



Representative Andrew Wenthe

# STATEHOUSE NEWS

## Capitol Comments

March 18, 2010

As the 2010 session begins to wind down we are keeping our focus on help for middle class families and small businesses. This week we took action on a job creation blueprint that will expand critical support for small businesses and help put Iowans back to work. Since we are committed to balancing the budget without raising taxes, job creation programs are one of the few areas that will receive an increase this year.

The first part of our jobs plan expands support for Iowa's 15 Small Business Development Centers which provide one on one counseling and support to small businesses in communities of all sizes. Business owners and entrepreneurs can get guidance on opening a new business, growing a business, and buying or selling a business. The centers can help businesses of all shapes and sizes weather these tough economic times. The goal is to strengthen small busi-

nesses and help them expand to create good-paying jobs.

[www.iowasbdc.org](http://www.iowasbdc.org)

Second, the plan will also expand the statewide MyEntre.Net program to help accelerate the growth of firms most likely to create jobs in Iowa while improving access to services and capital for hundreds of other Iowa companies. The online community for small business owners, entrepreneurs, and service providers is designed to connect these businesses together, get support from colleagues, and open new markets for their products and services.

[www.myentre.net](http://www.myentre.net)

Finally, the blueprint ensures that Iowans looking for a good-paying job, or needing to upgrade their skills to land a stable job, have a place to help them. Our plan will keep all 55 Workforce Development Centers across Iowa open. In addition to assistance for workers, the centers also provide support for employers looking for em-

ployees.

Another issue grabbing a lot of headlines this week is the uncovering of multiple reports of fraud and abuse within the Iowa Association of School Boards (IASB). The IASB, one of the largest school board associations in the country, is in the midst of a financial crisis. The IASB provides services and support to local school boards across Iowa. Association membership fees range from \$736 to \$10,366; fees are determined by the number of students in the district. Since the association is largely funded by local school districts with taxpayer dollars, the Joint House and Senate Government Oversight Committee began hearings this week into the growing scandal.

There are currently two teams of auditors examining the financial records of the Iowa Association of School Boards and the FBI has also opened an investigation. Auditors are looking into allegations including a vacation paid for by the Association credit card, a pay raise to the Executive Director not approved by the Board of the Association, and staff misleading the volunteer board

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about financial matters and business transactions. After the allegations came to light, Chief Financial Officer Kevin Schick was fired and Executive Director Maxine Kilcrease was put on administrative leave. The results of the audits will be presented to the Government Oversight Committee upon their completion.

Obviously, this alleged misuse of taxpayer dollars is absolutely unacceptable. Those responsible must be held accountable and the Legislature will continue to investigate this matter until those guilty of cheating Iowa's taxpayers are appropriately punished.

I wanted to let everyone know of an honor I am particularly proud to announce for District 18. One of the two Green Street Pilot Projects is located in the city of West Union. Community Development Block Grant sustainable cities funding supports communities developing comprehensive sustainability planning. West Union has used their CDBG sustainable cities funding to leverage over 4 million dollars in grant and private funds for streetscape projects relating to sustainability.

This pilot project will provide examples of energy conservation, effective storm water management practice and community self-sufficiency that will be able to be duplicated in other communities to reduce energy usage, mitigate flooding, and save citizens and businesses money. There was an amendment that tried to strip these projects from the Economic Development budget; however, we were able to resist these efforts to stymie progress in green energy development. I'm confident that this is an effective program that will have a terrific return on investment for Iowa's taxpayers.

In other positive news for House District 18, the IDED Board approved an application from Art's-Way Manufacturing for financial assistance. Art's-Way Manufacturing began operations as a farm equipment manufacturer in 1956 and has grown into a major worldwide agriculture equipment manufacturer. Their plan includes the purchase of a 190,000 storage facility (the former Atwood facility) building as a distribution warehouse and additional manufacturing space. I am confident this award supporting job creation will spur further growth in Northeastern Iowa.

While the session is winding



State Representative Andrew Wenthe lends a hand as a chef at the annual Bremer County 4-H Omelet breakfast.

down to completion, there is still plenty of work to get done. There is also still time left for visitors to see the House at work and I hope to see you at the Capitol soon! Please also communicate with me by visiting my website,

[www.AndrewWenthe.org](http://www.AndrewWenthe.org), sending me emails at [Andrew.Wenthe@legis.state.ia.us](mailto:Andrew.Wenthe@legis.state.ia.us), calling me here at the Capitol at (515) 281-7478, or finding me on Facebook. I hope to hear from you soon!

## Tax Credit Accountability

The House Ways and Means committee passed legislation to bring accountability, transparency, and common sense to tax credit spending. House File 2527 suspends the Film Tax Credit for two years, repeals three little used credits, makes adjustments in seven other credits, and cuts the spending cap for various state agency awarded credits from \$185 million to \$120 million per year.

The total cost of tax credits has ballooned from about \$213 million in Fiscal Year 2007 to an estimated \$525 million in Fiscal Year 2011.

The bill will save about \$12 million in the first year; with savings growing in future years as these changes begin to reduce the total amount of credits redeemed each year.

As important, the bill establishes a schedule to review regularly tax credits every five years to ensure that each accomplishes the purposes for which it was enacted and that the costs are justified by the benefits received.

This review will be done by a joint House and Senate Tax Expenditure Committee, which will annually provide the Legislature with detailed re-

ports regarding those credits scheduled for review that year.

The committee will address equity, simplicity, competitiveness, public purpose, and adequacy of these tax issues. It will also establish a system for making information available to the public regarding the amount and effectiveness of tax expenditures.

This review committee will consult with state agencies and independent experts in tax policy, fiscal policy, and public finance such as tax attorneys, certified public accountants, and faculty members at institutions of higher learning.

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## Governor Signs Bill to Reorganize Government

Governor Culver signed one of the largest government reorganization initiatives in state history aimed at saving taxpayers over \$265 million. It will also initiate efficiencies in the delivery of services by state government to Iowans.

The bill, Senate File 2088, contains over 50 different ideas, both large and small. It eliminates 14 different boards and commissions, reduces energy

costs, combines state purchasing, cuts down on middle management to keep front line workers in their jobs, and consolidates information technology.

This bill is one of three actions being taken this year to realign state government. It is estimated that these three actions, including passage of this legislation, offering state employees the opportunity to retire early, and the Governor's executive order will save \$265

million for Iowa taxpayers.

An in depth look at state government was last conducted 25 years ago. To ensure that a review is done on a regular basis, Senate File 2088 requires that a committee be appointed every two years to review state government operations and programs, and bring recommendations to the General Assembly.

## Jobs Plan Focuses on Small Businesses

The House has approved a jobs plan that will expand critical support for small businesses and help put Iowans back to work

Despite tough budget times, the House increased support for Small Business Development Centers to provide more one-on-one counseling to assist in small business growth. To find a Small Business Development

Center near you, go to [www.iowasbdc.org](http://www.iowasbdc.org).

The plan also expands MyEntre.net to provide live, on-line support to connect business owners with the services and resources they need. Log on to [www.myentre.net](http://www.myentre.net) for more information.

### Workforce Centers to Remain Open

House File 2522 will continue to support the 55 Iowa Workforce Develop-

ment Centers. Iowa's unemployment rate has increased over the last year and it is critical that we help out of work Iowans find a job in their community.

Additionally, the bill maintains the level of OSHA inspectors in Iowa to provide workplace safety. The legislation now moves to the Senate for consideration.

## Governor Signs Veterans Bills into Law

Working together with the Legislature, Governor Culver signed three pieces of legislation this week to help service members, veterans, and their families.

### Military Spouses

House File 2110 provides unemployment insurance benefits for the spouses of military personnel forced to leave their job due to a military reassignment or a spouse called to active duty. The benefits will be paid out of interest on the Unemployment Compensation Trust Fund and will not be paid for by

employers.

Currently, at least 35 other states provide unemployment insurance benefits to spouses of military personnel who left employment, due to no fault of their own, and relocated because of a military assignment in another area.

### Injured Veterans Grant

House File 755 expands the qualifications for the Injured Veterans Grant Program to include a veteran who has suffered an injury in the line of duty requiring at least 30 consecutive days of hospitalization at a military hospital. The veteran does not

have to be evacuated from the operational theater in which the veteran was injured to a military hospital.

### Disabled Veteran Businesses

House File 2499 expands the duties of the Iowa Department of Economic Development to encourage and assist small businesses owned and operated by disabled veterans to obtain contracts and subcontracts with the State of Iowa.

These bills, along with others, are priorities of the Legislature to assist our Iowa military families.

## Mental Health Hospitalization Notification on to Governor

In a move to improve public safety, the House and Senate passed a bill to notify law enforcement of the release of individuals hospitalized for a serious mental impairment if there is an arrest warrant or pending charges.

The bill, Senate File 2352, streamlines the process to notify law enforcement and addresses gaps in the system to assure notification.

The bill clarifies that a law enforcement officer can request that any court order include a requirement that the law en-

forcement agency is notified when an individual hospitalized for a serious mental injury is discharged if there is an arrest warrant or pending charges for that individual.

In addition, the bill provides an admin-

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istrative process for law enforcement to be notified if a court order has not yet been completed.

The bill was prompted by the shooting death of Ed Thomas, the Apling-

ton-Parkersburg football coach, by Mark Becker. Becker was released from a Waterloo hospital with charges pending, but law enforcement was not notified. Becker drove from the hospi-

tal to Parkersburg and later fatally shot Thomas.

The bill now goes to the Governor for his signature

## Legislature Begins School Board Association Investigation

The Joint House and Senate Government Oversight Committee began hearings this week into the growing scandal at the Iowa School Board Association.

The Association, one of the largest school board associations in the country, is funded mainly by taxpayer money from local schools and is in the midst of a financial crisis. The School Board Association provides services and support to local school boards across Iowa. Association membership fees range from \$736 to \$10,366. Fees are determined by the number of students in the district.

Representative Vicki Lensing, Co-Chair of the Oversight Committee, expressed outrage at the misuse of taxpayer money. "At a time when families, schools, and state govern-

ment are all cutting back and trying to make ends meet, it is intolerable to think that taxpayer money is being misused or misspent by organizations such as the Iowa School Board Association."

### Allegations of Misused Funds

There are currently two teams of auditors examining the financial records of the Iowa School Board Association. The results of the audits will be presented to the Government Oversight Committee upon their completion.

Auditors are looking into allegations including:

- ♦ A trip to Bora Bora paid for with an Association credit card.
- ♦ A pay raise to the Executive Director not approved by the Board of the Association.

- ♦ Staff misleading the Board about the sale of a subsidiary business.

- ♦ Staff misleading the Board about the general fiscal health of the organization.

After the allegations came to light, Chief Financial Officer Kevin Schick was fired and Executive Director Maxine Kilcrease was put on administrative leave.

### Investigation going forward

In addition to the Legislative investigation, the FBI is looking into allegations that the School Board Association overspent federal and state grant money. The Oversight Committee will be holding its next hearing Monday, March 22<sup>nd</sup>, at noon.

## Bill Licensing Real Estate Closing Agents Sent to Governor

The House passed another piece of legislation to reduce consumer fraud in real estate transactions. Senate File 2348 will now go to the Governor for his signature.

The bill requires the Division of Banking to license those who provide real estate closing services independent of an entity that is already regulated, such as a licensed mortgage broker, financial institution, or attorney.

Closing services typically involve preparing settlement statements, ensur-

ing that documents conform to the parties' conditions, and that lenders' instructions are satisfied, holding a closing conference, and receiving and disbursing funds related to the closing.

The bill requires all funds received for disbursement during closing be placed in a trust account separate from the agent's account at an insured financial institution.

The license fee is \$200, and licensees must carry a \$25,000 bond, unless the Banking Superintendent sets a higher bond requirement.

The Banking Superintendent may impose fines of up to \$5,000 per violation of the law and order the violator to pay restitution, the costs of the investigation and prosecution, and attorney fees.

The Attorney General may also take action under the Iowa Consumer Fraud Act.

Senate File 2348 compliments legislation passed in 2008 to tighten regulation of foreclosure consultants and legislation passed in 2009 to strengthen regulation of mortgage brokers.

## Public Hearings Set For Alliant Electric Rate Increase

The Iowa Utilities Board (IUB) has scheduled eight public hearings to receive input from customers regarding Alliant Energy's request for an increase in its electricity rates. On Wednesday, March 10,

Alliant Energy applied to the Iowa Utilities board (IUB) to allow its Interstate Power and Light subsidiary to increase electric rates by 13.8%, or \$163 million per year. Alliant will begin collecting a tem-

porary increase of about 10% (\$119 million) on March 20. If the IUB eventually rules that this is too much, it will order Alliant to refund a portion of the amount collected, plus interest.

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Consumers should know that their interests will also be represented by the Office of the Consumer Advocate (OCA). The OCA is a separate division of the Iowa Attorney General's office whose statutory responsibility is to represent consumers and the general public before the Iowa Utilities Board.

### Public Hearing Schedule

- ♦ Peosta: Wednesday, April 7th, 1:30 p.m. - Peosta Community Center, 7896 Burds Road.
- ♦ Marion: Wednesday, April 7th, 6:30 p.m., Kirkwood Training and Outreach Service Center, 3375 Ar-

mar Drive.

- ♦ Spirit Lake: Wednesday, April 14th, 1:30 p.m. - Community Room, Dickinson County Courthouse, 1802 Hill Street.
- ♦ Mason City: Thursday, April 15th, 6:30 p.m. - Muse-Norris Conference Center, Room 180A, North Iowa Area Community College (NIACC), 500 College Drive.
- ♦ Newton: Tuesday, April 20th, 6:30 p.m. - Newton High School Auditorium, 800 East 4th Street South.
- ♦ Osceola: Wednesday, April 21st, 6:30 p.m. - Clarke High School Auditorium, 800 North Jackson.

- ♦ Fort Madison: Tuesday, April 27th, 1:30 p.m. - St. Mary's Parish Center, 415 11th Street.

- ♦ Ottumwa: Tuesday, April 27th, 6:30 p.m. - Ottumwa High School Auditorium, 501 East Second Street.

If you are unable to attend one of the public hearings, written comments may also be mailed to the Iowa Utilities Board, Executive Secretary, Docket number RPU-2010-0001, 350 Maple Street, Des Moines, Iowa 50309-0069.

One may also submit comments at the IUB web site: [http://www.state.ia.us/iub/forms/CustServ/form\\_rpul01.html](http://www.state.ia.us/iub/forms/CustServ/form_rpul01.html)

## Report Shows Program Helps Community Attractions

The Vision Iowa Board has released its 2010 Annual Status Report. Since the program inception in 2000, the board has directly leveraged more than \$346 million in state awards into more than \$1.5 billion of local investments in Iowa. In the program's nine years, investments have been made in 93 counties and 224 communities.

According to Vision Iowa Board Chairwoman Regina Bailey, the Vision Iowa program encourages partnerships. The partnerships are between the public, private, and non-profit sectors; and partnerships between state and local government.

The report is available at <http://iowalifechanging.com/>

[AnnualReport/2009/ided-report/vision-iowa/default.aspx](http://www.vision-iowa/default.aspx)

### Sullivan Brothers Highlighted

This year's report highlights the Sullivan Brother's Museum project. The museum project received \$1.5 million of Vision Iowa funding for improvements as a part of a large, comprehensive Vision Iowa Project in Waterloo and Cedar Falls. Officially, the facility opened its doors to the public in November 2008.

Including the Vision Iowa projects, the Community Attraction and Tourism (CAT) program, and the River Enhancement Community Attraction and Tourism (RECAT) program, the report

showed the following investments through the programs:

- ♦ 350 Projects
- ♦ \$358.6 Million - State Investment
- ♦ \$1.52 Billion - Local Investment
- ♦ \$1.88 Billion - Direct Leveraged Investment

Vision Iowa continues to provide financial incentives to communities for the construction of recreational, cultural, educational, or entertainment facilities that enhance the quality of life in Iowa through CAT and RECAT.