

STATE ISSUES WITH SANDS

Volume III, Issue V

February 10, 2005

TOM'S HOME ADDRESS

134 Orchard Lane, Columbus Junction, IA 52738

Home: 319-728-8716 Cell: 319-750-1423

Home email: trsands@louisacomm.net

CAPITOL CONTACT

Statehouse: (515) 242-6437

e-mail: tom.sands@legis.state.ia.us

web: www.sandsforstatehouse.com

My Committee Summaries

Appropriations

On Tuesday, February 1st, Legislative Fiscal Services released the revenue figures for the first seven months of the fiscal year. Due to strong growth of income tax receipts, revenue continued to exceed the December estimate set by the Revenue Estimating Conference (REC).

The REC estimate for FY 05 is \$141.5 million, or 2.7 percent above FY 04, so the general fund has already exceeded the REC estimate for the year and there are still five months to go. Some of the increase in January was due to having an extra processing day, and that will be reflected in February.

However, even taking into account the extra processing day, personal income revenue continues to grow at a rapid rate. Year-to-date personal income tax receipts are up \$123.5 million (8.9 percent) and were up 16 percent compared to January of 2004.

Sales and use tax receipts and corporate income tax receipts continue to grow as well. Year-to-date sales and use tax revenue was up \$51.9 million (5.4 percent) and corporate income tax was up \$29.5 million, or 27 percent. Other taxes and receipts were up \$25.4 million, or 16 percent compared to FY 04.

The economy is finally showing signs of booming like it did in the 1990s. The increased revenue means that priorities of education, public safety and health care can be funded without raising taxes. If the FY 06 and FY 07 spending increases are limited to a reasonable amount, the remainder of the surplus will go to repay the cash reserves and the Senior Living Trust Fund and the state's finances will remain sound. Controlling spending has never been more important for the state.

Commerce, Regulation & Labor

The House Commerce, Regulation and Labor Committee passed a major change in Iowa's telecommunications law on Tuesday, February 8th. House Study Bill 50 would remove the Iowa Utilities Board's authority over the cost of many of retail telephone services Iowans receive. Currently, the Utilities Board regulates three telephone companies – Qwest, Iowa Telecom, and Frontier. House Study Bill 50 would phase out the board's authority to regulate the single-line flat rate for residential and business customers served by these three providers.

Currently, the Utilities Board has the authority to regulate telephone services provided by these companies. This regulation includes rates and services that can be offered to the customer. The three companies impacted by this bill feel they are at a competitive disadvantage as some of their competition is not subject to regulation by the board. Advances in technology have also had a dramatic impact on competition, like access to cell phones, Voice over Internet Protocol (VoIP) , and e-mail. Because of these market forces, the three companies have seen a decline in customers. The loss of market share has prevented at least one of the companies from making significant investments in the state.

I oppose this bill in its present form and have been a major voice in getting the language changed to address my concerns. In present form, HSB 50 puts the independent telephone companies under regulation that they are currently not subject to. This is NOT acceptable and I have the promise of Speaker Rants that it will be corrected soon. I have always been a strong and loud voice for the independent telephone companies and will do all I can to make the needed changes occur.

Public Safety

The Department of Public Safety has announced plans to put 29 new troopers on the road in the upcoming months, increasing the strength of the troopers to 396 sworn officers.

Budget constraints over the past few years forced the department to prioritize their funding. As a result, they have not conducted a training academy since 2001. Without an academy, new troopers could not be hired and trained for these positions. So, although the Legislature continued to increase funding to the department, they could not hire additional public safety officers.

FY 2005, however, has seen the reintroduction of the DPS academy. The department found the necessary resources within its budget to once again operate an academy. By eliminating dozens of funded, but vacant, positions, the department was able to reallocate those dollars for salary increases of current personnel. Once the salary increases were covered, the department filled the remaining vacant and funded positions. In addition to new troopers, the department is filling positions for DCI agents, narcotics officers and fire investigators.

As always, please contact me with any comments or questions you may have. I appreciate hearing from the people in District 87.

Until next week,

Tom Sands

