

★ Roll Call Number

Agenda Item Number

44

Date April 7, 2008

City of Des Moines Legislative Update for the Second Session of the Eighty Second Iowa General Assembly.

Moved by _____ to receive and file the attached report

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VLASSIS				
TOTAL				
MOTION CARRIED				

APPROVED

Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

City Clerk

City of Des Moines

LEGISLATIVE UPDATE

April 7, 2008

The City of Des Moines Legislative Subcommittee (Councilmembers Hensley, Coleman and Mahaffey) continue to meet on a weekly basis to review bills that have been introduced as well as discuss other legislative issues. The Legislative Subcommittee's priorities for 2008 include:

- Gas and Electric Franchise Fees/Revenue Alternatives
- Property Tax Reform
- Brownfields

Since the end of the second funnel on March 28, only a few bills have been introduced which impact the City of Des Moines. Those bill include:

Bill: HF 2659 PROPERTY TAXES
Sponsor: Jacoby) County Tax Changes:
Description: Requires new state mandates after July, 2009 be fully funded in order for local governments to be required to carry out such mandates. Does not include schools and AEAS, and does not include various exemptions for mandates that must be carried out without funding. Increases the regular program foundation base to 95% and reduces the \$5.40 levy to \$4.32. Limits the amount of school property tax levies, other than foundation and additional property taxes, to no more than 0.25% of the taxable value of residential and agricultural land, and 0.75% of the commercial property, and 0.5 of industrial property. Enacts transition provisions to phase these changes in over several years. Requires that if a county ending balance exceeds 25% that the excess must be explicitly reserved. Allows a county or city to impose a service charge. Increases the base year expenditure percentage for the state MH/MR/DD formula to 75%. Strikes the square footage tax on mobile homes and manufactured homes and replaces it with the ad valorem tax on the residence. Assess the real estate of a mobile home park as improved residential property. Limits increases for city and county property taxes for all classes of property to no more than the CPI unless the increase is approved at an election as of 2013. Lowers the tax rate on delinquent taxes to 1.5%, effective as of July, 2008.
Assessments and Ag Land: Makes the sale price for a property the market price unless the sale is to an immediate family member. Allows counties to share in the employment of a county assessor. Requires an assessor to use the replacement cost method for new construction

if the assessor is unable to establish fair market value. Strikes the various assessment limitations on the different classes of property and requires all property to be valued at its fair market value, with reductions allowed for some improved residential property, improved commercial and improved industrial property. Makes agricultural land held for commercial development or with a confinement operation not operated by the owner as commercial property. Allows the owner of a commercial property with a fair market value of less than \$500,000 to elect to have the property valued on the basis of net earning capacity, except for confinement operations. Values agricultural property that is not valued as commercial property or is not owned by an active farmer to be valued at a five-year average of the fair market value. Allows a reduction in actual value. Gives a court discretion to award attorney fees in assessment protests for the plaintiff, or if the assessment protest was frivolous, to the county. Requires assessors to keep certain financial records confidential. Increases to six years the time that sub-divided property shall be assessed as acreage or unimproved property. **Credits:** Changes the various individual property tax credits to exemptions from assessed value. Limits the value of an exemption for pollution-control equipment. Makes land in a forest reservation exempt from school levies and requires the owner to use proper management techniques. Strikes the family farm and the agricultural land credit. **Other:** Establishes various effective dates for different provisions in the bill. Establishes a study committee to report on the implementation of the bill as of July 2010. (Ways & Means)

Bill: **HSB 786 LOCAL TAX ISSUES**

Subcommittee: Ways & Means

Description: **Franchise Tax:** Allows a city franchise fee to be based on the percentage of gross revenues, up to 5%, without regard to the cost of regulating the franchise. Requires a city to prepare a revenue purpose statement before adopting or changing a franchise fee ordinance. Requires the statement to detail how the money will be spent, including property tax relief and for the statement to be published. Declares that any franchise taxes approved prior to this date are legal, even if the tax exceeds the costs of regulating the franchise. **TIF:** Authorizes a city to establish a sales tax TIF district to assist in the development of redevelopment of an athletic, cultural, or entertainment facility. Requires a \$5 million investment by the owners and bars projects from including a gaming establishment or a retail mall. Allows a city to enter into an agreement with the DED for assistance for all of the sales tax revenue collected in the district, subject to a legislative appropriation. Allows a city to use revenues from the local school option tax for the city's sales tax TIF. Makes the base year the end of the first year after the district has been established but creates an exception for increases which are already obligated. **Motel/Hotel Tax:** Increases the

maximum local hotel and motel tax rate to 9%. No subcommittee available, but Rep. Shomshor said that subcommittee meetings will be held on this bill. The franchise tax provisions have been introduced in the Legislature several times in the past two years, and relate to the dispute in Des Moines over the amount that can be charged for the franchise tax.

Bill: SSB 3286 EMPLOYEE CLASSIFICATIONS

Subcommittee: Ways & Means

Description: Changes provisions on payment of employees, including that employee or independent contractor status is determined by FLSA. Creates a rebuttable presumption that an employer who does not keep appropriate records has not paid minimum wage. Strikes requirements that limit the entry into the workplace of the Labor Commissioner. Establishes additional instances where an action against an employee is retaliatory. Increases civil penalties for that failure to pay wages. Prohibits knowingly transporting goods produced in violation of wage standards and allows a party suffering from unfair competition seek injunctive relief. Makes the largest shareholders in a corporation responsible for unpaid wages. **Independent Contractors:** Establishes a new Code section on classification of individuals as employees or independent contractors. Makes definitions. Establishes the duties of the Labor Commissioner on notice and enforcement. Allows the Commissioner and employees to be indemnified for damages and legal expenses related to the enforcement of the provisions. Establishes provisions on civil penalties and judicial review. Establishes criminal and civil penalties for contractors who violate the provisions. Includes other related provisions. **Other:** Makes the provisions severable. Effective, January, 2009. **Bolkcom (C), Angelo, Dotzler**

According to the Iowa Legislative News Service Bulletin Senator Gronstal has said the Legislature will work on budget bills next week and that they hope to wrap up the session within the next two weeks.