related legislation introduced this week.**

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