



Representative Jeff Kaufmann April Electronic Newsletter

Hello 79th District:

As the session winds down expect a flurry of activity. I will try to keep all of you apprised through this electronic newsletter and my weekly newspaper column. There is a complete analysis of the concealed weapon legislation currently in the House and a comprehensive overview of property taxes, all in this edition. Thanks to my staff for their great research.
Jeff Kaufmann

US Senate Reaches Agreement on Bipartisan Home Mortgage Assistance

Senators from both political parties came to agreement Tuesday in Washington on a framework for a plan to assist homeowners that are at risk of foreclosure. Movement on the issue means the Congress is significantly closer to implementing a major package of reforms to deal with the home mortgage crisis and to stimulate the home building industry. It also is the latest sign of the growing recognition by Congress, the Bush administration and financial regulators that government action is needed to prevent a torrent of new foreclosures and further collapse of the housing and residential mortgage markets.

Roughly 4.2 million mortgages were either past due or in foreclosure at the end of last year, according to the Mortgage Bankers Association. An additional three million borrowers may default in the near future. Analysts estimate that more than five million households, or about 10 percent of all homes with a mortgage, now owe more than their house is worth, and the number is expected to grow as home prices fall.

The bipartisan package was expected to at least to include up to \$200 million to expand counseling programs for homeowners at risk of foreclosure, \$10 billion in tax-exempt bonds for local housing authorities to refinance subprime loans, and \$4 billion in grants for local governments to buy foreclosed properties. The package will also likely strengthen truth-in-lending laws to make sure that future borrowers considering adjustable-rate mortgages are told the highest monthly payments required under their loans. And both sides agree that businesses struggling because of the housing downturn, including home builders, deserve tax breaks.

The tax incentive that is attracting the most interest from both parties is a proposal drafted by Georgia Senator Johnny Isakson. The Isakson plan would offer families that purchase qualifying homes a \$15,000 tax credit. Buyers who act during the next year to purchase a newly built home, a house in foreclosure or a house whose owner has defaulted on a mortgage would be able to claim a \$5,000 annual credit for the next three years. Congress adopted a similar temporary tax credit in 1975. The proposal would cost \$14.5 billion over the next five years.

Both the House and Senate financial services committees were already on bills that would allow the Federal Housing Administration to insure \$300 billion to \$400 billion in additional mortgages, with an upfront cost of \$10 billion. The Bush administration has been developing a similar plan of its own that would expand an existing refinance program called F.H.A. Secure. A sticking point in the negotiations is whether to permanently increase the size of mortgages that can be issued by FHA. The amount was temporarily increased earlier in the year.

One of the more contentious proposals that may be in the final agreement is a push by Congressional Democrats to allow bankruptcy judges to modify loans on primary homes. This has significant opposition from lenders and the Bush

Administration because of the fear that such a change will tighten lending guidelines and raise interest rates on prime lenders.

The Senate is expected to begin debating the joint proposal on Wednesday afternoon. Since many of the proposals being considered are also ideas being discussed in the House of Representatives, reaching agreement between the two chambers is not expected to take long. Whether President Bush would be willing to sign the bill remains a question. But with the home mortgage crisis continuing and now jeopardizing major investment banks, some action will happen before Election Day.

Much Left to Do In Education

All Senate Files listed below are already in the House.....awaiting debate with their House companion.

HF 2533/SF 2159 - *Preschool clean-up* - In House Appropriations. This bill follows the 2007 bill that created a universal four-year-old preschool program in every school district. HF 2533 expands preschool to those five-year-olds who don't attend kindergarten. The 5 year olds are counted as a full time student instead of the weighting for a 4 year old which is 0.60 weighting.

HF 2557/ SF 2282 - *Reporting requirements* - On House calendar. This bill removes certain school district information from the public domain. Specifically, school districts will not have to report the number of GED students, the number of 11th graders who graduate who are not proficient in reading and math, and the insurance benefits of teachers and administrators.

SF 2329 - *Categorical Funding eligible for Allowable Growth* - On House calendar. This bill requires the legislature to annually set allowable growth for Class Size, Teacher Quality salary, Teacher Quality professional development and Phase II money.

HF 2487/SF 2329 - *Teacher Comp clean-up* - In House Appropriations. The 2007 legislature enacted a \$75 million increase for each fiscal year FY08 and FY09. This bill raises the minimum the minimum salary for a first year beginning teacher from \$26,500 to \$28,000. The minimum salary for a first year career teacher (3rd year of teaching) from moves from \$27,500 to \$30,000.

SF 2216 - *Model core curriculum/state standards* - On House calendar. This bill makes the voluntary model core curriculum mandatory. Bipartisan amendment H-8378 by Rep. Racker, seven Democrats and two Republicans requires the development of rigorous state content and performance standard for implementation by 2012.

HF 2623 - *Compulsory Education to Age 17* – In Ways and Means. This bill raises the compulsory education age from 16 to 17.

Good News for Good Samaritans

SF 505 provides insulation for individuals who use a defibrillator in an emergency situation. As defibrillators become smaller, more readily available, and more commonplace in workplaces it's essential that they get used when necessary.

There are several areas where a person could not be sued for their action or inaction when they use a defibrillator in response to an emergency:

- When a person or entity maintains a defibrillator in working condition on their property
- When a person retrieves a defibrillator in response to an emergency situation
- When a person uses, attempts to use, or fails to use a defibrillator when there is an emergency situation.

All of these situations also require that a person act in good faith, which basically means that they have to genuinely be trying to help in an emergency and not cause more harm.

The Iowa Code already provides protections to individuals who try to assist when there is an emergency. A person also cannot be sued because they failed to act in an emergency situation. These types of laws ensure that the good will of Iowan's won't be punished. During an emergency situation individuals need to be able to help in an emergency and offer their assistance.

The bill has passed both the House and Senate and will now be sent to the Governor to be signed.

Shall Issue Concealed Carry Bill Sent to Ways and Means

On Tuesday, March 4, the Public Safety Committee approved House Fill 2092, which requires sheriffs to issue concealed weapons permit to those properly trained to carry a firearm. This bill is an attempt to standardize the concealed weapons permitting process and make it uniform across the state of Iowa.

On Tuesday, March 25, HF 2613 (the redrafted version of HF 2092), was sent to Ways and Means to keep it alive for the remainder of the session.

HF 2613 requires a sheriff to issue a permit to carry a concealed weapon unless that person has been disqualified for any of the reasons stated in the bill. Current law states that a sheriff may issue a concealed weapons permit and may reject an applicant without putting the reason why in writing.

The reasons for disqualification from the permit process are as follows: a nonprofessional under age 21, anyone convicted of a felony, anyone who is addicted to alcohol or drugs, anyone with a history of violence, anyone who would constitute a danger to any person and anyone convicted of any crime in chapter 708 except "assault" defined in 708.1 and "harassment" defined in 708.7.

The bill amends current law relating to a firearms training program. It provides that the commissioner of public safety shall establish minimum firearms safety standards. It also specifies that the commissioner shall establish certain training standards relating to the qualifications of persons in the safe use of firearms and shall include a course of instruction designed to qualify a person on a firing range.

In addition, the bill requires that applicants pass a live fire shooting test and prescribes the test's requirements. An applicant must pass the shooting test within two weeks of completing firearms training. Also, it states that the instructor shall not issue a certificate of completion to an applicant who fails to demonstrate proper knowledge and technique, handles a firearm in a manner that poses a threat to the applicant or others or fails the live shooting test.

Finally, the bill also requires that if a sheriff denies a weapon permit the sheriff must give a reason for the denial in writing. It also states that the sheriff or commissioner shall not be liable for damages in any civil action arising from the alleged wrongful issuance, renewal or failure to revoke a concealed carry permit.

Some sheriffs are opposed to this legislation while others are in favor. Remember when talking to your sheriffs, this bill is not about taking powers or authority away from your sheriff, it is about standardizing the permit process throughout all 99 counties. Your sheriff will still have the ability to deny anyone a permit for any reason; the bill only demands that the sheriff reveal the reason in writing.

Bill Continues Homeownership Assistance for Military Service Member Program

SF 2354 re-codifies the Homeownership Assistance for Military Service Member Program in the Iowa Finance Authority (IFA) chapter of the Iowa Code and strikes it from the Veterans Affairs Commission chapter of the Iowa Code. At the same time it places some additional limitations in process but expands who is eligible for the program.

The Iowa Legislature created the Military Service Member Homeownership Assistance Program in 2005 to help eligible members of the armed forces of the purchase qualified homes in Iowa through matching grants. A grant under the Program is a dollar-for-dollar match of the service member's contribution, up to \$5,000. The Program is administered by the Iowa Finance Authority.

This bill codifies the Home Ownership Assistance Program in the IFA Code Chapter with the following changes:

- It does not include the Home Ownership Assistance Program end date of June 30, 2008.
- It expands who is eligible for the program to include former members of the military who did not serve a minimum aggregate of 90 days of service after September 11, 2001 but were honorably discharged due to injuries incurred while on active federal service.
- It clarifies that individuals participating in this program may participate in other loan and grant programs IFA provides.
- The bill states in order to be eligible for the program the following qualifications must be met:
 - The person uses a lender that participates in IFA's applicable programs for first-time homebuyers.
 - If the person is eligible for the first-time homebuyers program, he or she is eligible person shall participate in one of those programs.
 - The title guaranty certificate shall be issued for the property being purchased.
- It requires IFA to adopt rules. The rules may be limited to how long the award is reserved for an individual. The program is limited to available funding.

After it passes the House, SF 2354 goes back to the Senate after a clarifying amendment.

For more information about the program call IFA at 1800-423-7230, send an email to military.grant@iowa.gov or find out more on the web at,

http://www.iowafinanceauthority.gov/en/for_home_buyers/military_service_member_homeownership_assistance/

Property Taxes

Property taxes are not determined by a single individual who assesses your property and sends you a bill. The final tax rate is the result of budgets established to provide services, an assessor's assessment, a county auditor's calculations, and laws administered by the Iowa Department of Revenue

Property tax supports many different "taxing authorities." Cities, counties, school districts, and townships are the most common. Taxing authorities may also include community college districts, agricultural extension districts, assessor offices, hospital districts and sanitation districts. In addition, there are associations for fire protection, drainage, and other public needs that levy taxes.

How Property Tax Rates are Established:

1. The value of property is established. The assessor (or the Iowa Department of Revenue) estimates the value of each property. This is called the "assessed value."
2. The assessments of all taxable properties are added together. The assessor totals the assessed value in each classification and reports it to the county auditor.
3. The State examines total assessed values and equalizes them. Each assessor sends the reports, called "abstracts," to the Iowa Department of Revenue. The abstract shows the total taxable values of all real property in each jurisdiction by classification of property, not by individual property. A process called "equalization" is applied every two years to ensure that property values are comparable among jurisdictions and according to law. In addition, the "assessment limitation" is applied every year. This process is commonly called "rollback" and is used in response to inflation.
4. Budgets are established. Each taxing authority determines its own budget. The budget includes the cost of providing services, the amount of aid received from the federal and state governments, the amount of money remaining from previous years, and revenue from other charges for services. Each approved budget is submitted to the county auditor.

5. A tax rate is established. The county auditor divides the amount of the budget that is not funded by other sources by the taxable value of all the property in the taxing district. The result is referred to as "dollars per thousand." If the dollars per thousand were \$10, the tax on a home valued at \$50,000 would be calculated at 10×50 . The tax on that home would be \$500 for that single taxing authority. Since more than one taxing authority is calculating a tax rate for the property, all the rates are added together, resulting in a single tax levy called a consolidated levy. This consolidated levy is always the result of two or more tax rates established by different government entities.
6. Credits are subtracted. Credits such as the Homestead Credit are subtracted before a final tax bill is sent to the taxpayer.

Who Pays Property Taxes:

Home owners pay 47 percent of the property tax collected in Iowa. Farmers pay 16 percent, and businesses and industry, a total of 34 percent. Utility companies, including railroads, pay 3 percent. The miscellaneous category pays less than 1 percent.

In Fiscal Year 2007, total property taxes levied in Iowa was \$3,649,888,690.

- K-12 Education levied \$1,536,776,782
- Cities levied \$1,079,119,096
- Counties levied \$786,215,973
- Hospitals levied \$82,409,148
- Merged Areas levied \$76,216,497
- Assessors levied \$40,414,964
- Townships levied \$21,759,929
- Ag Extension levied \$13,619,608
- Miscellaneous levied \$13,356,693

Source: Iowa Department of Revenue Fiscal Year 2007 Annual Report

Basically, three variables must interact to decrease or increase property taxes:

- The combined budgets of the taxing authorities
- The total value of all the property in the taxing unit
- The value of your property
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Property taxes increase if...

- The budgets increase and the value of all properties remain the same.
- The budgets and value of property in the entire government unit remain the same but the value of the individual's property increases.
- The budgets and value of the individual's property remain the same but the value of the property in the entire government unit decreases.

Property taxes decrease if...

- The budgets decrease and the values of all properties remain the same.
- The budgets and value of property in the entire government unit remain the same but the value of the individual's property decreases.
- The budgets and value of the individual's property remain the same but the value of the property in the entire government unit increases.