

## 2009 LEGISLATIVE PRIORITIES

### MAINTAIN AND IMPROVE ECONOMIC DEVELOPMENT TOOLS

1. Tax increment finance (TIF) is one of the most widely used forms of development finance today. Over forty states currently have laws in place that allow the use of TIF (also referred to as TAD, RAD, DIF, etc.) for financing development projects. TIF is the single most important local development tool available to cities and counties, and it adds millions of dollars each year in property value at the local level for taxing jurisdictions. Tax increment financing is a manageable economic development incentive that is a catalyst for economic growth. Benefits from the economic activity generated by locally controlled tax increment financing projects are impacting areas of new revenue growth. Tax increment financing for projects of expansion of a current business also has retention of other tax revenues.

POSITION: Retain TIF as it currently exists today. Monitor legislation and report to GDCDA membership.

2. The Grow Iowa Values Fund and High Quality Job Creation Program are significant economic development tools that encourage and assist in business relocations and expansions within Iowa. Currently the wages required by companies for eligibility to access funds provided by these programs are at a minimum to be 130 percent of average county wages. Dallas County and counties all over the state have diverse industry sectors, with each industry offering different wage levels due to the varied levels of skilled labor. Therefore the current wage thresholds based on average county wages unfairly combines all wages regardless of industry and skill. We recommend that wage thresholds be calculated at minimum by two sectors - professional (office) and industrial. This would result in a more accurate and improved measure of calculating wage thresholds for businesses accessing funds for job creation.

POSITION: Modify Iowa Code section 15G.112 to reflect the use of county averages wages calculated in industry sectors of professional and industrial as the basis for determination of wage thresholds. Monitor legislation and report to GDCDA membership.

3. The research and development tax credit encourages continued economic development, including the attraction of businesses with research activities and the creation and retention of high quality jobs within Iowa. Last session legislation was introduced that would have eliminated or considerably restricted this valuable tax credit.

POSITION: Maintain the research and development tax credit. Monitor legislation and report to GDCDA membership.

4. Areas of The Alliance service territory are home to several businesses in the insurance industry. Currently businesses, though not in the insurance industry, participating in the Iowa Industrial New Jobs Training Act can receive corporate income tax credits when they expand their workforce by ten percent. Recent sessions have introduced legislation that would expand the new jobs training tax credits to include Iowa insurance companies, but have not passed the legislation through.

POSITION: Expand new job tax training credits to include the insurance industry. Monitor legislation and report to GDCDA membership.

5. The Iowa Legislature passed a bill in 2006, restricting the use of eminent domain for the purposes of economic development. This legislation eliminates an important and responsible tool that aids in enabling revitalization and needed development.

POSITION: Monitor legislation and report to GDCDA membership.

5. Allow elected officials to conduct initial incentive negotiations for economic development projects in closed sessions and keep company business plans, financial information, and other related information confidential. Public negotiations make the details about potential economic development projects available to the competition and drives up both local and state costs of landing the project. Granting this closed session protection to cities and counties during the initial developmental stages of a deal will help streamline the negotiation process.

POSITION: Modify Iowa Code Section 22.7(8) to allow city and county governments to conduct closed sessions to negotiate certain economic development projects and keep company business plans, financial information, and other deal-related information confidential.

### **MAINTAIN AND IMPROVE COMPETITIVE POSITION**

1. Property tax reform has continued to fall short year after year, still it remains an important item receiving considerable debate determined to survive. The 2009 session will likely include property tax reform legislation as the Legislative Property Tax Study Committee created in 2007 is due to submit a proposal for recommendations on January 1, 2009. We support the reform of our antiquated property tax structure to improve accountability, equity, and stability. The negative effects of this system of property taxation are detrimental to business growth and job creation.

POSITION: Provide guidance and support to seek reform of the property tax structure. Monitor legislation and report to GDCDA membership.

2. Iowa is currently a "Right to Work" state, but legislation introduced in past sessions have threatened to repeal this law by authorizing the negotiation of fair share fees in collective bargaining agreements for employees. If negotiated, non-union members would have to pay a 'fair share' fee for bargaining performed by the union for the employee, even though employee chose not to be a member of the union. The 'Right to Work' status of Iowa helps foster an attractive business environment.

POSITION: Preserve Iowa's "Right to Work" law. Monitor legislation and report to GDCDA membership.

### **STRENGTHEN TRANSPORTATION INFRASTRUCTURE**

1. Iowa's rail system provides critical transportation infrastructure for value-added agriculture, life sciences and commercial distribution enterprise. As a state, we have not devoted the proper resources to maintain the current system, much less to build the system into the tool it could become.

POSITION: Maintain funding for programs that improve Iowa's Railway Infrastructure including the Railroad Revolving Loan & Grant program. Monitor legislation and report to GDCDA membership.

2. The Alliance service territory is well positioned to benefit from highway infrastructure connecting us to markets and customers throughout the country. We recognize the need for continued improvements and enhancements to the already high quality road system. Working with Central Iowa Regional Transportation Planning Alliance, Des Moines Area MPO and Iowa Department of Transportation to plan interstate interchanges, highway corridor improvements, and new bypass routes is a high priority.

POSITION: Support federal and state funding to IDOT including TIME-21 to continue the work in meeting transportation needs. Monitor legislation and report to GDCDA membership.

## ENHANCE EDUCATION AND WORKFORCE DEVELOPMENT

The Alliance endorses the Greater Des Moines Partnership's initiatives on workforce and education through the following priorities:

- Early Childhood Education - The Partnership supports continued investments in accredited pre-kindergarten early education programs to help ensure readiness for kindergarten, increase high school graduation rates, and develop a strong, stable, and productive workforce for tomorrow. Research shows that employees with access to quality early childhood education for their children exhibit greater productivity in the workplace, experience a lower rate of absenteeism, have a lower overall job turnover rate, and are better contributors to employer sales and company profit. Research further indicates that every dollar invested in a child's pre-kindergarten education will return \$7 in reduced costs for special education, state assistance, and/or correction system costs later.
- K-12 Education - The Partnership supports bold, innovative recommendations to improve Iowa's education system to meet the workforce needs of Iowa's new economy. The Partnership supports the following legislative solutions that can be enacted to better equip our students to compete in the global marketplace and strengthen accountability. To this end, the Partnership supports:
  - Establishing state-level 21<sup>st</sup> Century learning standards and assessments focused on student achievement;
  - Implementing a career ladder to provide teachers compensation and more professional development opportunities for career advancement to enhance recruitment and retention of quality teachers;
  - Increasing focus on sciences, technology, engineering, and mathematics (STEM) learning;
  - Implementing initiatives to promote regional efficiencies and consolidation efforts; and
  - Evaluating reform efforts to further implement year-round school and lengthen the school day and school calendar year.
- Higher Education - The Partnership supports sufficient state funding for community colleges and Regents institutions and the continuation of the Iowa Tuition Grant that invests in financially eligible students who attend independent colleges in Iowa to keep the costs of higher education in Iowa affordable and to help reduce student loan debts for Iowa's future workforce.
- Open Scope Bargaining - The Partnership supports preserving Iowa's current public employee collective bargaining law and opposes and changes that could negatively impact student achievement, teacher quality, and other core education administrative decisions.
- Workforce Development - The Partnership believes the state should continue to encourage partnerships between Iowa's business and industry and community colleges and other education institutions and supports continued training incentives to businesses. The Partnership supports continued funding and refinement of proven programs within IDED, Iowa Workforce Development, and the Iowa Department of Education to meet the ever-changing workforce needs of Iowa companies in the 21<sup>st</sup> Century, including the funding for laborshed studies. To this end, the Partnership supports the following "Meeting Iowa's Workforce Challenge" recommendations for state workforce development programs: (1) measure success, ensure accountability; (2) invest in regional strategies and industry-based public-private partnerships; (3) build career pathways to good jobs for all Iowans' and (4) provide Iowans with lifelong access to skills training and educational opportunities.
- Workforce Retention and Recruitment - To help address Iowa's workforce needs, the Partnership encourages policies and practices by the government and private sector to support the legal immigration of new Iowans, to encourage former Iowans and other non-residents to relocate to Iowa, and retain current Iowans.
  - Immigration - The Partnership encourages policies and practices by the government and private sector to support the legal immigration of new Iowans. These efforts should include a stronger

focus on English as a Second Language (ESL) training, workforce training for immigrants, and continued support for regional Diversity Welcome Centers to assist new residents with overcoming legal and cultural obstacles. The Partnership also supports comprehensive immigration reform at the federal level, but opposes state-based punitive anti-immigration proposals.

- Future Workforce Recruitment and Retention - The Partnership also supports the creation of a forgivable loan program for Iowa higher education students who stay in the state following graduation and a tax credit for employers that pay down employee student loans in an effort to recruit and retain our future workforce.
  
- Financial Literacy - The Partnership supports public policy initiatives that encourage education institutions and adult education programs to improve the financial literacy of all Iowans. Financial education will encourage greater personal savings, is essential to help consumer avoid financially-destructive transactions and fraud and to exercise their consumer protection rights, and helps individuals create household budgets, initiate savings plans, manage debt, and make strategic investment decisions to plan for retirement, health care and education. In terms of workforce recruitment and retention, Iowa's higher education students rank in the top ten for total school debt at the time they graduate. Various studies have shown that high debt levels are a strong contributing factor of Iowa students taking jobs outside of Iowa. Since many Iowa students tend to express a desire to stay in Iowa for a career, teaching basic financial literacy will lead to lower debt levels and more Iowans staying in the state after graduation.

The Alliance also supports the initiatives of the following from Dr. Rob Denson, President, Des Moines Area Community College.

- Support for Regent Universities in the development and commercialization of technologies that can impact the economic and workforce climate of Iowa, both short and long-term. The Legislature should ask for specific plans and provide targeted funding from the Values Fund and other sources for specific high potential initiatives, above and beyond the general aid provided.
- Community Colleges have proven to be very cost effective and quality sources of education and training for vocational and college transfer bound students. Their graduates stay in Iowa, providing a great return on a small investment. However, Community Colleges need additional capacity in order to recruit and train if they are to meet Iowa's workforce challenge. Community Colleges are in a strong position to be able to recruit more students, but having waiting lists that often preclude enrollment. As sustainable source for additional funding for facilities needs to be found.