

THE HAHN REPORT

March 28, 2008

Senator Jim Hahn

34 Year-Old Collective Bargaining Law Changed

Property taxes will rise for the desires of Union bosses

House File 2645, the Collective Bargaining law, took 13 days to debate in 1974 yet it only took six hours for the Iowa Senate to undo all that work. The bill that passed will completely offset the delicate balance reached in 1974 between labor and management and will increase property taxes by an estimated 7%. Simply put, the bill is bad for Iowans.

The bill strips power away from elected local officials to negotiate with public employee unions. City council members, county supervisors, and school board members would be stripped of their ability to control the level of property tax increases.

Basic rights of Iowans are overlooked as their right to express their opinion at the ballot box is taken away. People have the right to choose who can best represent their interests at the bargaining table; it should not be forced upon them. Their interests, not the interest of the union machine, but the interests of the individual.

The bill also mandates what will be negotiated in collective bargaining essentially removing the bargaining from negotiations. That ability is forfeited to an unnamed and unelected adjudicator as the balance of labor and management is offset. It will be tougher to remove bad teachers from the classroom and enable them to bargain for things such as limiting their class size and more vacation days.

Even Governor Chet Culver urged the Democrat Majority to slow down, not rush the issue through the legislature in an effort to gain more public input. Senate Republicans requested public hearings and were denied. Democrats have effectively snubbed their own leader by pushing this issue through in one afternoon.

Iowa legislators work for the people of Iowa and this bill's passage is a sad development in a session that has already passed too many bills bad for Iowans.

Worker ID Bills Do Not Go Far Enough

Masked as a weak illegal immigration bill

Bills sponsored by the Democrat Majority circulating in the Senate and the House take small steps by adding provisions on illegal immigrants ensuring proper, legal identification. These bills do not go far enough. There is a growing illegal immigration problem facing many Iowans. Last year's Swift Meat Packing Company raid proved that illegal immigrants are going to great measures to work in Iowa.

The Governor and Democrats have failed to take the lead on cracking down on illegal immigrants working in Iowa. The federal government has also failed to pass comprehensive legislation. Accordingly, states have begun to take matters into their own hands. Offering weak bills requiring

all workers have identification does not protect Iowans and employers. It simply is not comprehensive and places a burden on employers to do the job of the government: enforce the law.

Senate Republicans have repeatedly offered a comprehensive illegal immigration plan. The days of law enforcement catch and release must end and that can only happen if the federal government works with our local law officials. Our federal counterparts have failed to help our local law enforcement and the Senate Republican plan will repair the break of that trust. This will create a better relationship with our law enforcement and enable them to do their job.

Providing more training for state and local law enforcement is the place to start. The plan also calls for hiring more state troopers and providing a memorandum of understanding to not catch and then release illegal immigrants caught traveling through the state. In the past, law enforcement has released illegal immigrants if they were not in large groups. This must end.

The Republican plan also includes stiffer penalties for employers knowingly hiring illegal workers. A graduating scale of monetary to criminal penalties would be enforced. Tools, however, will be provided for all Iowa employers to know the laws in documenting and hiring illegal.

Finally, no tuition assistance for illegal immigrants attending universities and community colleges would also be implemented. So many legal Iowa students already apply for assistance and we should honor our own by assisting them first.

Bad Job Creation Bills Continue to Pass Through Senate

Tax credit cap is latest Iowa job creation hurdle

Large corporations have sought Iowa as a business oasis in America for years. Tax credits, fair labor laws and a favorable business climate have been attractions to those looking to relocate here. A bill currently in Committee threatens to change all that. The Research Activities Credit, or RAC, has been a key tool in recruiting and keeping job creation in the state. Most states provide some form of research tax credit but Iowa is one of five states that provide a refundable tax credit, so Iowa companies can receive all or a portion of the credit in the form of a direct payment.

Two bills under scrutiny are currently in the Senate Ways and Means Committee and would significantly damage the effectiveness of the RAC. The first bill would cap it at \$250,000, putting a serious strain on many businesses that do massive amounts of research in Iowa such as John Deere, Pioneer Hi-Bred, and Rockwell Collins. In addition, a business that receives an additional research activities tax credit under the high quality job creation program, the high quality jobs enterprise zone program, and the regular enterprise zone program is also limited to \$250,000. Therefore a qualified business could receive up to a maximum of \$500,000 in tax credits. The second bill would eliminate the additional research activities tax credits that are allowed under the high quality job creation program, the quality jobs enterprise program and the enterprise zone program.

The original investments in research and development were encouraged by the Legislature through the RAC and has been a tremendous strategic asset to many local companies and industries. In today's changing global economy, maintaining our technological edge through industrial research and development expenditures in Iowa is very important. Without these continuing expenditures, Iowa industry will fare poorly in competition with not only other US firms, but those in the Far East and the developing world. Research investments made in Iowa also encourage our young science and

engineering graduates to stay in Iowa and contribute to our economy. These jobs are needed throughout our state in far greater numbers.

Legislation that would cap the tax credit just doesn't make sense. Our many large and small firms that benefit from the credit are competing in difficult international markets. Reducing the credit will hurt their research efforts or force them to move elsewhere, including overseas. If research efforts moves elsewhere, so do the highly paid technologists who do the work.

Now is not the time to send a wrong signal to the business community by slashing our historic support for Iowa-based research and development. Let's leave the Iowa Research Activities Credit alone.

SENATOR JIM HAHN
MUSCATINE, CEDAR &
JOHNSON COUNTIES