

LET'S TALK TOURISM



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Welcome the new DED Director!



On December 28th, Governor Culver announced that Bret Mills, at that time the current director of the Iowa Finance Authority (IFA), would replace Iowa Department of Economic Development (IDED) interim director Fred Hubbell as his choice to lead the department. Bret officially began the job on January 13th, 2010.

A native of Clay County in northwest Iowa, Bret Mills was

→ A Fast Start. An Early Finish?

On Monday, January 11th, the 2nd session of the 83rd Iowa General Assembly exploded out of the starting gate and took off running. Since the state budget is in crisis, the Legislature has elected to trim their own costs by reducing the session down to 80 days from its normal 100-day length. The new March 31st deadline for when legislative per diems will expire means the Legislature has to work a lot quicker in order to complete its work.



They seem to be up to the task, introducing almost 270 bills in the first week of session and reaching the 450 mark at the end of this past week. They have also moved the funnel deadlines - the dates by which bills must be passed out of committee in order to stay alive - from the normal first and last weeks of March up to February 12th and March 5th.

The session's theme is one thing and one thing only - the budget. Legislators are working on a number of initiatives right now aimed at increasing available revenues and decreasing necessary expenditures in preparation for the budget work which will likely start in early March. One initiative - Race to the Top - was passed during the first week of session and could draw down \$175 million in education funds from the federal government. Another initiative - government reorganization - was introduced during the first week and has been under discussion ever since. The current proposal would save about \$43 million, but most agree that legislators are not finished adding provisions to that bill.

The budget hole itself is hard to pinpoint; some estimates put it as

appointed Executive Director of the Iowa Finance Authority (IFA) on Feb. 11, 2005. Mills originally joined IFA as Chief Financial Officer on Jan. 17, 2003. Prior to joining IFA, Mills worked in the State Treasurer's office for 15 years, the last nine of which he served as Deputy State Treasurer. He earned his Bachelor's degree from the University of Iowa, and a B.S. in Accounting and an M.B.A. from Drake University. Mills is a Certified Public Accountant and a member of the Iowa Society of Certified Public Accountants. Mills served in the Iowa National Guard from 1984 to 1990.

Quick Links

[Grassroots Action Center](#)

[Bill Tracker](#)

[TFI Website](#)

[State Legislative Website](#)

Road Use Tax Fund for Troopers?

On December 8, 2009, Governor Culver released the Iowa Efficiency Review Report that was assembled by Public Works LLC, a firm hired by the Governor to find efficiencies in Iowa State Government. You can view the whole report [HERE](#). Among the recommendations was to

low as \$500 million, while others say it could be closer to \$1.2 billion. Either way, Iowa's budget problem is much better than several other states, both in terms of dollars and in percentage. However, legislators have told lobbyists and interest groups that all options are on the table as they seek a solution; no program is immune for possible cuts. If you have a budget priority you want to see addressed, you will want to contact your legislator and share your input!!

→ Hard Decisions Ahead

Last week, national news reported that Arizona would be closing half of its 37 state parks because of budget cuts, including some of the most popular and heavily visited sites. National news also reported three other states would be looking at state park closures - including Louisiana, Idaho and Iowa. While no specific recommendations have been made in our state, the budget forecast and projected \$500+ million gap in the FY 2011 budget could leave lawmakers with little choices.



That would be unfortunate, following a recent DNR report that shows attendance in Iowa's state parks is up 5.3% from 2008 and 7.4% from 2005. That's an additional 714,592 people camping in state parks over the last year. The report found that newly restored lakes were the big draw. For instance, attendance at Lake Anita skyrocketed by 160.7% after it was restored. The DNR reports that they have 26 lake restorations in the works, and six more planned if funding remains available.

The report found Iowa's 56 major state parks drew 14 million visits this year, up 250,000 from 2008. Funding for Iowa's attractions, state parks, and tourism marketing will be under intense scrutiny this year, so make sure you are talking to your legislators. You can find a full list of weekend legislative forums on our website at: www.travelfederationofiowa.com.

→ Tax Credit Review and Recommendations

As many of you know, as a result of concerns that came to light during the summer about the film tax credit program, Governor Culver ordered a review of the state's 30 tax credits following the problems in the tax credit program. Culver asked the directors of

use \$50 million of revenue from the Road Use Tax Fund to fund State Troopers. Although there doesn't appear to be support for the Governor's proposal to shift \$50 million from the RUTF to the State Patrol, the issue remains a concern if money is needed to balance the state's budget.

the six agencies that oversee tax credits to review the programs. Those directors were Dick Oshlo of DOM, Fred Hubbell, the temporary director of DED, Jeff Ward of Agricultural Development Authority, Bret Mills of IFA, Cyndi Pederson of DCA, Mark Schuling of DOR, and Rob Berntsen of the IUB. The Governor released a report of the information that had been gathered on the different tax credit programs on December 14th. It is available [HERE](#). The task force then held two public meetings in Cedar Rapids and Urbandale to gather input on the programs.

On January 8th, the Tax Credit Review Committee announced their recommendations, which can be reviewed in detail [HERE](#). Highlights of the Panel's review include the following:

- Eliminating TRANSFERABILITY on the following credits: Brownfield/Grayfield Redevelopment, Enterprise Zone, Film Credit, Historic Preservation Credit, Renewable Energy Tax Credit, Venture Capital Tax Credit (Iowa fund of funds), Wind Energy Tax Credit
- Develop an Effective Return on Investment Calculation for All Tax Credits - using a formula driven path
- Establish a five-year sunset on ALL Tax Credits
- Cap All Currently Uncapped Tax Credits
- Eliminate Certain Tax Credits: Assistive Device Credit, Disaster Recovery Housing, Early Childhood Tax Credit, Film Tax Credit, Venture Capital Tax Credit
- Eliminate refundability provision of the Research Activities Credit for all companies with gross receipts of over \$20 million.

Legislators are now exploring their options and trying to determine what they will do next. It is clear that SOME of these recommendations will become law, possibly all.

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