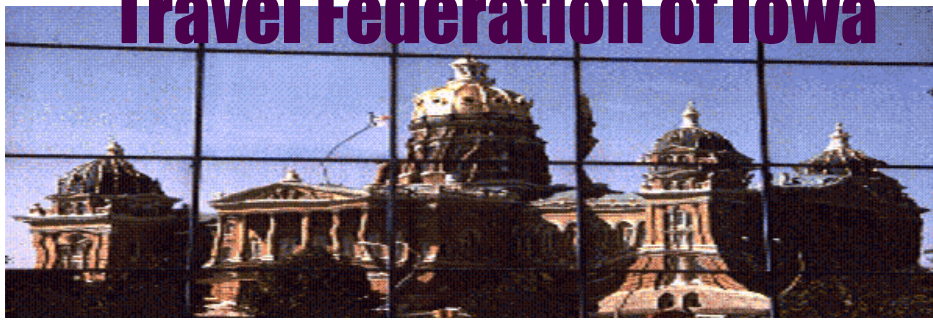


# Travel Federation of Iowa



LET'S TALK  
TOURISM

## Issue One – January 25, 2008

### Capitol News

### Tourism News

### Important Bills

### Capitol News

Legislators are off to a roaring start. They are passing bills out of committee and are already working on budgets. And that is a good thing, because this is shaping up to be a rough budget year for legislators. A combination of built-in increases and a slowing economy are spelling trouble for lawmakers, who would have preferred to spend a lot of money on good things, then hit the campaign trail bragging about it. It will not be one of those years.

You could feel the tension during the first week of session - the tone of the opening day speeches were pointed and sometimes downright testy.

The majority party leaders (Democrats) in the House and Senate spoke of living up to the promises they made when running for office – making health care more affordable to all Iowans, investing in our infrastructure (roads and bridges), and making sure our children receive the best education possible. They emphasized the need to make progress on all of these priorities, and that they can only do this with the support of the minority party.

Minority leaders (Republicans) in the House and Senate focused more on what was not in the Governor's plan, than what was actually in it. They spoke of the need to protect marriage with a constitutional amendment. They spoke of the need to pass a fiscally responsible budget, arguing the Governor's budget continued a dangerous trend of overspending. Sen. Ron Wieck of Sioux City, the new minority leader in the Senate, expressed his concern with the Democrats' plans to address health care, saying they are "crafting the mother of all socialized health care plans."

Legislators are bracing themselves for a difficult budget this year, showing caution in the face of a national recession. Here is a quick primer on this year's budget:

- ★ **Iowa can only spend 99% of its revenues by law.** The remaining percent is placed into the state's emergency funds for a "rainy day."
- ★ **Iowa has a "Revenue Estimating Conference" that meets quarterly to come up with revenue estimates.** By law, the Governor and the Legislature has to base its budget on those estimates. They can only spend 99% of the estimates that are developed by this conference.
- ★ **Iowa's current year budget (fiscal year 2008) is \$5.859 billion.** Lawmakers will be setting the fiscal year 2009 budget this year.
- ★ **There are \$569.6 million in built-in budget increases.** That is, increases legislators cannot change and have to pay – allowed growth for schools, the second year of teacher salary increases, state employee salaries (collective bargaining), Medicaid, and the new four-year-old preschool program.
- ★ **The Revenue Estimating Conference has determined the state will collect \$6.14 billion this year.** That means the Legislature can spend \$6.079 billion (99% of total) this year.
- ★ **When you add the current year budget of \$5.859 billion to the required increases of \$569.6 million, you get a total of \$6.429.** This is \$350.4 million MORE than the amount the state is allowed to spend.
- ★ **The Governor's budget increases state spending this year by 6.2%,** but revenues are growing at only 2.6%. The Governor also depends on several revenue enhancements – including combined corporate reporting (\$75 million) and an expanded bottle bill (\$35 million).

Now you can see the "budget gap" everyone is talking about. And this is before any new programs are proposed. Legislators cannot simply pass the same budget as last year, add in the required increases, and go home. They must cut in order to make it work, or increase taxes (very unpopular any year, particularly an election year).

[\*\(return to top\)\*](#)

## **Tourism News**

Despite the scary news about the budget, the Governor recommends keeping the Economic Development Budget strong and healthy. The Governor commends \$8.6 million for economic development and cultural affairs funding this year – a \$1.3 million increase.

### Increases

- ★ \$4.5 million increase in REAP.
- ★ \$8 million increase for cabins at Honey Creek Destination State Park.
- ★ \$150,000 new appropriation to establish a Global Climate Change Council to find ways to reduce greenhouse gas emissions in Iowa and establish a baseline for tracking effectiveness of reduction measures.
- ★ \$2 million unspecified increase for Department of Economic Development (they can use this as needed).
- ★ \$500,000 increase for New Iowans Centers.

### Decreases

- ★ Cuts Great Places infrastructure funds by \$1 million (leaving \$2 million).
- ★ Decreases the Grape & Wine Development Fund by \$175,000 (leaving \$108,000 in the Fund).
- ★ Decreases funding for resource conservation and development by \$300,000 (infrastructure appropriation).
- ★ \$50,000 decrease in Endow Iowa grants.
- ★ Reduces direct state aid to local public libraries by 75% (a service that 2/3 of all Iowans use on a regular basis) - \$1.5 million cut.

### No Change

- ★ Department of Cultural Affairs programs, including community cultural grants and historical preservation. Moves the \$1 million infrastructure appropriation for historic preservation over to the general fund (no change in total amount appropriated).
- ★ Maintains funding for Vision Iowa/CAT at current levels.
- ★ Moves the \$80,000 infrastructure appropriation for the Kimball Organ Restoration and the \$220,000 Battle Flag restoration appropriation to the

general fund (no change in total amount appropriated).

- ★ Regional sports authorities (the \$500,000 was appropriated from the infrastructure budget last year; the Governor recommends moving it into the general fund).
- ★ Trails, airports and public transit spending is all kept at current levels.
- ★ Cultural Trust, State Parks, Tourism Marketing, and World Food Prize funding remains the same under the Governor's budget.

The Governor's budget consolidates the Department of Economic Development's line item appropriations for their three divisions into one single "DED Operations" line item. This will allow the Director to move money between divisions to best meet the goals of the agency. It is not known whether legislators will go for this, and whether the Office of Tourism's earmarked amount will get merged into the big pot.

The Governor's budget also clears out the infrastructure funds and starts moving things back into the general fund. Legislators are already calling the Governor's budget "Plan A" – and are moving quickly to develop their own Plans (Plan B, Plan C, etc). Over the next month legislative leaders will be developing budget targets of their own (an amount each budget subcommittee is allowed to spend). Once those are out, the real work of balancing the budget will begin.

[\(return to top\)](#)

## **Important Bills for Tourism Professionals**

### **HOUSE BILLS**

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**[HSB 540](#) & [SSB 3030](#) State Historical Society & Lost Items** - Makes the State Historical Society responsible for administering the Iowa Heritage Fund. The bill also removes division III from Code chapter 304A, which contains an indemnification program for special exhibit items lost or damaged while on loan to nonprofit organizations or governmental entities in Iowa. *House Economic Growth Committee; Rep. Helen Miller. (Chair), Staed & Wiencek; Sens. Schmitz (Chair), Connolly & Hahn*

**[HSB 557](#) - DED Changes** - This bill makes a number of changes affecting the administration of the department of economic development. The bill allows the DED director to appoint a designee to serve on the vision Iowa board and allows the DED to use funds from the renewable fuel infrastructure fund to market its renewable fuel programs. The bill limits the tax credits available to investors in film projects to 25 percent of a project's qualified expenditures in the state. The bill directs the department, in coordination with other state and local entities, to develop and market a new tourism program to create new, and

promote existing, recreational and leisure opportunities in the state. The bill strikes a number of the department's existing reporting requirements and reconstitutes them instead under a different Code Section and standardizes the department's reporting requirements by providing for a single, consolidated annual report to the governor and the general assembly due by January 31 of each year. The bill allows the DED to contract with service providers for commercialization development services on a case-by-case basis, and it also authorizes the department to spend the additional moneys it recaptures from loan payments and federal economic stimulus funds provided it spends those moneys on the implementation of consultant recommendations for certain targeted industries. *House Economic Growth Committee; Rep. Thomas (Chair), Hoffman & Schueller*

**[HSB 569](#) & [SSB 3067](#) **Records Preservation and Civil War** - Requires the Historical Division of the Department of Cultural Affairs (DCA) create a digital collection of records for research purposes and make the collection available to the public. Requires DCA establish a statewide culture, history, arts, and tourism program, and to implement the program by creating regional committees for the coordination of cultural efforts. Establishes a Civil War Advisory Committee to help the Historical Division plan a sesquicentennial commemoration of Iowa's role in the American civil war. *House Economic Growth Committee; Rep. Helen Miller (Chair), Staed & Wienczek; Sens. Black (Chair), Behn & Schmitz***

## **SENATE BILLS**

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**[SF 2001](#) - Sales Tax Exemption/Nonprofit Performing Arts** - Exempts the sale of materials and services used in the operation of a nonprofit private performing arts center from state sales tax, and allows sales tax paid on construction materials to build a nonprofit private performing arts center to be refunded (applies to construction contracts signed on or after 1/1/2005). *Senate Ways & Means Committee; Sen. Schmitz (Chair), Connolly & Ward*

**[SF 2044](#) - Truck Registration Fees** - This bill revises the method for calculating annual registration fees for motor trucks with an unladen weight of 7,500 pounds or less. Currently, most such trucks are registered based on combined gross weight for an annual fee of \$65, which is reduced to \$55 when the vehicle is more than 10 model years old, \$45 after 13 model years and \$35 after 15 model years. The bill requires that 2010 and subsequent model year motor trucks be registered under the weight and value system that applies to most passenger vehicles. Currently under that system, registration fees are equal to 1 percent of the value of the vehicle plus 40 cents for each 100 pounds of weight of the vehicle. Registration fees based on weight and value are automatically reduced according to the age of the vehicle beginning when the vehicle is more than five model years old. The bill does not alter the current flat fee schedule, which will continue to apply to 2009 and previous model year trucks. *Senate Transportation Committee; Not yet assigned*

**[SF 2045](#) - School Start Date Change** - This bill changes, effective for the school year beginning July 1, 2009, the earliest school start date to August 25 and eliminates the authority of the director of the department of education to grant a request made by a board of directors of a school district to commence classes prior to the earliest starting date allowed, which currently is no sooner than a day during the calendar week in which the first day of September falls or, if the first day of September falls on a Sunday, a day during the prior week. The bill makes a conforming change to eliminate an exemption from aid reduction for early school starts, unless the exemption is for a school district approved to implement an innovative school year. Without the waiver, the school district's state aid payments are reduced by 1/180 for each day of that fiscal year for which the school district begins school before the earliest starting date allowed. *Senate Education Committee; Sen. Kreiman (Chair), Beall & Boettger*

**[SSB 3057](#) - Endow Iowa Tax Credit Increase** - Increases the total annual tax credits allowed under the Endow Iowa program from \$2 million to \$3 million. Also reduces the annual

percentage granted to an individual taxpayer from 5% to 3 1/3%. *Senate Economic Growth Committee; Sen. Schmitz (Chair), Seng & Ward*

**[SSB 3058](#) - Tax Code Clean-Up** - Allows a privately owned library or art gallery being used for public purposes (and not for private profit) to receive a property tax exemption. Effective 7/1/2008. *Senate Ways & Means Committee; Sen. McCoy (Chair), Dotzler & Putney*

### **2008 Top Tourism Priorities**

- 1. Increase the Iowa Tourism Office's budget to the Midwest regional average of \$8.3 million.**
- 2. Maintain a traditional school year calendar.**
- 3. Support infrastructure funding (Time 21).**

### **Important 2008 Dates to Know:**

- **Tuesday, February 5, 2008: TOURISM SHOWCASE at the Iowa State Fairgrounds**
- **Friday, March 7, 2008: First "Funnel" (bills must be voted out of committee of origin to stay alive)**

### **Your Advocacy Toolkit:**

[Find Your Legislator](#)

[Contact Your Legislator](#)

[Legislative Committee Listings](#)

[Track Legislation \(instantly updated\)](#)

[Listen to Debate \(live\)](#)

[House & Senate Calendars \(weekly & daily\)](#)

[Session Calendar](#)

[How a Bill Becomes a Law](#)

[Guide to the General Assembly](#)

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