

## Representative Jeff Kaufmann – AUG part 2 Newsletter 2007

*Here is the second part of my August Electronic Newsletter. It covers a wide variety of topics. If you have questions or comments do not hesitate to contact me.*

*Jeff*

### **Culver Names Energy Chief**

Iowa Gov. Chet Culver has named a veteran renewable energy expert to lead the state's new Office of Energy Independence.

Roya Stanley — who currently works for the National Energy Laboratory in Colorado — will lead an office created by Culver and state lawmakers to administer the \$100 million Iowa Power Fund.

Stanley also has long Iowa ties. She spent 18 years of her career with the Iowa Department of Natural Resources developing energy policy

"When making this decision on this critically important appointment, I strongly believed that vast experience in the field was a necessity. Ms. Stanley has 25 years of experience in the field of renewable energy, both in Iowa and on a national level," Culver said in a statement Monday.

Stanley's appointment must be confirmed by the Iowa Senate next year. Her new role will involve educating the public on renewable energy, raising funds for energy projects and advising the governor on energy-related issues.

She also will oversee development of the state's energy independence plan and coordinate energy programs that already exist within the DNR and the Department of Economic Development.

"I am absolutely delighted to accept this appointment," Stanley said in a statement. "Being appointed to this important position is an enormous honor; and I look forward to returning to Iowa and working to maintain Iowa's leadership in the field of renewable energy."

Culver pushed hard for the creation of the Power Fund with hopes of sparking renewable energy research in the state. Although Stanley's office will manage the fund, grants will be awarded by an 18-member board.

During her time in Iowa, Stanley served as the DNR's energy bureau chief and led the way on several renewable energy efforts, including expanding investments in wind power and exploring the use of switchgrass to make motor fuel.

At the National Energy Laboratory, Stanley served as a liaison to state, local and agriculture officials across the country. Stanley holds an undergraduate degree from the University of Illinois and an MBA from Colorado State University.

*Original article by TODD DORMAN, Courier Des Moines Bureau*

### **Wireless Broadband, the ICN and Competition with the Private Sector**

*Wireless Broadband a Right, Rather Than a Privilege?*

The desire of some legislators to make Iowa the "first Wi-Fi state" led to a sprawling discussion on the future of the Iowa Communications Network, the convergence of communication methods through the

Internet, and the respective roles of the private and public sectors in making fast-evolving technology available to the state's residents, at the July 23 and 24 meeting of the Government Oversight Committee.

The discussion was sparked by several bills filed by Rep. Ford during the 2007 session. HF 622 would appropriate \$100 million from the Rebuild Iowa Infrastructure Fund (RIIF) to the Iowa Telecommunications and Technology Commission (ITTC) over four fiscal years (\$25 million each year). The commission is to use the funding to promote the goal of creating wireless broadband access in 99.95 percent of the state by the end of 2012. The funds are to be used to create public-private collaborations and leverage private sector investment in wireless broadband access, including the use of the state-owned ICN. HF 686 proposes to allow non-profit agencies and individuals to be authorized users of the ICN, and makes non-profits with an annual funding level or net worth of less than \$350,000 and residents of a city classified as a distressed area (under the enterprise zone program) eligible for reduced rates for use of the ICN. The ICN supports passage of both bills.

John Gillispie, executive director of the ICN, discussed trends in Internet Protocol technology in which services converge and all packets (such as voice, Internet, data and video) are carried over a single backbone network.

He lamented the ICN's "limited" customer base (schools, various state and federal agencies, libraries, and hospitals) and limited opportunities for the network to enter into collaborations with private telecommunications firms. Gillispie, stating that "speed matters", also presented statistics showing that Iowa ranks 47<sup>th</sup> among the states in broadband download speed, while the US ranks only 15<sup>th</sup> in the world in terms of broadband deployment and 10<sup>th</sup> in broadband prices.

Dr. Nicol Turner-Lee, who founded the Neighborhood Technology Resource, to provide technology training and Internet access to low-income Chicago residents, said that wireless broadband access must be "ubiquitous and affordable" not only to low income minorities, but also to the elderly, disabled persons and those with lower education levels. She stated that with the state serving as a catalyst to leverage private sector investment, the ICN could be the driver for a "laptop in every backpack". Turner-Lee claimed that "broadband access is not a privilege in this country, it's a right". Rep. Watts questioned that assertion, saying that broadband access is not a necessarily a right, but more of "another tool in the toolbox" and broadband access "is not free; somebody has to pay for it."

During committee discussions, several legislators continually pointed out that is the private telecommunications companies that create jobs, pay property taxes and make the risky investments in rapidly-evolving and potentially soon-to-be-obsolete technology, and these contributions can be jeopardized by government competition through the ICN. Responding to several references to the "digital crisis" Rep. Watts commented, "Crisis? I'm just not seeing it...the cutting edge (telecommunications) services are available."

Joshua Breitbart of the Ethos Group, which provides consulting/research services on the public benefits of wireless broadband, told the committee that well over 300 cities across the nation are either deploying or considering deployment of wireless broadband networks to expand Internet access. Breitbart also said that other countries have made the deployment of inexpensive broadband service a higher priority than the US. Ryan Ford, a magazine editor and Rep. Ford's son, acknowledged that the "digital divide" between whites and minorities in terms of home Internet access is narrowing, but said the ability to access the Internet without the aid of a traditional computer (via iPhones, Blackberries, and other new wireless devices) is making access to Wi-Fi an even greater issue.

Representatives of the Iowa Association of Municipal Utilities, the Iowa League of Cities, the Iowa National Guard, Regents institutions, and area education agencies also gave testimony to the committee about their use of the ICN and the Internet and/or arguments in favor of using the ICN to leverage investment

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to achieve statewide wireless broadband access. Bob Steingreaber, from the Great Prairie AEA, estimated that 85% of Iowa's school districts use the ICN as their Internet provider.

Craig Schoenfeld, representing Iowa Network Services and other private telecommunications associations, said the private sector's investment decisions have in large part been based on the limitations on authorized users and traffic over the ICN that Gillispie referred to. He said a healthy competition does exist; "just look at all the rural telephone associations and larger firms like Mediacom tripping over each other to provide services." Schoenfeld stressed there is a large risk for private telecommunication companies in deciding on which upgrades are good investments to make, because of the rapid turnover in technology and consumers' ever-changing needs. He said, "The risk of competition from the ICN is a danger to our existence." Schoenfeld also questioned the state's ranking of 47<sup>th</sup> in broadband download speed. Gillispie responded that no matter what the precise ranking is, Iowa and the US are losing ground and "the jobs of the future are going to go where broadband exists."

Judy Krewson, from the Rural Independent Telephone Association, referring to a recent survey of the utility infrastructure of Iowa's towns and cities done by the Iowa Utilities Board (IUB), said the report shows that whatever "digital divide" may exist, it is not a rural versus urban issue. Joan Conrad, from the IUB, said the board's survey showed that 93 percent of Iowa's communities have access to high speed Internet (using an FCC definition), but conceded that rural areas outside of the community centers may not have such access. Conrad also said that in terms of comparing the costs of this service between communities, the deregulation of bundled services makes it difficult to track anything but basic phone rates. She said a new survey will be released in January - when HF 622 and HF 686 will again be under consideration by the Legislature.

### **eJuror— A New Online Service of Iowa Courts**

eJuror, a new online service of the Iowa Judicial Branch, enables Iowans called for jury duty to use the Internet to respond to the court summons, complete a standard juror questionnaire, ask to reschedule jury duty, and obtain information about serving on a jury.

How does eJuror work? If you receive a jury summons in the mail, you can respond to the summons at the eJuror site— <https://ejuror.iowa.gov/ejuror/> . Log on with the jury number indicated on the summons. After you log-in to the system, the eJuror will allow you to answer the standard juror questionnaire and electronically send the completed questionnaire to the clerk of court. eJuror also contains links to useful information about jury service, an email contact address for each clerk of court office, and an option for requesting a one-time rescheduling of jury service.

According to Iowa law, the courts randomly select prospective jurors from a master list that includes licensed drivers and registered voters. More than 60,000 Iowans are summoned for jury duty each year. Iowa law provides that a person shall not be required, in any two-year period, to serve a term of more than three months unless to complete service in a particular case; to serve on more than one grand jury; or to serve as both a grand and petit juror.

You must have a summons jury number to view the eJuror website, but sample pages may be viewed at [www.judicial.state.ia.us](http://www.judicial.state.ia.us)

### **U.S. Bureau of Labor Statistics Releases Preliminary Regional and State Employment and Unemployment Statistics**

On August 17, the federal Bureau of Labor Statistics issued the July, 2007, State Employment and Unemployment Statistics.

Regional and state unemployment rates were little changed or slightly higher in July. Overall, 39 states and the District of Columbia recorded over-the-month unemployment rate increases, five states registered decreases, and six states had no changes, the Bureau of Labor Statistics of the U.S. Department of Labor reported today.

Over the year, jobless rates were up in 27 states, down in 19 states and the District of Columbia, and unchanged in four states. The national unemployment rate was essentially unchanged in July at 4.6 percent.

Iowa's unemployment rate for July, 2007, was lower than the national average at 3.9%. The Midwest states continued to record the highest unemployment rate among the regions, 5.2 percent.

### **U.S. Supreme Court Sides with Bush Administration on Faith-Based Initiatives**

Recently the United State Supreme Court reversed a Seventh Circuit Court decision regarding the use of taxpayer dollars for faith-based programs, ruling that the respondents did not have standing to sue.

The District Court originally ruled that the respondents (Americans for the Separation of Church and State) did not have standing to sue because it was an Executive Branch initiative and not approved by Congress. The Seventh Circuit ruled that the group did have standing to sue and that the funding for the office violated the Establishment Clause of the U.S. Constitution. The Supremes reversed the decision on a 5-4 ruling, with Justice Alito writing for the majority and Justice Souter writing for the minority.

While this is a victory for the Bush Administration and for faith-based initiatives, it does not resolve the issue of whether taxpayer dollars can be used for faith-based programs. That means the Supreme Court will likely have to hear the case about the faith-based treatment program at the Newton prison.

On June 29, Iowa prison officials said they would allow a Bible-based treatment program to keep operating for the next twelve months at the Newton Correctional Facility. Under an agreement reached with the Virginia-based Prison Fellowship, which sponsors the treatment program, no taxpayer money will be spent on the program and it will operate solely on donations.

Even opponents of the program admit that it has been an overwhelming success, with most inmates that enter the program getting and holding jobs and staying clean and sober. The program, officially known as the InnerChange Freedom Initiative, has operated since October, 1999, at the Newton prison and now serves about 145 inmates. The prisoners spend their days in work, counseling and prayer, immersing themselves in evangelical Christianity.

U.S. District Judge Robert Pratt of Des Moines ruled last year that the Newton program violates the First Amendment's clause barring the government from the establishment of religion. He said the program should be terminated, but suspended the order to permit an appeal.

The June 29 agreement states that if the U.S. Eighth Circuit Court of Appeals upholds Pratt's ruling, Iowa prison officials can shut down the program immediately. However, no matter how the Eighth Circuit rules, it will likely be appealed to the U.S. Supreme Court

### **First TouchPlay Case Settled Out of Court**

Earlier this month the AG's office and Royal Financial LLC reached a settlement regarding the TouchPlay issue. The settlement was then approved by the State Appeal Board, with Vaudt and Krogmeier voting in favor while Fitzgerald was absent.

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Under the settlement, the State of Iowa will pay \$1,671,370.50 to Royal Financial, or approximately \$1,000 per machine. Royal Financial controlled approximately 25% of the TouchPlay machines operated in the state. In the settlement, the State has denied any wrongdoing and the settlement agreement acknowledges the State's denial of liability. Royal Financial will dismiss its lawsuit and will continue to cooperate with the State in making available documents and information sought by the State relating to the other TouchPlay litigation.

In a statement put out by the Iowa Lottery Authority and the Attorney General's office, it states "We believe this is a good, fair and reasonable settlement of the litigation with Royal Financial. Royal Financial operated about 1,650 TouchPlay machines, about a fourth of the total number of machines in Iowa. We are pleased to resolve a major portion of the TouchPlay litigation with the Royal Financial settlement."

The \$1,671,370.50 to be paid to Royal Financial will come from an unlimited standing appropriation to the State Appeal Board from the General Fund. The Attorney General and the Iowa Lottery have said they will continue discussions with any other interested TouchPlay litigants, and the State intends to treat those plaintiffs in a similar fashion. If all other TouchPlay-interested parties reach similar agreements, the total cost to the state will be approximately \$6.7 million.

The three remaining active TouchPlay lawsuits include:

Jeffrey Siggins, et al. – There are now approximately 74 plaintiffs and intervenors in this suit, including TouchPlay manufacturers, distributors, and operators. The plaintiffs and intervenors involved in this suit controlled approximately 40% of the TouchPlay machines operated in Iowa. This suit is pending, and is scheduled for trial in April 2008 in Polk County.

The Iowa Lottery Authority has counterclaimed against certain TouchPlay operators and their officers who allegedly failed to turn over Lottery proceeds at the end of the TouchPlay program.

Howard Music – Howard Music commenced an action for damages and declaratory/injunctive relief in Scott County, suing the same defendants and asserting the same legal theories as in the Siggins case. Howard Music controlled approximately 1% of the TouchPlay machines operated in Iowa. The suit is pending and is scheduled for trial in June 2008.

Camden – Camden sued the Iowa Lottery for money damages due to the prohibition on monitor vending machines, alleging violations of the state and federal constitutions, as well as claims on express, implied, and quasi-contracts. Camden controlled approximately 5% of the TouchPlay machines operated in Iowa. The Iowa Lottery Authority has filed its own claim against Camden and Camden's officers, alleging Camden's failure to turn over Lottery proceeds at the end of the TouchPlay program. This matter is set to go to trial in January 2008 in Linn County.

### **2007 Property Tax Equalization Orders Issued**

On Wednesday, August 15, the Iowa Department of Revenue issued the 2007 Equalization Orders. The equalization orders are proposed adjustments to the assessed values of classifications of property.

Iowa Department of Revenue Director Mark Schuling notified county auditors today of assessment adjustments on agricultural, commercial and residential values. Many jurisdictions completed revaluation during the regular assessment cycle and notified taxpayers by April 15.

The equalization orders that were issued on Wednesday are for property taxes that will be collected beginning September, 2008; NOT the property taxes that are due this fall.

To see the tentative adjustment for your county, the Department of Revenue has a chart on the web at: <http://www.state.ia.us/tax/locgov/prop07equalCh1.pdf>

Final equalization orders will be issued by October 1, and counties are required to publish the orders in their official newspapers by October 15. Taxpayers will have an opportunity to appeal increases in their assessments to their local board of review from October 16-25.

The press release from the Department of Revenue shows the overall state assessment change by class from 2006 to 2007 as follows:

Classification	Agricultural	Residential	Commercial
Reevaluation	15.4%	7.5%	4.6%

The revaluation reflects the change in the market over a two-year period for commercial and residential properties. Agricultural assessments are higher because of an increase in the five-year productivity average.

The assessment limitation (rollback) for each class will be issued by the Department of Revenue on November 1.

### **Equalization**

In each odd-numbered year, the Department of Revenue conducts a statewide review of the level of assessment of property within each class and then orders the equalization of the levels of assessment of any class of property if the aggregate assessed valuation of that class of property is at least 5 percent above or below the valuation of that class of property statewide.

Equalization is accomplished by increasing or decreasing the aggregate valuations of certain classes of property within jurisdictions by the percentage necessary to adjust the level of assessment to actual value.

The purpose of assessment equalization is to ensure that each class of property in each assessing jurisdiction is assessed at actual value as required by law. Assessment equalization must not be confused with the assessment of property. Valuations of individual properties are established every two years by Iowa's 107 city and county assessors. Equalization involves only the aggregate valuations of entire classes of property and the Department of Revenue does not adjust the valuations of individual properties.

Assessment equalization is necessary to ensure an equitable assessment base for several reasons:

Iowa's more than 2,000 taxing districts do not correspond with the 107 assessing districts; thus the property in one taxing district (such as a school district) may be valued by two or more local assessors.

State aid to local schools is based in part upon the property tax (assessment) base of each school district. Therefore, inequities in levels of assessment among school districts can have an adverse effect upon the equitable distribution of state aid.

Equalization is necessary to ensure that each class of property is assessed at the statutory level of actual value.

Equalization helps maintain an equitable assessment base among classes of property and among assessing jurisdictions.

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The equalization orders that were issued this week are tentative – authorized city, county, and assessing jurisdictions may request hearings to present additional information which could affect the property adjustment. These hearings will be held in Des Moines during September, with the final equalization orders issued by October 1. The rollback (assessment limitation) will be issued and certified to county auditors on November 1.

### **Assessment Timeline:**

~~January 1: Assessment date~~

~~April 15: Assessors complete assessments and notify taxpayers.~~

~~April 16 – May 5: Taxpayers may appeal assessments to local boards of review.~~

~~May 1 – May 31: Local boards of review consider appeals. This time may be extended to July 15 by the Iowa Department of Revenue (IDR) Director.~~

~~June 15: Local boards of review submit reports to IDR Director.~~

~~July 1: Assessors submit abstracts of the assessments to IDR Director.~~

August 15: IDR Director issues tentative equalization notices to county auditors.

Month of September: IDR Director holds equalization hearings, which are held for public input.

October 1: IDR Director issues final equalization orders to county auditors.

October 2 – 12: Assessing jurisdictions may apply for alternative methods of implementing equalization orders.

October 2 – 15: The county auditor publishes notices of the final equalization order.

Oct. 15- Nov. 15: Local boards of review meet to hear equalization protests.

October 16 – 26: Taxpayers may protest the final equalization order to local boards of review.

November 1: IDR Director certifies rollback percentages to county auditors.

November 15: Local boards of review submit a report about the equalization protests to the department.

Dec. 1 - Feb. 28: Taxing authorities adopt budgets based on the valuations.

March 1: The county board of supervisors levies the taxes.

July 1: The county treasurer receives authorization to collect taxes.

September 30: First half of taxes are due.

March 31: Second half of taxes are due.