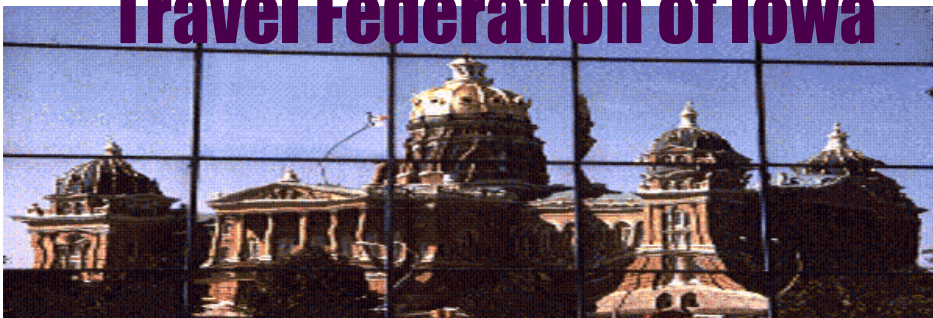


# Travel Federation of Iowa



LET'S TALK  
TOURISM

## Issue Four – February 25, 2006

### News from the Capitol Steps

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### News from the Capitol Steps

Believe it or not, we have reached the halfway point in the legislative session. The Iowa Legislature will meet this year for approximately 100 days - and Monday (February 26) is the 50th day. Legislative per diem expenses will end on the 100th day of session - April 18, 2006. We say approximately because legislators can end early or they can go on for what seems like an eternity (case in point - the extra month legislators took last year to get their work done).

Typically during election years, legislators try to end on time. But this year, House leaders are breaking records by even election-year standards. House committees and subcommittees have been meeting non-stop to get bills out of committee. In fact, the House daily subcommittee schedule was four-pages long each day last week. Five years ago, legislators never held subcommittee meetings and the public had very little ability to provide input unless their lobbyist was in the infamous "back rooms." Over the past several years, legislators have worked hard to open the legislative process to the public, and one way of doing this was to hold subcommittees on bills being considered. You can see the full daily and two-week committee and subcommittee schedules online at: <http://www.legis.state.ia.us/Chambers.html>.

Almost all of the House budgets are ready for debate (the Infrastructure and Health/Human Services budgets should be ready next week). House leaders say privately they want to get their work done by April 13 - the Thursday before Easter weekend. The "official" end of session is just two days after Easter. Legislators would like to get done before the holiday, so they do not have to return to Des Moines for those two days (or longer).

It's a good goal, but negotiations between the evenly divided Senate and the one-vote majority in the House have a way of breaking down in those final weeks. And the Governor is well-known for holding legislators' feet to the fire to get his priorities accomplished. It's his last year to make good on them, so he's going to be a strong negotiator.

Finally, it's not all work at the Capitol these days. The receptions keep legislators full and happy - and there are always other little things to entertain them. Swine and wine was on the schedule for the House Natural Resources Committee on Thursday, and another committee got to debate the humorously titled bill "making black bears and cougars fur-bearing animals." I'm sure they appreciate this - its cold in Iowa and fur comes in handy when you live outdoors.

And with the halfway point comes another legislative milestone - the first legislative deadline called a "funnel." The first funnel deadline is Friday (March 3). That is the day that bills need to clear the first legislative hurdle - committee action. By March 3, House bills (called House Files & House Study Bills) must be voted out of House Committees. Likewise, Senate bills (called Senate Files and Senate Study Bills) must be voted out of Senate Committees. Those that don't make it out of committee before next Friday are dead - they can't be brought up again for discussion. Tax and spending bills, bills sponsored by legislative leaders, and bills from the Government Oversight or Rules Committees do not have to make the funnel - they are exempt and can be debated anytime until the end of session.

Lots of bills simply won't make it out of committee by the end of the week - and through the funnel. This year, legislators have already introduced 494 Senate bills and 793 House bills (excluding resolutions). As of today, only 97 bills are out of committee and ready for debate. Fewer than 10% of the bills that are introduced each year make it to the Governor's Office for final approval. So if you see something you like or don't like in the bill list that is attached - tell your legislators. The squeaky wheel really does get the grease - and to legislators, silence means everything is okay.

In addition to the budget, the main issues of the past two weeks have been education, eminent domain, medical practice, the tobacco tax and TouchPlay machines. How all of these are resolved will be a delicate compromise between opposing sides on each issue.

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## **Status of Tourism Priorities**

Special thanks to all of our district leaders out there – these are the people who signed up as the main point of contact for each Senate district (including the two Representatives in these districts). Your responsiveness and advocacy are helping – we hear it from legislators almost every day. Keep up the good work – and for everyone else – we need your help too. Do not rely on the district leaders to do it all for you. The more calls we can generate on our priorities, the better. Remember, the squeaky wheel gets the grease, and we need to be squeaker than all the other wheels.

**Tourism Marketing.** The House Appropriations Committee passed the Economic Development Budget out this week, so it will be ready for floor debate next week. HF 2459 is the starting point in budget negotiations, so it is pretty much a status quo budget. However, there are two major increases - \$115,000 to restore a cut to business development in the Department of Economic Development and \$250,000 to expand cooperative tourism marketing. This increase is also a separate line item to guarantee it is used as intended. This is great news – special thanks to the House Economic Development Budget Subcommittee for going the extra mile to secure funding for tourism. Senators on the subcommittee say they continue to look for other funding to expand tourism marketing even more.

**Welcome Centers.** Legislators again put language in the Economic Development Budget (HF 2459) to prohibit DED from charging fees to nonprofit organizations. Last year, the Governor vetoed this language. The bill also includes a requirement that DED develop public-private partnerships with Iowa tourism businesses, tour groups, tourism organizations, and local governments to assist with advertising.

**School Start Date.** Legislators are deadlocked on this issue. Tourism professionals absolutely need to call their Senators and Representatives and ask them to eliminate the school start date waiver, thereby enforcing the existing school start date. This can be done in conjunction with other initiatives (like changing required number of school days in a school calendar to an hourly requirement) - or it can be done by passing one of the bills listed. We are asking district leaders and tourism professionals to:

1. **Contact your State Senator & State Representative and urge them to eliminate the school start date** by passing SF 2150 and SSB 3192 (for Senators)/HF 2253 (for Representatives) – or including this in their school reform package. Talking points on this are available on the TFI website ([www.travelfederationofiowa.org](http://www.travelfederationofiowa.org)).
2. **Tell us what they say** (contact Angie Tyner at [atyner@councilbluffsia.com](mailto:atyner@councilbluffsia.com)). We'll follow up and it will help us in our vote counting.
3. **Write a letter to the editor thanking the sponsors of the school start date bills** (*Senators Putney, Lundby, Tinsman, Zaun, Wieck, McKibben, Gaskill, Behn, Johnson, Miller, Shull, Mulder, Kettering, Seymour, Boettger, Zieman, Iverson, Lamberti, McKinley, Ward, Hahn, Dearden, Dotzler, Houser & Kibbie; Rep. May*) – and urging others to pass it. Again, the information on the TFI website can help you. Legislators read their local papers, and we want to make sure they see this in every paper they get!

4. **Send Angie Tyner a copy of your letter to the editor** once it makes it into the paper. We will share these clips with legislators, so they can see the breadth of support around the state.

Also of interest to tourism professionals:

- **Honey Creek Destination Park.** Last year, legislators authorized \$28 million in bonding for this destination park at Lake Rathbun. Because of the Hurricane last year, construction costs have gone up and the park needed extra bonding authority to complete construction. The bill to do that (SF 2056) was passed by both the House and the Senate, and its on the way to the Governor.
- **Iowa Great Places.** This new initiative was limited to identifying only three projects, with more designated two years after the third project is identified. The bill to eliminate the two-year waiting period (HSB 640) has made it out of the House Economic Growth Committee and is safe from the funnel. It'll get a new bill number. The Senate version (SSB 3062) is still in the Senate Economic Growth Committee and will be dead if it is not voted out in the next four days. In addition, the bill to award additional points in CAT project applications to communities with Great Places projects is ready for debate in the Senate (SF 2201). It made it out of committee last week, saving it from the funnel deadline.
- **Destination Project TIF.** Many communities (and legislators) looked on with interest as Newton lobbied to get a portion of the sales tax generated at their new racetrack, so it can be used to pay off the bonds used to construct the facility. Legislators watched this with interest, and now some are working on a bill to allow other communities to do the same – to create a sales tax Tax Increment Finance (TIF) district to use the increased revenues in local option sales taxes (and possibly the state sales tax) to pay for the construction and operation of the facility. Interesting idea, but the fiscal note may scare away some legislators (HSB 642 & HF 2536).

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## **Bills of Interest**

### **House Bills**

*Bills with an asterisk (\*) beside them are exempt from the funnel deadline.*

**HF 2004 - County Endowment Fund Increase** (Subcommittee/Floor Manager: Rep. Roberts (Chair), Jacobs & Quirk) (Bill Status: House State Government Committee) - Increases the amount of gaming funds deposited in the county endowment fund from .5% to 1%. The fund distributes money to counties that do not have gambling establishments.

**HF 2037 - Targeted State Parks Appropriation** (Subcommittee/Floor Manager: Rep. Hoffman (Chair), Soderberg & Thomas) (Bill Status: House Economic Growth Committee) - Currently, there is an annual appropriation of \$1 million to the Department of Economic Development which can then be used by the Department of Natural Resources on targeted state parks. This bill would make that same appropriation go directly to the Department of Cultural Affairs to be used for the same purpose.

**\*HF 2049 - Senior Property Tax Freeze** (Subcommittee/Floor Manager: Not assigned) (Bill Status: House Ways & Means Committee) - Freezes a home's assessed value if owned by a person age 65 and older with a household income twice the amount allowed to qualify for the Elderly or Disabled Property Tax Credit (approximately \$37,000). The assessed value frozen is prior to the rollback. Does not require the state to make up this reduction (so local governments absorb the loss). Retroactive to January 1, 2006.

**HF 2086 & SF 2117 - Enterprise Zone Re-Certification** (Subcommittee/Floor Manager: Rep. Jenkins (Chair), Schickel, Schueller, Soderberg & Thomas; Sen. Seymour (Co-Chair), Stewart (Co-Chair), Behn & Ragan) (Bill Status: House Economic Growth Committee, Companion Status: Senate Economic Growth Committee) - Allows a city or county to apply to the Department of Economic Development for re-certification of an enterprise zone if the original certification will expire by February 28, 2011. The re-certification would be in effect for 10 years.

**HF 2091 - Enterprise Zone Dates & Distress Criteria** (Subcommittee/Floor Manager: Rep. Jenkins (Chair), Schickel, Schueller, Soderberg & Thomas) (Bill Status: House Economic Growth Committee) - Currently, under the enterprise zone program, a county or city may apply to the Department of Economic Development for an area to be certified as an enterprise zone at any time prior to March 1, 2006. In order for an enterprise zone to be designated by a county, two of four distress criteria must be met. The bill changes the date to July 1, 2008 and adds seven possible distress criteria to the previous list.

**HF 2094 - County Video Lottery Ban** (Subcommittee/Floor Manager: Rep. Elgin (Chair), Greiner, Jacobs, Quirk, Roberts, T. Taylor & Whitead) (Bill Status: House State Government Committee) - Prohibits amusement devices and video lottery in any county which has rejected a proposal for gambling on riverboats or racetracks, unless the county voters subsequently pass a referendum to allow gambling.

**HF 2125 - Eminent Domain Revisions** (Subcommittee/Floor Manager: Rep. Struyk (Chair), Anderson, May, Miller & Wise) (Bill Status: House Economic Growth Committee) - This bill would make several changes to Iowa's laws governing eminent domain, including: Defines "public use" to mean use of property by the general public, governmental entities, public or private utilities, or common carriers, NOT economic development. The burden of proof is on the acquiring agency to demonstrate a proposal's status as public use by clear and convincing evidence. The bill strikes the exception of condemnation of agricultural land for industrial purposes. The bill sets out guidelines for official notices and compensation of expenses to the property owner, including for relocation. The bill also restricts the power of a city to acquire property outside the city limits by eminent domain except in very exceptional circumstances. The bill also makes changes to the definitions of "slum area" and "blighted area" in the urban renewal chapter of the Iowa Code.

**HF 2153 & SSB 3062 & \*HSB 640 - Great Places Program** (Subcommittee/Floor Manager: Rep. Thomas (Chair), Lalk & Wilderdyke; Sen. Ragan (Co-Chair), Shull (Co-Chair), Hahn & Stewart; Rep. Thomas (Floor Manager)) (Bill Status: House Economic Growth Committee, Companion Status: Senate Economic Growth Committee & House Floor) - Current law allows three Iowa Great Places projects to be identified by the Iowa Great Places Board, but no others may be designated for two years after the third project is identified. The bill eliminates the two-year waiting period for identifying additional projects. Allows state agencies to give Great Places communities preference in awarding grants, loans and other financial assistance for up to five years following designation (although the Great Places Board can extend this preference time by up to three years).

**\*HF 2167 & SSB 3163 - Fair Appropriation** (Subcommittee/Floor Manager: Not assigned; Sen. Angelo (Co-Chair), Dvorsky (Co-Chair), Boettger & Seng) (Bill Status: House Appropriations Committee, Companion Status: Senate Appropriations Committee) - Appropriates \$1.06 million from the Rebuild Iowa infrastructure fund (RIIF) to the office of treasurer of state for county fair infrastructure improvements to qualified fairs which belong to the association of Iowa fairs.

**HF 2199 - Longer School Calendars** (Subcommittee/Floor Manager: Rep. Chambers (Chair), Tymeson & Wendt) (Bill Status: House Education Committee) - Gradually increases the number of instructional days in the school calendar. For FY07, increases total days from 180 to 182, with two additional instructional days added each year until the school year reaches 190 days in FY11. Creates a standing unlimited appropriation to pay for this (that means the State will pay for it no matter what the cost).

**HF 2206 - Historic & Cultural Tax Credits** (Subcommittee/Floor Manager: Rep. Wilderdyke (Chair), Reichert & Schickel) (Bill Status: House Economic Growth Committee) - Increases the amount of historic preservation and cultural and entertainment district tax credits from \$2.4 million each fiscal year to \$20 million each fiscal year. Of the \$20 million of tax credits, at least \$4 million shall be allocated for purposes of projects with a cost of \$500,000 or less.

**HF 2217 - Endow Iowa Standards** (Subcommittee/Floor Manager: Rep. Roberts (Chair), Jacobs & Quirk) (Bill Status: House State Government Committee) - Requires that endow Iowa qualified community foundations must comply with standards determined by the Department of Economic Development in collaboration with the Iowa council of foundations. The bill requires the standards to be substantially similar to but not identical to standards established by the national council on foundations.

**\*HF 2227 & SF 2193 - Historic Property in Enterprise Zones** (Subcommittee/Floor Manager: Rep. Soderbeg (Chair), Kurtenbach & Schueller; Sen. Beall (Co-Chair), Hahn (Co-Chair), McKinley & Rielly) (Bill Status: House Ways & Means Committee, Companion Status: Senate Economic Growth Committee) - Similar to HSB 596. For property in a designated enterprise zone that is 50 years old, is either on the national register of historic places or is eligible for such listing, investment tax credits would be available. In a building used primarily as a business, the tax credit would be for up to 10 percent of the rehabilitation costs related to the new jobs created by the occupant business and a refund of state sales and use taxes paid on materials and services used in the rehabilitation. If the property is used for residential purposes, the owner or developer of the property is eligible for an investment tax credit of up to 10 percent of the rehabilitation costs related to the development of the residential units and a refund of state sales and use taxes paid on materials and services used in the rehabilitation. The bill also provides an individual income tax deduction of up to \$2,000 for each of the first five tax years that a taxpayer resides in a condominium located in a qualified historic property located in a designated enterprise zone.

**\*HF 2238 - Federal Block Grant Bill** (Bill Status: Sent to Governor) - Allocates funding that comes down to Iowa from Federal Block Grants (total of \$4.5 billion) including funds for substance abuse treatment and prevention, community mental health centers, maternal/child health services, child health specialty clinics, preventive health initiatives, community action agencies, community development, low-income energy assistance, social services (including MH/MR/DD/BI local purchase), homeless transition grants, and child care development. Effective 7/1/2006.

**HF 2253 - School Start Date Requirements** (Subcommittee/Floor Manager: Rep. Dolecheck (Chair), Boal & Ford) (Bill Status: House Education Committee) - Eliminates the school start date waiver and ends the year-round school waiver (but grandfathers in those that already have such a waiver for year-round school). Exempts the five laboratory schools operated at the state universities.

**\*HF 2257 - State Franchise Tax Revenue** (Subcommittee/Floor Manager: Not assigned) (Bill Status: House Ways & Means Committee) - Reenacts the annual appropriation of \$8.8 million of state franchise tax revenues to cities and counties. This annual appropriation was repealed in 2003 and, under this bill, would commence with the fiscal year beginning July 1, 2006.

**HF 2291 - Land Use Planning** (Subcommittee/Floor Manager: Rep. Fallon (Chair), Rasmussen & Schickel) (Bill Status: House Local Government Committee) - Establishes a statewide land management planning board, which is the current city development board with expanded duties. Creates a land management planning fund to help pay the costs of administering the board's duties. Each metropolitan statistical area county and cities would be required to establish a strategic development committee by September 1, 2006, for the purpose of creating a strategic development plan for the entire county. The bill allows two or more contiguous counties to form one combined committee. The bill contains several related provisions.

**HF 2309 & SF 2188 - Community Foundation Fund & Checkoff** (Subcommittee/Floor Manager: Rep. Anderson (Chair), Schueller & Wilderdyke; Sen. Connolly (Co-Chair), Zaun (Co-Chair), Bolkcom & Ziemann) (Bill Status: House Economic Growth Committee, Companion Status: Senate Ways & Means Committee) - Creates the Community Foundation Fund under the control of the DED and creates a Community Foundation Fund Income Tax Checkoff. Money collected by the checkoff would be credited to the fund to be distributed by DED to qualified community foundations.

**HF 2310 - Economic Development Informational Website** (Subcommittee/Floor Manager: Rep. Lukan (Chair), D. Olson & S. Olson) (Bill Status: House Economic Growth Committee) - Requires the DED to establish and maintain an internet website for purposes of providing informational assistance to the general public regarding business development, community development, quality of life issues, travel, film development, and careers. The bill would require the DED to use Values Fund money for the establishment and maintenance of the website.

**\*HF 2322 - Dedicated Funding for Public Hunting, Parks & Trails** (Subcommittee/Floor Manager: Not assigned) (Bill Status: House Appropriations Committee) - Puts .5% of all sales tax revenues into a new Conservation Practices Revolving Loan Fund to encourage permanent soil and water conservation practices on private land. Appropriates another 1.5% of the sales tax to a new Public Hunting, Parks, & Trails Program to lease and maintain land for public hunting (40% of the money), improve vertical infrastructure in public parks (30% of the money), and develop recreational trails (30% of the money). Trail funds can be used to repair, develop, promote, and

manage recreational trails throughout the state (but it cannot be used to purchase rights of way). Creates a six member advisory board - half are people representing agricultural groups and half are people representing habitat/wildlife groups. Effective 7/1/2007.

**\*HF 2351 - Eminent Domain Revisions** (Subcommittee/Floor Manager: Sen. Brunkhorst (Co-Chair), Kreiman (Co-Chair), Miller & Quirnbach) (Bill Status: House Floor) - This bill would make several changes to Iowa's laws governing eminent domain, including: Defines "public use" to mean use of property by the general public, governmental entities, public or private utilities, or common carriers, NOT economic development. The bill changes from 40 feet to 66 feet the width of a public way that may be acquired by eminent domain by an owner of land without a way to the land. The burden of proof is on the acquiring agency to demonstrate a proposal's status as public use by clear and convincing evidence. The bill strikes the exception of condemnation of agricultural land for industrial purposes. The bill sets out guidelines for official notices and compensation of expenses to the property owner, including for relocation. The bill also restricts the power of a city to acquire property outside the city limits by eminent domain except in very exceptional circumstances. The bill also makes changes to the definitions of "slum area" and "blighted area" in the urban renewal chapter of the Iowa

**\*HF 2368 - Film Promotion Program** (Subcommittee/Floor Manager: Not assigned) (Bill Status: House Ways & Means Committee) - The bill establishes a film promotion program within the department of economic development. The program would be designed to assist legitimate film, television, and video producers in making film, television, and video episodes or segments in the state by granting refundable individual and corporate income tax credits. The amount of the credit would be equal to 10 percent of the program budget spent in the state as long as the program budget exceeds \$250,000. The bill would be effective retroactively to January 1, 2006.

**\*HF 2376 - Airport Improvements** (Subcommittee/Floor Manager: Not assigned) (Bill Status: House Appropriations Committee) - Appropriates \$750,000 from the rebuild Iowa infrastructure fund (RIIF) to the state department of transportation for FY 2006-2007 to fund improvements at general aviation airports through a grant program.

**HF 2402 - Economic Development Changes** (Subcommittee/Floor Manager: Rep. Hoffman (Chair), Soderberg & Thomas) (Bill Status: House Economic Growth Committee) - This bill makes several changes that would affect economic development. The bill would create a Regulatory Efficiency Commission to identify unneeded regulations and to streamline access to regulatory information. The DED would need to establish a regulatory ombudsman office and would be appropriated \$250,000 for that purpose. The bill allows a city to form a cultural and entertainment district administrative committee for fostering activities in the district. The bill also requires the DCA to establish a cultural and entertainment district events program to financially support programs. This bill also makes other appropriations.

**\*HF 2407 - Cultural & Entertainment District Tax Breaks** (Subcommittee/Floor Manager: Not assigned) (Bill Status: House Ways & Means Committee) - This bill would allow a contractor or subcontractor to claim a sales and use tax refund for tax paid for gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or for services rendered, furnished, or performed by the contractor or subcontractor in the construction or equipping of a facility located in a cultural and entertainment district. The bill provides an income tax deduction of up to \$25,000 of the gain from the sale of a unique work of art, provided the artist lives and works in a cultural and entertainment district. The deduction applies retroactively to January 1, 2006, for tax years beginning on or after that date.

**\*HF 2409 - Hotel/Motel Tax** (Subcommittee/Floor Manager: Not assigned) (Bill Status: House Ways & Means Committee) - Authorizes a city or county that has imposed a local hotel and motel tax at the maximum rate of 7% to impose an additional 2% without holding an election. This additional tax would be repealed when the original 7% tax is repealed or reduced. The bill also directs the city or county when spending revenue derived from the local hotel and motel tax to comply with the Iowa targeted small business procurement Act. A targeted small business is a business that is 51% owned, operated, and actively managed by women, minorities, or disabled persons and has annual gross income of less than \$3 million.

**\*HF 2459 - Economic Development Budget** (Subcommittee/Floor Manager: Rep. Lukan (Floor Manager)) (Bill Status: House Floor) - Appropriates \$30.8 million to the Departments of Economic Development and Workforce Development, and for Regents economic development programs (\$365,000 increase - all of which goes to DED - \$115,000 to restore last year's cut to the Department and \$250,000 in new funding for cooperative tourism marketing). The new \$250,000 is a separate line-item appropriation. Prohibits DED from charging welcome center

fees to non-profit organizations (this language was vetoed by the Governor last year). Requires DED to develop public-private partnerships with Iowa tourism businesses, tour groups, tourism organizations, and local governments to assist in developing advertising efforts. Requires DED to maximize other sources of funding and contributions in advertising and marketing. All other funding is maintained at the current level. **NEW LANGUAGE THIS YEAR:** Requires any business receiving financial assistance from DED's business development appropriation to sign a contract stating they will hire only US citizens or non-citizens authorized to work in the state. All DED vendors will also be required to comply with this requirement. Effective July 1, 2006.

**\*HF 2480 - Railroad Loan & Grant Fund** (Subcommittee/Floor Manager: Not assigned) (Bill Status: House Appropriations Committee) - This bill appropriates \$15 million to the railroad revolving loan and grant fund for each fiscal year from 2007-2009 to be used to provide assistance for the restoration, conservation, improvement, and construction of any of the following: railroad main lines, branch lines, switching yards, sidings, rail connections, intermodal yards including intermodal facilities involving a port, port authority, navigable waters of this state, highway grade separations, and other railroad-related improvements and grants for rail economic development projects that improve rail facilities.

**\*HF 2526 - Iowa Civil War Sesquicentennial Commission** (Subcommittee/Floor Manager: Rep. May (Floor Manager)) (Bill Status: House Floor) - Establishes an Iowa Civil War sesquicentennial commission in the office of the governor to plan, coordinate, and administer activities and programs during the years 2011 through 2015 relating to the commemoration of the sesquicentennial of Iowa's involvement in the American Civil War. The commission would consist of 25 members - five appointed by the governor and 20 public members selected by legislative leaders. The commission would have authority to adopt rules, receive and expend funds, and to employ personnel, including an executive director. The bill establishes a sesquicentennial fund under the control of the commission, repeals the commission on June 30, 2016.

**\*HF 2527 - Education Budget** (Subcommittee/Floor Manager: Rep. Chambers (Floor Manager)) (Bill Status: House Floor) - Appropriates \$948.4 million for educational and cultural programs (this is a \$17.2 million increase). Maintains the current level of funding for the Department of Cultural Affairs (\$240,195), Community Cultural Grants (\$299,240), Historical Division (\$3,239,269), Historic Sites (\$534,676), Arts Division (\$1,181,329), and Great Places (\$200,000).

**HF 2535 - Special Events/Festivals in State Parks** (Subcommittee/Floor Manager: Not assigned) (Bill Status: House Natural Resources Committee) - Requires the Natural Resources Commission to establish a procedure to allow qualified organizations to apply for a permit to hold a special event, festival, or educational program in a state park or preserve. Sets out special requirements if firearms are discharged. Qualified organizations are community or civic groups that promote or develop the arts, history, culture, ethnicity, historic preservation, tourism, economic development, or festivals.

**\*HF 2536 - Sales Tax TIF** (Subcommittee/Floor Manager: Not assigned) (Bill Status: House Ways & Means Committee) - Allows cities with a local option sales tax to establish by ordinance a Sales Tax TIF district to dedicate and use the increase in sales and services tax revenues to pay for loans, advances, indebtedness, and bonds used to assist in the development, redevelopment, improvement, or rehabilitation of an athletic, cultural, or entertainment facility or complex located in the district. Dedication of this increased revenue does not require an election. Owners/operators of the facility must make an actual investment of at least \$5 million (and the project cannot include a gaming establishment or retail mall). Allows the local option sales tax for school infrastructure increment to be used for the project, puts a 10-year time limit on the district, and allows the community to apply for state assistance through DED to receive all or a portion of the state sales tax increment. States what the base year will be.

**HSB 531 - Rural Economic Development Program** (Subcommittee/Floor Manager: Rep. S. Olson (Chair), Lukan, Schickel, Swaim & Thomas) (Bill Status: House Economic Growth Committee) - Requires the Department of Economic Development to create a rural economic development program for counties with less than 25,000 persons. The bill also creates a rural economic development fund, from which money can be drawn for the program. The money appropriated to the fund would be equal to the amount of any increase in revenue from the FY 2006 budget year from monitor vending machines authorized by the Iowa Lottery Authority.

**HSB 567 & HF 2131 - Historic & Cultural Tax Credit Expansion** (Subcommittee/Floor Manager: Rep. Wilderdyke (Chair), Reichert & Schickel; Rep. Dandekar (Chair), May & Wilderdyke) (Bill Status: House Economic Growth Committee, Companion Status: House Economic Growth Committee) -

Currently, \$2.4 million of historic preservation and cultural and entertainment district (CED) tax credits may be approved in a fiscal year, and, for the fiscal period beginning July 1, 2005, and ending June 30, 2015, an additional \$4 million of tax credits may be approved each fiscal year for purposes of projects located in certified cultural and entertainment districts. The bill replaces the additional \$4 million of tax credits with \$17 million of additional tax credits for each of those fiscal years, of which \$15 million of tax credits may be approved each fiscal year for purposes of projects located in certified CEDs. The bill eliminates a restriction that, with the exception of tax credits issued pursuant to contracts entered into prior to July 1, 2005, tax credits shall not be reserved for more than five years.

**HSB 596 - Historic Property in Enterprise Zones** (Subcommittee/Floor Manager: Rep. Wilderdyke (Chair), May, Lalk, Schueller & Reichert) (Bill Status: House Economic Growth Committee) - Similar to HF 2227. For property in a designated enterprise zone that is 50 years old, is either on the national register of historic places or is eligible for such listing, investment tax credits would be available. In a building used primarily as a business, the tax credit would be for up to 10 percent of the rehabilitation costs related to the new jobs created by the occupant business and a refund of state sales and use taxes paid on materials and services used in the rehabilitation. If the property is used for residential purposes, the owner or developer of the property is eligible for an investment tax credit of up to 10 percent of the rehabilitation costs related to the development of the residential units and a refund of state sales and use taxes paid on materials and services used in the rehabilitation.

**HSB 610 - TouchPlay Moratorium** (Subcommittee/Floor Manager: Rep. Elgin (Co-Chair), Greiner (Co-Chair), Jacobs, Quirk, Roberts, T. Taylor & Whitehead) (Bill Status: House State Government Committee) - Establishes a moratorium on the number of monitor vending machines authorized by the Iowa lottery authority. The bill provides that the lottery authority shall only authorize the machines either currently located on the premises of a retailer or ordered by a retailer from an authorized manufacturer of the machines on or before January 7, 2006.

**\*HSB 630 - Enterprise Zone Eligibility** (Subcommittee/Floor Manager: Rep. Jenkins (Floor Manager)) (Bill Status: House Floor) - Currently, a city with a population of 24,000 or more is eligible to designate an enterprise zone if the enterprise zone meets certain distress criteria. The bill eliminates the 24,000 population threshold and, instead, provides that a city which includes at least two census tracts, as shown by the 2000 certified federal census, is eligible to designate an enterprise zone if the enterprise zone meets certain distress criteria. The bill would also allow a city or county meeting certain to distress criteria to apply for a 10-year extension of the enterprise zone designation. The bill would be effective retroactively to March 1, 2006.

**HSB 642 - Destination Project Sales Tax Rebates** (Subcommittee/Floor Manager: Rep. Struyk (Chair), Soderberg, Anderson, D. Olson & Schueller) (Bill Status: House Economic Growth Committee) - Authorizes the Department of Revenue to rebate state sales tax collected by retailers on purchases made at a significant destination project. The person eligible to receive the rebate is the owner or operator of the project. The bill defines "significant destination project" and allows the rebates to occur for up to the first ten years of the project. Limits the total rebates to \$12.5 million and limits the availability of the rebate when ownership changes.

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## Senate Bills

*Bills with an asterisk (\*) next to them are safe from the funnel deadline.*

**SF 2026 - Support Arts License Plate** (Subcommittee/Floor Manager: Sen. McCoy (Co-Chair), Ward (Co-Chair), Shull & Warnstadt) (Bill Status: Senate Transportation Committee) - Creates a "Support the Arts" license plate designed jointly by the Department of Transportation and the Iowa Arts Council. The plate is to be issued for a special fee of \$35, plus an additional \$25 for a personalized plate. The renewal fee, which is in addition to the regular annual registration fee for the vehicle, is \$10, plus an additional \$5 for personalized plates. Moneys from the \$35 fee and the \$10 renewal fee are appropriated to the Arts Division of the Department of Cultural Affairs.

**\*SF 2047 - Athletic Event Sales Tax** (Subcommittee/Floor Manager: Sen. Quirnbach (Co-Chair), Wieck (Co-Chair), Seng & Ziemann) (Bill Status: Senate Ways & Means Committee) - Changes the requirement that cities and counties charge sales tax on services they provide for participating in athletics to a requirement that they collect sales tax only on organized athletic sports sponsored by the city or county.

**SF 2050 - Gambling Establishment Wage Thresholds** (Subcommittee/Floor Manager: Sen.

Hatch (Co-Chair), McKinley (Co-Chair), Hahn & Rielly) (Bill Status: Senate Economic Growth Committee) - Would require casinos and riverboats to pay wages no less than 130 percent of the average county wage for the county where the facility is located, as determined by the Department of Economic Development.

**\*SF 2056 - Honey Creek Bond Program** (Bill Status: Sent to Governor) - Last session, the Legislature authorized the Honey Creek Park Authority to issue bonds up to \$28 million to build this destination park at Lake Rathbun. However, the Authority needed \$28 million in net bond revenues, which means the authority needed to go beyond \$28 million. This bill fixes this issue so the Honey Creek development can proceed as planned. Effective upon enactment

**SF 2061 & HF 698 - Dedicated Funding for Tourism Marketing** (Subcommittee/Floor Manager: Sen. Behn (Co-Chair), Dotzler (Co-Chair), Brunkhorst & Danielson; Rep. Lukan (Chair), Dandekar & May) (Bill Status: Senate Economic Growth Committee, Companion Status: House Appropriations Committee) - Allocates .5% of the state's share of gambling revenues for tourism marketing (including regional tourism marketing) by DED's Office of Tourism.

**SF 2142 - TouchPlay Prohibition** (Subcommittee/Floor Manager: Sen. Horn (Co-Chair), McKibben (Co-Chair), Kibbie & Zieman) (Bill Status: Senate State Government Committee) - This bill prohibits the Iowa lottery authority from allowing retailers to offer a monitor vending (TouchPlay) machine that dispenses lottery tickets to the public. The bill also amends the definition of lottery game to exclude the authorization to use a monitor vending machine to dispense lottery tickets. Any machine in use by a retailer prior to the effective date of the bill may continue to be offered to the public for 30 days following the effective date of the bill.

**SF 2148 - Regional Sports Authorities** (Subcommittee/Floor Manager: Sen. Dotzler (Co-Chair), Hahn (Co-Chair), Hatch & Shull) (Bill Status: Senate Economic Growth Committee) - Requires IDEED to ask the CVBs in Iowa's ten largest cities to establish a Regional Sports Authority to promote youth sports, high school athletic activities, the Special Olympics, and other local amateur sports events. Establishes a seven-member board in each area (four members appointed by the local CVB and three members appointed by the city council). Appropriates \$2 million, to be spread out equally among all Sports Authorities (\$200,000 each if all ten cities comply).

**SF 2150 - School Start Date Waiver Elimination** (Subcommittee/Floor Manager: Sen. Angelo (Co-Chair), Connolly (Co-Chair), McKinley & Wood) (Bill Status: Senate Education Committee) - Eliminates the school start date waiver.

**\*SF 2156 - Historic Property in Enterprise Zones** (Subcommittee/Floor Manager: Sen. McCoy (Co-Chair), Zaun (Co-Chair), McKinley & Seng) (Bill Status: Senate Ways & Means Committee) - For property in a designated enterprise zone that is 50 years old, is either on the national register of historic places or is eligible for such listing, investment tax credits would be available. In a building used primarily as a business, the tax credit would be for up to 10 percent of the rehabilitation costs related to the new jobs created by the occupant business and a refund of state sales and use taxes paid on materials and services used in the rehabilitation. If the property is used for residential purposes, the owner or developer of the property is eligible for an investment tax credit of up to 10 percent of the rehabilitation costs related to the development of the residential units and a refund of state sales and use taxes paid on materials and services used in the rehabilitation. The bill also clarifies that the limitations on cultural and entertainment district tax credits do not apply to the tax credits in this bill.

**\*SF 2183 & HF 2455 - Transportation Enterprise Zones** (Subcommittee/Floor Manager: Sen. Seymour (Floor Manager); Rep. Struyk (Chair), Schuller & Soderberg) (Bill Status: Senate Floor, Companion Status: House Ways & Means Committee) - Allows any city or county in the state to create an enterprise zone, subject to DED certification, by designating up to four square miles of the city or county for that purpose. In order to be certified, the area must be a blighted area and include or be located within one mile of three of the following: a commercial service airport, a barge terminal or a navigable waterway, entry to a rail line, entry to an interstate highway, or entry to a commercial and industrial highway network.

**\*SF 2200 - Great Places Funding** (Subcommittee/Floor Manager: Sen. Angelo (Co-Chair), Stewart (Co-Chair), Dvorsky & Kettering) (Bill Status: Senate Appropriations Committee) - Appropriates \$500,000 from the Infrastructure Fund to the Department of Cultural Affairs for an Iowa Great Places project in a city with a population between 25,000-30,000 residents.

**\*SF 2201 - CAT/Additional Points to Great Places** (Subcommittee/Floor Manager: Sen. Warnstadt (Floor Manager)) (Bill Status: Senate Floor) - Gives additional points to Community

Attractions & Tourism (CAT) project applications that are located in cities or counties that have an Iowa Great Places project.

**\*SF 2232 - Transportation Budget** (Subcommittee/Floor Manager: Rep. Huseman (Chair), Cohoon, Dix & Kuhn) (Bill Status: House Appropriations Committee) - Makes appropriations to the Department of Transportation for the upcoming fiscal year (FY2007), including \$40,000 for the Mississippi River Parkway Commission and \$50,000 for the North America's Superhighway Corridor Coalition. Total appropriations are \$305.3 million - of which \$45.8 million comes from the Road Use Tax Fund and \$259.5 million from the Primary Road Fund (this is an increase of \$3.0 million).

**\*SSB 3047 & HSB 727 - League/ISAC Property Tax Reform** (Subcommittee/Floor Manager: Sen. Quirnbach (Chair), Zieman, Bolckom, Connolly, Wieck & Miller; Rep. Paulsen (Chair), Carroll, Kurtenbach, Shoultz & Winckler) (Bill Status: Senate Ways & Means Committee, Companion Status: House Ways & Means Committee) - This is the 2006 joint property tax proposal from the Iowa League of Cities and the Iowa State Association of Counties. This bill would make several changes to the state's property tax system, including but limited to the following: Eliminates the rollback for all classes, and sets commercial and industrial property assessments at 100% of market value, agricultural land at 100% of its production value (along with using a 10-year rolling average instead of five), and residential at 50% of market value. The bill would convert the military service property tax credit to an income tax credit, repeals the homestead property tax credit and the agricultural land property tax credit and invest the state revenue from the ag land credit repeal into funding the family farm tax credit. The bill also states the intention that all revenue saved from the homestead credit repeal be invested into school foundation aid. The bill also contains several other provisions.

**SSB 3065 & HSB 725 - Minimum Hours for Instructional School Time** (Subcommittee/Floor Manager: Sen. Mulder (Co-Chair), Wood (Co-Chair), Brunkhorst & Connolly; Rep. Tymeson (Chair), Kaufmann, Schickel, Wendt & Winckler) (Bill Status: Senate Education Committee, Companion Status: House Education Committee) - Converts the current 180-day school calendar to a required 990 hours of instructional school time in FY07, 1080 in FY08, and 1,260 in FY09 and beyond. Eliminates language setting a minimum school day as 5.5 hours. Eliminates "innovative school year" pilots (because such schools can continue to do this as long as they meet the minimum school days). Requires school districts to hold a public hearing before requesting a change to the school start date.

**\*SSB 3085 - Property Tax - Rollback & Essential Services** (Subcommittee/Floor Manager: Sen. Miller (Co-Chair), Quirnbach (Co-Chair), Wieck, Zieman, Connolly & Bolckom) (Bill Status: Senate Ways & Means Committee) - Requires a county or city to adopt a resolution and hold a public hearing before they could raise taxes. The bill changes the number of signatures necessary to protest an adopted county budget from 100 to one-fourth of 1 percent of those voting for the office of governor at the last general election, but not less than 10 nor more than 100. The bill would require cities and counties, when faced with reduced revenue, to first reduce funding for services that are not essential services. The bill defines essential services as police and fire protection, emergency management, street lights, water and sewage, snow and garbage removal, roads, streets, bridges and sidewalks. The bill also ties the commercial and industrial property into the rollback with residential and agricultural property, and allows for an up to four percent increase in the allowable taxing limit. The bill abolishes county compensation boards and transfers their authority to boards of supervisors.

**SSB 3116 - Education Reform Bill/Common School Calendar** (Subcommittee/Floor Manager: Sen. McKinley (Co-Chair), Wood (Co-Chair), Angelo & Connolly) (Bill Status: Senate Education Committee) - Makes a number of changes to the educational system, including giving regional academies that adopt a common school calendar extra school aid.

**SSB 3192 - School Start Date & Bell Schedules** (Subcommittee/Floor Manager: Sen. Boettger (Co-Chair), Schoenjahn (Co-Chair), Mulder & Wood) (Bill Status: Senate Education Committee) - Requires each Area Education Agency to determine annually a traditional and a block school bell schedule for the following school year for the schools located within its boundaries. Eliminates the school start date waiver (requiring schools to start on or after September 1).

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## **Bills of Interest Held Over From 2005 Session**

**HF 251 - Tourism Automobile Rental Tax** (Subcommittee: Not assigned) - (Bill Status: House Ways & Means Committee) - Increases the tax on rental cars by 1% (from 5% to 6%) for tourism marketing.

**HF 415 - Department of Tourism Creation** (Subcommittee: Rep. Wilderdyke (Chair), Anderson, Thomas)- (Bill Status: House Economic Growth Committee) - Creates an Iowa Department of Tourism, and transfers duties from the Department of Economic Development. Contains related provisions necessary to complete the transfer.

**HF 454 - Early School Start Date Enforcement** (Subcommittee: Rep. Kaufmann) - (Bill Status: Referred to House Education Committee) - Requires the Department of Education to adopt criteria for school start date waiver requests.

**HF 698 - Tourism Marketing/Gambling Set-Aside** (Subcommittee: Rep. Lukan (Chair), Dandekar, May) - (Bill Status: House Appropriations Committee) - Dedicates .5% of gambling dollars to the Office of Tourism for tourism marketing, including regional tourism marketing.

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## **2006 Top Tourism Priorities**

1. Increase the Iowa Tourism Office's budget to the Midwest regional average of \$8.3 million. Iowa's current budget of \$3,442,000 is not even half of the Midwest regional average.
2. Maintain a traditional school year calendar.
3. We encourage local interest groups to consider what will best serve the industry in their location and encourage them to advocate for those issues.

## **Important 2006 Dates to Know:**

- **March 3<sup>rd</sup>, 2006 - First Funnel Deadline.** In order for legislation to remain alive, House bills must be reported out of House committees (Senate bills out of Senate committees. *Ways & Means, Appropriations and Government Oversight committee bills are exempt.*
- **March 24<sup>th</sup>, 2006 - Second Funnel Deadline.** In order for legislation to remain alive, House bills must be reported out of Senate committees (Senate bills out of House committees). *\*Ways & Means, Appropriations and Government Oversight committee bills are exempt.*
- **April 18<sup>th</sup>, 2006 - 100<sup>th</sup> Calendar Day of the 2006 legislative session.** Per Diems for legislators expire, usually signaling the end of the session.

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