



State Representative Andrew Wenthe

Statehouse News

July 28, 2008

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Capitol Comments

The Rebuild Iowa Advisory Commission held their first meeting on July 17th. The Commission is chaired by General Ron Dardis of the Iowa National Guard. Gov The Rebuild Iowa Advisory

The 15-member Commission received an overview of the natural disaster events that have led to the Governor designating 90 of Iowa's 99 counties as declared disaster areas and 80 counties receiving presidential disaster declarations.

Governor Culver has directed the Commission to have their initial recommendations within 45-days. The Commission reviewed a calendar of events that solicit public input, coordinate task force meetings, and develop its first report by September 2nd on the initial steps the Legislature and the Governor should take on the recovery.

The Commission will continue to meet after that point and develop a long-term vision for rebuilding a safer, stronger, and better Iowa, which will be due October 31st. As the recovery process continues, the Commission will continue to advise and monitor the implementation of the short-term and long-term plans.

The Governor has formed a Rebuild Iowa Office, with Lt. Governor Judge acting as director, to lead the recovery effort. The agency is staffed with key state employees throughout state government. The Rebuild Iowa Office was created through executive order #7 and it will be maintained until the recovery effort is complete. I look forward to seeing the recommendations made by this critical new commission.

As we are all aware, our nation is in a time of economic uncertainty. I know from talking to you at your door that there is great concern about rising prices, unstable markets, the lending crisis, and other factors putting a strain on household budgets. And while Iowa's economy has been strong over the past several years compared to many other regions in the nation, the recent flooding will have an impact on our state budget for years to come.



Rep. Wenthe with the Sumner Municipal Utilities Manager Alan Junkers and the Municipal Utilities Trustees, Peggy Becker, Les Teeling, and President Rich Rath. Wenthe attended their July board meeting to discuss issues and ideas that they have related to utilities and energy management.

I am pleased that the budget we passed this year produced the highest amount in our "rainy day" funds than ever before in Iowa's history, with well over \$600 million in these accounts. As we look toward our work on the FY 2010 budget, I am confident that our work in the past legislative session has put the next General Assembly in a good position to meet the challenges facing our state. Like you and your family, state government will simply have to tighten its belt

and look for additional ways to make dollars stretch further.

One way your state government is helping you save money this summer is with Iowa's ninth annual Back to School Sales Tax Holiday. The "holiday" begins Friday at 12:01 a.m. on August 1st and ends Saturday at midnight August 2nd. This event allows shoppers to purchase clothing and footwear valued at under \$100 sales-tax free. I hope you and your family can get a jump on your back to school shopping by taking advantage of this opportunity.



Andrew says hello to folks at the Sumner parade.

It's been a busy couple weeks around the district, with parades in Sumner and Janesville, the Fayette County Fair, and many other community events. I've also been busy door-knocking in Janesville and Tripoli and want to thank all the folks there for taking time to visit with me. I hope to see you in the district soon!

Rebuild Iowa Underway

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The Commission will have nine task forces that will also be meeting to develop recommendations that are more narrowly focused. Legislators will be serving on each of these task forces, two House and two Senate members, as well as public members appointed by the Governor.

The task forces are as follows:

- Flood Plain Management/Hazard Mitigation
- Education
- Infrastructure/Transportation

- Records/Cultural Heritage
- Long-term Recovery
- Agriculture/Environment
- Public Health/Health Care
- Housing
- Economic Development/Workforce

Schedule of Meetings

The Commission plans to hold several meetings and listening sessions on the road. They will be in Cedar Rapids on July 31st; Ottumwa on August 5th; Red Oak on August 11th (listening session); Fort Dodge on August 12th (listening session); listening sessions will also be at the State Fair and Cedar Falls on August 19th. The task forces will all meet in the Des Moines area between July 28-30 and August 6-8.

Mold Concerns Raised

Lt. Governor Patty Judge raised concerns about mold found in FEMA mobile homes. Lt. Governor Judge asked that FEMA take the following three steps to ensure Iowans' health and safety:

- To relocate Iowans living in affected mobile homes and place them in other temporary housing at FEMA’s expense.

- Immediately inspect all FEMA mobile homes currently in the State of Iowa.

- Remove from the state all FEMA mobile homes of the same design as those affected with the mold problem, as soon as replacement housing is available.

FEMA, in close coordination with the state’s Rebuild Iowa Office, has taken the following immediate action to protect the health and safety of housing applicants while further evaluating the situation and determining any additional steps:

- Continue to assess the situation through joint testing with the State of Iowa.

- Inform applicants of the situation.

- Encourage applicants to accept offers of alternative housing while the issue with the units is addressed.

- Take quick action to fix the problem.

- Remove from Iowa all mobile homes of the affected type as soon as practicable.

- Dispatch a member of the Office of Heath Affairs staff from the Department of Homeland Security to Iowa to advise on additional actions that should be taken.

Mobile homes were sent to Iowa communities, at the request of the state, to serve as temporary housing for those affected by the floods but not all of the units are occupied. In some of these mobile homes, the hot water heater is located away from the living area, behind an exterior door. It has been initially confirmed that mold was found on or near the water

heater exterior door of some of the affected units. It is only the mobile homes that have a water heater in an exterior compartment that are affected.

Presidential Declarations Increase

Three additional Iowa counties were granted a Presidential Disaster Declaration – Lucas, Appanoose, and Monroe, to bring the total number to 80. Montgomery County was granted Individual Assistance status, bringing the total to 63 counties designated as eligible for individual assistance.

Individuals and business owners who sustained losses can apply for assistance by registering online at www.fema.gov or by calling 1-800-621-FEMA (3362) or 1-800-462-7585 (TTY) for the hearing and speech impaired.

The last date to make an application for individual assistance is July 27, 2008. The State has formally requested a 60-day extension of this date. If the extension is approved, the application close date will move to September 27, 2008.

Emergency Public Jobs

Iowans are eligible to work in the Emergency Public Jobs program funded by the \$17.1 million National Emergency Grant (NEG).

Governor Culver previously requested the NEG to hire Iowans displaced by the flooding to provide clean-up and recovery efforts for Iowa’s public facilities and infrastructure. The project is now accepting applications from individuals living in counties declared eligible for individual assistance by FEMA who have been unemployed for 15 of the last 26 weeks. Additionally, individuals participating in the federal Temporary Assistance for Needy Families (TANF) program will be eligible to work on the Emergency Public Jobs program without jeopardizing their additional benefits.

The grant projects contain employment opportunities for over 800 Iowans; 117 projects have been identified across the state and additional projects are still expected.

Individuals can work for approximately six months in the program and can earn up to \$12,000. Individuals are paid at the prevailing rate for the worksite, which provides higher compensation than unemployment insurance benefits. To apply, Iowans who are eligible are encouraged to contact their local Iowa Workforce Development Office.

Tax Deadlines Extended

Governor Culver extended tax filing deadlines to August 29, 2008, for returns and payments due after May 24, 2008, and before August 23, 2008. The previous deadline was July 28, 2008.

Affected taxpayers will not be subject to any penalty for failing to file or pay. In addition, interest will not be due on payments made by August 29, 2008.

The taxes that are impacted by this extension are:

- Individual income tax
- Withholding tax
- Corporation income tax
- Franchise tax
- Sales and use tax, including the automobile rental excise tax and the special equipment tax
- Hotel and motel tax
- Environmental protection charge
- Inheritance tax, including the generation skipping transfer tax and the qualified use inheritance tax
- Motor fuel and special fuel tax
- Cigarette and tobacco tax

If an affected taxpayer receives a penalty or interest notice from the Department of Revenue, the taxpayer should call the telephone number on the notice. Taxpayers filing a paper return should make a notation on the return stating, "Taxpayer affected by tornadoes/flooding." Iowa Department

of Revenue tax specialists can be reached by calling 1-800-367-3388 or e-mailing idr@iowa.gov.

Unemployment Insurance Deadline Extended

Iowa Workforce Development Director Elisabeth Buck announced a filing extension of 2nd quarter

unemployment insurance quarterly reports and contributions for employers who have been affected by Iowa's recent natural disasters. The reporting deadline has been extended from July 31st until August 29th.

Ninth Annual "Back to School" Sales Tax Holiday

Iowa's ninth annual sales tax holiday will begin at 12:01AM on Friday, August 1st, and end at midnight Saturday, August 2nd. This does not include Sunday.

Iowa enacted its sales tax holiday in 2000, the second state to do so. Although 15 states and the District of Columbia now have similar programs, Missouri and Oklahoma are the only other Midwest states with a sales tax holiday.

Applies to Clothes and Shoes Priced Under \$100

The exemption only applies to clothing or footwear costing less than \$100 - but not items designed primarily for athletic or protective use or accessories such as jewelry,

watches, handbags, wallets, or rented items. It also does not apply to clothing alterations or repairs.

- Split-Items: Items normally sold as one unit cannot be separated in order to lower the cost of component items to less than \$100.
- A manufacturer's coupon or rebate does not reduce an items price -- but a store issued coupon does reduce the price to determine whether it cost less than \$100 and is tax exempt.
- Gift Certificates: Items bought with a previously issued gift certificate are tax exempt. The sales of gift certificates are already tax exempt, so no tax refund is owed the buyer of the gift certificate.

• A layaway sale is tax exempt, even if the final payment is made after the tax holiday period.

• A mail order sale is tax exempt, if ordered and paid for during the tax holiday period, even if delivered after the tax holiday period.

For more information, including a list of items eligible for the sales tax exemption, contact the Iowa Department of Revenue by phone at (515) 281-3114, by email at idrf@idrf.state.ia.us or by visiting their website at: <http://www.state.ia.us/tax/educate/holiday1.html>

Assistance for People with Mortgage Problems

The housing crisis in America is seriously impacting thousands of Iowans. As a growing number of citizens face foreclosure, a group of public and private organizations has developed the creation of the Iowa Mortgage Help campaign. The Iowa Mortgage Help Hotline is 877-622-4866.



Iowa Home Ownership Education Project (IHOEP) and Iowa Legal Aid. The funds increase the capacity of foreclosure prevention counseling agencies around Iowa and include a multimedia statewide awareness campaign.

Beware of Foreclosure "Rescue" Scams

The Attorney General has warned that Iowans who are having difficulty making their mortgage payments, for whatever reason,

may be approached by con-artists aiming to cheat them in "mortgage foreclosure rescue fraud" schemes. The schemes ask people to pay hundreds of dollars for so-called assistance, but they end up just taking people's money and doing nothing.

These schemes only make the problem worse for people. For most Iowans, their home is their most important possession. The hotline can provide real help with the threat of foreclosure.

Nationally, research shows that nearly 50 percent of people who are unable to pay their mortgage never

contact their lender or seek assistance from a trained counselor. The Iowa Mortgage Help campaign's goal is to encourage homeowners to call for help no matter the reason for their financial trouble and regardless of the severity of their situation.

Hotline operators will gather basic data and will refer the callers' cases to one of 12 local counseling

agencies that are part of Iowa Mortgage Help. The certified counselors then will gather more in-depth financial information and will determine the level of counseling that is needed.

If a caller's situation only requires fairly basic counseling, such as help with managing personal finances, the case will be handled by the local counseling agency. If

a caller's situation is more complex, which may require interaction with the mortgage servicer or lender, the caller will likely receive further assistance from Iowa Mediation Service to facilitate a loan modification, if possible.

Homeowners are encouraged to contact the Iowa Mortgage Help hotline or visit the website at www.IowaMortgageHelp.com.

Task Force Created on Employee Misclassification

Governor Chet Culver has signed Executive Order 8, which establishes the Independent Contractor Reform Task Force. Composed of representatives from state government, the executive order will review and make recommendations on state regulations as they pertain to employee misclassification.

In signing the executive order, Governor Culver said he believes a fair and just workplace is the right of every worker. Employers who contribute to the local economy should not have to compete with those employers who choose to break the law by knowingly misclassifying their employees.

The new task force will be composed of representatives from the Department of Economic Development, Workforce Development, Department of Revenue, and the Labor Commissioner's office. The task force will identify existing laws and business practices related to employee misclassification, and

will report to the Governor in 60 days with recommendations on how to strengthen or improve Iowa's laws to prevent employee misclassification.

1099 Misclassification

During the 2008 session, both the House and the Senate passed separate bills to regulate the practice of misclassifying employees as independent contractors. Since neither bill passed both chambers, they were not sent to the Governor.

The executive order and the legislation came about due to the rise, particularly in the construction field, in the abuse of not classifying an employee as being an actual employee, and hiring them under the table. Employees are hired as independent contractors, usually paid in cash, and in some cases hired by the employer through labor brokers from other countries. They are not considered an employee for workers' compensation, unemployment, and insurance

benefits. They are not paying taxes on the money they are paid.

Proponents say this is also a worker safety issue since it is one way of cutting corners to save costs. These people are not really an employee and are not subject to OSHA enforcement regulations. Responsible employers are at a competitive disadvantage on projects and are paying higher premiums for workers' compensation or health insurance.

The Carpenters' Union has documented several cases of 1099 abuse involving construction contracts in Iowa. Some of these contracts were for public schools and hospitals. The projects in some cases misclassified up to 27 people on the job site. Three of the developers received tax credits through various Iowa programs that are made to incent housing development or preservation of historic buildings.

Legislators to Visit Mental Retardation Care Facilities

Following reports of problems at Iowa's two mental retardation care facilities, Glenwood Resource Center and Woodward Resource Center, legislators will visit the centers next month. The Iowa Department of Human Services oversees these facilities.

The two centers serve children and adults with mental retardation and other related disabilities from throughout Iowa. Combined, the two centers serve over 550 individuals diagnosed with mental retardation. The mission of these centers is to support individuals

with disabilities in the lives and communities they choose. Discharge planning begins at admission.

After three years of investigation, in late 2004, the federal Department of Justice (DOJ) gave Woodward and Glenwood four and

a half years to come in compliance with a civil rights settlement that was reached. The DOJ is responsible in enforce the federal Civil Rights of Institutionalized Persons Act.

Recently, the DOJ has extended the time frame for compli-

ance at Glenwood by one year due to their inability to meet the minimum standards set in the settlement. The Woodward Resource Center is expected to meet the improvement requirements on time.

During their visits, the legislators will discuss solutions to fix the

problems raised by the recent reports. Legislators have already vowed to do what it takes to ensure that the most vulnerable citizens receive the best possible care from the State of Iowa.

DOT Updates Flood Damage to Transportation System

The Iowa Department of Transportation (DOT) updated the flood damage to the state's transportation system at the most recent DOT Commission meeting. The assessment addressed roads and bridges, rail roads, and mass transit.

The DOT stated that the department closed 149 primary highway sections totaling 465 miles. The DOT also closed 303 bridges and culverts across the state. Of the highways closed, 125 miles of highways across the state are damaged, including 250 sections that are impacted or need repair. The

DOT has begun to fix some of these road sections. In particular, US 6, 18, and 22, and IA 150, 1, 3, 22, and 76 have been scheduled for repair. In total, the DOT has awarded \$4.3 million, out of contingency funds, for these repairs.

The DOT also updated the effect of floods on rail roads. Across the state there were 17 rail road bridges that were either partially or totally washed out. In total, approximately 10%, or 400 miles, of the total rail miles statewide were affected. At this time, rail lines are

working together to service the state, including Cedar Rapids.

Mass transit was also affected in several communities, particularly ground transportation in Cedar Rapids and Coralville. Some communities lost buses and infrastructure in the flooding. At this time, it is unclear how much revenue was lost or how much damage flooding caused to mass transit of communities across the state.

Flooding Delays Sewer Plans

The Government Oversight Committee met Monday, July 21st to discuss the Department of Natural Resources concerns with the need for assistance in flooded communities. Due to the recent floods, unsewered communities may struggle to receive assistance from the DNR.

The DNR set up a program five years ago to identify and help communities pay for the expense of creating or updating sewer systems. The program offered state and federal grants and loans to be used for planning, designing, upgrading and constructing wastewater systems. Without this assistance, residents

could have paid hundreds of dollars a month for sewage repairs.

Now many new cities need their own assistance for sewer repairs due to the floods.

This may delay DNR's plan of helping a dozen cities each year with wastewater assistance. Many flooded communities may receive priority over communities who are only updating or creating a new sewer system.

Currently, there are approximately 600 communities around Iowa who do not have efficient sewer systems. Many currently

have water systems that dump into ditches and nearby rivers.

As of January, roughly 89 communities are in the process of completing sewer updates or construction with help from the DNR.

The committee urged a possible solution of creating more state grants for wastewater systems to repair problems in flooded areas. Also, the committee proposed finding a reasonably low interest loan for cities to apply for to help those who need assistance after the flooding.

New Orleans Actors Perform to Help Flooded Theater

The Cedar Rapids theater community, recovering and re-building from this summer's flood, will receive a boost next week from New Orleans. Le Chat Noir, a New Orleans venue for musical theater, comedy and cabaret, will present "HeartSong Two: A New Orleans Concert for Iowa," at 8 p.m. July 31, 2008, in New Orleans.

Proceeds are intended to support the Cedar Rapids theater community. The Contemporary Arts Center in New Orleans will administer the funds through their Performing Artists Fund.

"This is an exceptionally thoughtful gesture on the part of Le

Chat Noir and the actors who will be performing," Department of Cultural Affairs Director Cyndi Pederson said. "It is reassuring and comforting to know our fellow Americans are pitching in to help us recover and rebuild. The fact that this support is coming from New Orleans, which is still recovering from Hurricane Katrina, makes it even more special."

Paying Forward

So why would the New Orleans Community Theater help out Cedar Rapids? The idea comes from an event the New York City theater community put together in

2005 to benefit the New Orleans theater community after Hurricane Katrina. They held a concert with national cabaret stars at Symphony Space in New York.

The proceeds of "HeartSong: The Concert for New Orleans" helped provide grants to 59 actors, directors, writers, designers, stage managers and small producers who were rebuilding the New Orleans theater community after Hurricane Katrina. The New Orleans Community Theater decided it was their turn to pay forward the support they received from New York.

Iowa Receives GEAR UP Education Grant

Iowa will receive a six-year \$16.8 million state grant from the U.S. Department of Education through the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) grant program. The grant to Iowa will be administered by a broad coalition of partners led by the Iowa College Student Aid Commission, the Iowa Department of Education, the Iowa Association of Independent Colleges and Universities, and the Iowa Association of Community College Trustees.

The grant targets high-poverty middle schools and high schools in Iowa. It will provide mentoring, tutoring, academic support, and postsecondary planning and admission assistance. These efforts are intended to raise the college-going expectations of low-income students and their chances for success in college.

This will aid in the efforts to reach out to all the students in the state and encourage them to seek higher education or specialized training after completing their high

school education. With the focus on the workforce and impeding baby boomer retirements, GEAR UP will help get more students engaged in filling those needs.

GEAR UP funding will help Iowa's most needy students achieve very important benchmarks such as graduating from high school and college and providing the resources needed to achieve those goals. In addition, fifty percent of the grant funds will be used to fund scholarships for students to attend college.

The GEAR UP Iowa grant will serve more than 5,000 students beginning in the seventh grade and follow them through high school.

Goals for the project include:

- Significantly increasing the number of minority and low-income students in GEAR UP partner schools who graduate from high school prepared to enter and succeed in postsecondary education.

- Support partner middle and high schools in redesigning educational programs to ensure low-income and minority students master a rigorous college-preparation curriculum and graduate from high school.



- Foster a statewide college-going culture among low-income, minority, and first-generation students and families to increase their knowledge of postsecondary options, preparation, and financing.

- Facilitate the development of a more cohesive PreK-16 educational system.

Iowa will receive \$2.8 million in each of the six years of the grant. Iowa is one of seven states to be awarded a new state GEAR UP grant in 2008.

For more information about the higher education financing and the Iowa College Student Aid Commission, visit their website at www.IowaCollegeAid.gov.

DNR Says Energy Costs May Rise

The Iowa Department of Natural Resources (DNR) released a notice of recent oil and natural gas prices. In the department's notice, they indicated that due to the rising costs of these commodities, Iowans may see higher heating bills this winter.

A survey completed by the DNR on July 16, 2008, indicated that the average retail price of heating oil in Iowa was \$4.33 per gallon, \$0.06 higher than last month, and \$1.75 higher than the price of heating oil at this time last year. This represents a 68 percent increase. The same survey found that propane is selling in Iowa for an average of \$2.21 per gallon across the state, \$0.03 higher than a month ago, and \$0.64 higher than the price at this time last year. This represents a 41 percent increase.

Market volatility continues in crude oil markets. A barrel of West Texas Cushing Sweet Crude Oil reached a record high of \$145.66

on July 11th, but the price declined to \$134.60 on July 16th. The July 16th price is a 1.2 percent decrease over June's price of \$136.25 and a 79 percent increase over the July 2007 price of \$75.06.

The July 15th average price of 10 percent ethanol blended mid-grade gasoline in Iowa was \$3.93 per gallon, a 1.8 percent increase from June's average price of \$3.86 per gallon and a 27 percent increase from the July 2007 price of \$3.10 price per gallon of the same blend.

Diesel fuel prices remain high as well. The July 15th average price for diesel in Iowa was \$4.69 per gallon, \$0.01 higher than June's price and up 59 percent from the July 2007 price of \$2.95.

On July 16th, natural gas was trading at \$11.22/MMBtu, down \$1.74/MMBtu from last month and \$4.95 higher than one year ago, a 79 percent increase. The U.S. Department of Energy, Energy Infor-

mation Administration reports that working natural gas in storage as of July 4, 2008 was 2,208 billion cubic feet (Bcf), 70 Bcf below the 5-year average, and 389 Bcf below the level during the corresponding week last year.

Gasoline and diesel prices continue to hover in record territory, and oil prices are reacting to economic and political news from around the world. The crude oil price drop this week has been due to the slowing U.S. economy and expected petroleum demand reduction. Even though there was a price drop, oil producing countries could very well push oil prices back to record highs.

DNR notes that to limit the impact of high energy prices, consumers can make improvements to their homes' and vehicles' energy efficiency. Tips for saving energy and money at home and on the road are available at www.EnergySavingTips.gov.

Review of Criminal Drug and Drunk Driving Laws

At their July 15th meeting, the Legislature's subcommittee charged with reviewing proposals relating to specific criminal offenses discussed Iowa's drug and drunk driving laws. The subcommittee decided to get a handle on these two issues before tackling more controversial areas such as sex abuse laws and homicide.

Subcommittee members received testimony from defense attorneys, prosecutors, and the corrections system at this meeting. The presenters offered examples of inconsistencies in Iowa's criminal laws, as well as consequences of higher penalties and the effects it has on our prison population.

For example, Iowa's current penalty for possession of more than

5 grams of meth is a Class B felony (25 years in prison). Both prosecutors and defense attorneys said at this small amount, it this leads to the prosecution of individuals that are mainly users instead of dealers. According to federal law, the threshold is 50 grams to trigger a 5 year mandatory sentence and it is 500 grams to trigger the 10 year mandatory sentence. The state penalties are more severe for the smaller offender that what the same offender would receive in federal court.

Committee members reiterated that public safety is still their number one concern when it comes to tackling specific penalties for specific crimes.

Membership of the subcommittee includes three legislators, and representatives of the county attorneys association, board of parole, corrections, public defenders office, and law professors.

This specific crimes subcommittee is one of four subcommittees designated within the full Criminal Code Reorganization Study Committee. The other subcommittees are reviewing definitions and culpability/foundational issues, proposals to reorganize the criminal code, and sentencing structures.

The chairs of the four subcommittees will be meeting with the chairs of the full committee on July 28th to coordinate their efforts.

Sentencing Commission Experts Present Information

Experts on sentencing commissions presented to the Sentencing Subcommittee of the Criminal Code Reorganization Committee. The experts included Jack O'Connell, President of the National Association of Sentencing Commissions and Isabel Gomez, Director of the Minnesota Sentencing Commission.

Mr. O'Connell indicated that sentencing commissions are typically implemented for two reasons. First, decision makers want fairness and equity. In this regard, sentencing commissions that place guidelines on sentences can assure that all individuals throughout the judicial system are treated the same. Second, sentencing commissions

can assure that punishments are consistent and proportional across different classifications and types of offenses.

The experts indicated that often Sentencing Commissions create grids to determine the penalties for a given offense. For example, along the vertical access the categories and types of crimes are plotted. Along the horizontal access, the criminal history of the offender is plotted. When a given offender, with a given criminal history, commits a crime, a judge is able to determine what the suggested penalty for that particular offender should be.

Ms. Gomez stressed that it is important to allow judges to depart, at least to an extent, from the recommendations of the grid to consider factors such as the age and the personal features of that particular offender. The experts also indicated that some states consider the risk of reoffending in determining the punishment for any offender. Any departures from the recommended sentence can either mitigate or aggravate that sentence.

Members of the Sentencing Subcommittee are reviewing sentencing structures in other states, including the establishment of a sentencing commission.

Magistrate Commission Includes Legislative Panel

The Limited Jurisdiction Task Force, which is studying magistrates in Iowa, met to discuss potential changes to the magistrate system in Iowa. The task force includes a legislative panel to discuss the legislators' perspective on potential changes to the magistrate system. The legislators on the panel included Reps. Rick Olson (D-Des Moines) and Richard Anderson (R-Clarinda) and Sens. Larry McKib-

bon (R-Marshalltown) and Keith Kreiman (D-Bloomfield).



Rep. Olson indicated that, in his experience, the most effective means to recruit new magistrates was to increase their compensation. Rep. Olson expressed interest in tying magistrate compensation to workload. Rep. Olson indicated that, politically, linking compensation to workload could be a workable solution.

Rep. Anderson echoed Rep. Olson's costs concerns, as well as indicating that public policy issues, such as whether magistrates are located in every county, will have to be considered in any proposed changes.

Rep. Olson also indicated that changes such as citations in lieu of arrest could be utilized to provide magistrates more flexibility and could help ease some of the strain on magistrates' time.

Capitol Planning Commission Updates Projects

At the Capitol Planning Commission's July meeting, the Department of Administrative Services indicated that the recent flooding in Des Moines largely spared the state capitol complex. In the Lucas building, storm water backed up into the basement and

lines are currently being replaced in response. The department was involved in several relocations of documents. In particular, 30,000 boxes were moved from the Riverpoint office complex because of flooding in the area and those boxes are being returned while al-

ternative storage options are explored.

The Commission also heard about the renovation projects currently underway at the State Capitol. Work on the windows of the capitol is 75% completed. Work had to be temporarily suspended on

the east windows to allow the newly hatched falcons to learn to fly. The east windows are now scheduled to be completed in October. Inside the capitol area, the paint in the east stairs is being restored and a fire suppression system is being installed. In the House Minority Leaders office water damage repair will be completed in December. Finally, new furniture for the cafeteria will be installed in the next two months.

The Commission discussed the proposed new state office building to be located in the area currently occupied by the Wallace Building. Currently, the needs assessment is being completed. At this time, two key decisions remain. First, should

the building be built now? Second, what is the purpose of the building, to house elected officials or the Department of Agriculture and the Department of Natural Resources?

The Commission heard a presentation on the Iowa Utilities Board/Office of the Consumer Advocate building. The building is proposed for an area in an undeveloped area in the southeastern corner of the capitol complex. Presenters discussed efforts to achieve Leadership in Energy and Environmental Design (LEED) certification, including day lighting, floor plans, and costs associated with the energy goals of the project.

The Commission also discussed the *Voyage Across Iowa* exhibition. The project would create a replica of the *Voyage Scale Model Solar* system on the Iowa capitol complex, which is currently on display on the National Mall in Washington, D.C. The Commission discussed potential orientations for the project both entirely on the capitol complex and partially on the capitol complex. The Commission requested that the *Voyager* Committee report back within 30 days with two prioritized options for the placement of the *Voyager* exhibition.

Thirty-Two TouchPlay Lawsuits Settled

The State has settled thirty-two of thirty-three TouchPlay lawsuits. These operators are plaintiffs in the *Siggins, et al.* lawsuit vs. the State of Iowa. The lawsuits were brought against the state as a result of legislation passed in 2006 which banned all TouchPlay machines in Iowa.

The Attorney General's office announced a tentative agreement, which must now be approved by the Iowa Appeal Board.

State to Pay \$8.9 Million

In announcing the agreement, Attorney General Tom Miller stated, "The tentative agreement does not take care of all plaintiffs in this litigation, but it does take care of a very large percentage of the remaining cases and claims against the State....The parties to this tentative settlement participated in extensive negotiations, including mediation, and were able to come to a settlement of all claims."



Settlements approved to date total about \$15.5 million. The state's general fund received about \$30 million from the TouchPlay program during its almost two-year existence.

As part of the tentative settlement, the plaintiffs acknowledge the state's denial of liability and that the settlement does not constitute any admission of liability or wrongdoing.

History of the TouchPlay machines

The Iowa Lottery began promoting TouchPlay machines as a new lottery game. TouchPlay machines are "monitor vending machines" which look similar to a slot machine. In January 2005, there were 422 machines deployed across the state. Their numbers grew rapidly and TouchPlay machines began showing up in grocery stores, convenience stores and gas stations. The proliferation of machines resulted in legislators hearing from their constituents questioning why the state was allowing

the slot machines in businesses frequented by children and families.

Those opposing the TouchPlay machines cited detrimental affects the TouchPlay machines can and do have on problem gamblers. Additionally, some felt the machines were too easily accessible to underage gamblers and are not a positive influence for children.

However, many small business owners stated that the TouchPlay machines helped their business stay alive financially. The increase in revenue to the small businesses had, in some cases, allowed the employees to receive increases in pay and health care benefits.

Legislation Prohibited TouchPlay Machines

As a result of concerns related to the detrimental effects of the TouchPlay machines, legislators passed a bill prohibiting TouchPlay machines in Iowa effective May 4, 2006.

Once the bill became law, TouchPlay owners and operators began filing lawsuits against the

state. The lawsuits argued that the state created TouchPlay and asked businesses to invest in the ma-

chines. The Legislature's action would adversely affect the financial status of their companies since they

could potentially lose millions of dollars.

Know About Debit/Credit Card "Authorization Holds"

Iowans are relying much more on credit or debit cards to buy gas, primarily because it has become so expensive, but also because fewer stations let customers fill up and then pay cash inside, thus making it more convenient to use credit or debit cards at the pump.

However, Iowans need to be aware of the policies of their card issuers regarding "authorization holds" on their credit or debit card accounts.

Authorization holds are a way to preauthorize electronic transactions when the final purchase amount is not known until the transaction clears. Unlike buying items with set prices, when buying gas the card is authorized before fueling begins but the amount isn't known until fueling stops. So a set amount is held in the account until the merchant clears the transaction.

Authorization holds are typically \$50 or \$75. For debit cards, the hold may not expire until 1-5 days after the transaction depending on the card issuers' policy. For credit cards, a hold could last for up to 30 days. For example: if a purchase is \$30, but the hold is \$75, then an extra \$45 is not available to the card user until the hold expires.

It's important to note that the hold amount also acts as a purchase limit, so the gas pump may shut off before the tank is full. This only became a problem when higher gas prices made filling the tank cost more than \$50 or \$75.

A transaction that requires a signature because the PIN number is not used is a two-step process. The card terminal connects the merchant's to a credit card processor that verifies it is a valid account with sufficient funds. Then these

funds are "held" from the customer's credit limit (or debit card balance) but are not yet transferred. At the end of the day, the merchant submits final transactions in a "batch transfer", after which funds are transferred from the customers' accounts to the merchant's account.

Contrary to popular belief, this is not an instant process. The transaction may not appear on the customer's statement or online account for one or two days, and may take three days to be deposited in the merchant's account.

Other examples of transactions in which original authorization may differ significantly from the final purchase amount are hotel or vehicle rentals. Final costs are unpredictable due to extras such as room service, longer stays or refueling, or damage charges.