

Prevailing Wage Debate Dominates House Discussion

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The Iowa House was expected to approve Friday a controversial bill that would require contractors to pay workers the same hourly wages and benefits on public projects as they would on private-sector projects in the area. But during the vote, the Democratic majority fell one vote short of the 51 votes it needed for passage and left the vote open through the weekend in hopes one of the five Democrats who voted against the bill could be convinced to switch to a "yes" vote.

In what officials called the longest vote in Iowa Statehouse history, House Speaker Pat Murphy at 1:09 p.m. Monday closed the voting machine on the prevailing wage bill after 2 days, 19 hours and 14 minutes, declaring the bill had lost. The vote was 50-48, one vote short of passage. But then House Majority Leader Kevin McCarthy, D-Des Moines, switched his vote to "no" -- a procedural move that will allow him to bring the bill up for reconsideration later this session. So the final vote stood at 49-49.

Backers said the bill was aimed at helping middle-class families in Iowa.

"We are committed to helping middle class families by rewarding hard work and those who play by the rules," said state Representative Rick Olson, D-Des Moines. "A prevailing wage will reward middle class families who put in the work of rebuilding our state after the historic floods and help our state grow out of the recession while developing a highly-skilled workforce ready for the jobs of the 21st Century."

A compromise amendment on the bill limits the prevailing wage requirement to any public project that costs \$1.5 million or more and receives 20 percent of funding from the state.

"I think it's clear recognition that this is going to be a burden on the taxpayer," said House Minority Leader Kraig Paulsen, R-Hiawatha. "Today's about some campaign paybacks and we're going to make the taxpayer pay for it. It's a tax increase. This bill is going to require more tax dollars to do projects."

A fiscal note showed the legislation would increase labor costs between 10 and 40 percent.

"While the exact dollar amount is not known, it could cost the state, local governments and school districts 10 to 40 percent more for labor costs on construction projects," stated a fiscal note by the nonpartisan Legislative Services Agency's fiscal services division. The bill will also cost the state General Fund an estimated \$524,000 this fiscal year and \$1.2 million next fiscal year and subsequent years, according to the fiscal note.

Earlier in the week, Iowa legislators heard from concerned laborers, small business owners, union members and county officials on the issue. While some testified Iowa can't afford not to

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pass the "prevailing wage" legislation, others argued it would further hurt the already limping economy.

Bill Peterson of the Iowa State Association of Counties said regions of the state dealing with disaster recovery coupled with the downturn in the economy cannot afford anything but the cheapest bids for public work.

"This bill will increase county spending on road and other capital projects by three to six million dollars a year. These additional costs will have to be passed on to county property taxpayers," Peterson said. "2009 is the absolute worst time to implement prevailing wage requirements."

But Jim Piazza Jr., with the Heavy Highway Construction Association said the proposed legislation was not a "union bill" and would go a long way in leveling the playing field of government contract work. He said Iowa should join the 32 other states and the District of Columbia who already have prevailing wage laws in place. In doing so, he said Iowa workers would remain competitive and the state's economy would receive a much-needed boost.

"Contractors are at a disadvantage for getting public construction projects because our current policy says the lowest possible bidder gets the contract," Piazza said. "We need a policy in this state where our public construction projects reward our best contractors - our best employers."

The bill was initially set for floor debate Thursday, but it was pushed back to an unusual Friday session after legislators waited until late Thursday night for an amendment to be drafted.

NATURAL RESOURCES AMENDMENT HEADS TO VOTERS NEXT YEAR

The Iowa Legislature this week gave final legislative approval to a constitutional amendment to protect funding for natural resources and outdoor recreation, sending the issue to the ballot in November 2010.

If approved, the amendment would create a Natural Resources and Outdoor Recreation Trust Fund for the purpose of protecting and enhancing water quality and natural areas in Iowa. The amendment calls for dedicating 3/8ths of a penny of the future sales tax increase to the fund, which would generate \$150 million. But there's a catch: No money would be put in the trust fund until the Legislature increases the sales tax in the future.

"It seems every year the budget was hurting, we would cut the DNR," said Representative Paul Bell, D-Newton, who's been on the natural resources committee for 17 years. "The people of Iowa ... understand the importance of our environment and the dedication that needs to be done now, not in good times, not in so-so times, right now."

But Representative Greg Forristall, R-Macedonia, questioned what would prevent future legislatures from eliminating current funding for natural resources and replacing it with money from the new fund. He pointed to a cigarette tax increase two years ago intended for a special fund for health care.

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"Where's that money now in the governor's budget? That fund is gone; it's gone, it's history," Forristall said. "It's just a little memory, a little bump in the road. I fear that these funds that we currently spend will simply go away."

Constitutional amendments take a vote by two sessions of the General Assembly, followed by the approval of voters. The Iowa House last year approved the measure 88-10 and the Senate approved it 47-2. This session the amendment passed both houses on strong bipartisan votes: 82-14 in the House and 49-1 in the Senate.

LAWMAKERS TO CONSIDER ELIMINATING FEDERAL DEDUCTIBILITY

Iowa taxpayer watchdogs warned against it months ago, and now it's out in the open: Democratic legislative leaders are considering eliminating federal deductibility, or the ability of Iowans to deduct all federal income tax payments on their Iowa income tax returns.

"Possibly we ought to take a look at federal deductibility," Senate President Jack Kibbie, D-Emmetsburg, said Thursday in a news conference. "The only other state that has full deductibility, as far as I know, is Louisiana."

Kibbie said eliminating federal deductibility would probably lead him to pay more state taxes. But he feels the issue should be studied, along with re-examining the state's \$7 billion in tax exemptions and tax credits to help shore up the state budget.

"We're in a state here we're looking for money; we're short of money; we need to provide the state services," Kibbie said. "I think that any of these areas are open season and we ought to take a look at."

Senate Majority Leader Mike Gronstal, D-Council Bluffs, lent his support to the idea and confirmed that lawmakers are taking a look at the issue.

"Clearly, federal deductibility is a gigantic benefit to the wealthiest Iowans," Gronstal said. "Some mechanism that would move away from that, simplify our tax code and give a break to middle-class families is something we're very much interested in."

But Senate Minority Leader Paul McKinley, R-Chariton, said eliminating federal deductibility would translate into a \$500 million to \$600 million tax increase on Iowans and the proposal should not come as a surprise.

"When you're spending at the level that the Democrats and the governor are spending, you have to raise taxes," McKinley said. "The level of spending is simply unsustainable, so what do you do? We tax Iowans twice."

House Minority Leader Kraig Paulsen, R-Hiawatha, said there's no question that Democrats want to go after federal deductibility. He said Republicans are firmly against that.

"It is wrong to tax somebody on money that they never even get to see," Paulsen said. "Some

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express it as it's a tax on a tax, and that's exactly what it is. We'll be ready to fight that tooth and nail."

LEGISLATORS DELVE INTO ATALISSA DETAILS BUT DELAY FURTHER INVESTIGATION

During hearings at the Statehouse this week, several state legislators expressed outrage over the treatment of 21 men with mental retardation who lived in Atalissa and worked for Henry's Turkey Service. The men lived in a "bunkhouse" with no heating system and boarded-up windows.

Representative Wayne Ford, D-Des Moines, particularly took issue with Atalissa councilwoman Angie Dickey referring to the workers as boys.

"These are men who have been done wrong, these are not boys," he said. "I hear the word happy and I hear the word boys and that's a strange feeling coming from me because we are here today because these boys are not happy anymore."

Ford said the fact that Atalissa is a small town cannot be an excuse for what happened there. He also said lessons must be learned from this situation.

"If something like this happened in a very, very large city, people's heads would be rolling as quick as we had known about it," Ford said. "I don't want to get the idea that you're from small-town Iowa and it's different than big-town Iowa, this is not about a city or urban or rural. This is about right and wrong to me, from my perspective. So there's blood on everybody's hands."

Atalissa City Councilman Dennis Hepker told the Legislature's Government Oversight Committee that he had become concerned about the safety of a group of mentally retarded men living in a former schoolhouse three or four years ago. Hepker said he called the Department of Human Services in Davenport a couple days after seeing the chain and padlock but was turned away because of a lack of evidence.

"I was informed that they were understaffed and if I didn't have hard evidence there was nothing they can do," Hepker said. "So I called the local sheriff's department and they were going to check into it. That was three or four years ago and they are evidently still checking on it."

Hepker said beyond fire safety issues -- the widespread use of space heaters and boarded-up windows -- he never saw any evidence that the men were mistreated. "These guys were always well-dressed and clean and polite and there was no evidence that they were living in someplace nasty," he said. "They were getting enough heat, it just wasn't the way to get it."

By the end of the week, legislators decided to put their inquiries into Atalissa on hold until further investigations can be completed by law enforcement agencies.

"The DCI and the FBI and the enforcement agencies are better at actually doing the investigation much more than a bunch of legislators sitting around a table," said Senator Rich

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Olive, D-Story City, the committee's chairman. "But at the same time we need to hear the report and get to the bottom of why it happened and then move forward from there."

DARDIS DELIVERS HIS FINAL CONDITION OF THE GUARD SPEECH

Last year marked the first time since 2003 that the Iowa National Guard has not suffered any combat-related deaths in Iraq or Afghanistan, Major General Ron Dardis said this week in his sixth and final Condition of the Guard address to a joint session of the Legislature.

"Thankfully, I have no new Gold Star families to present to you this morning. And as we continue to deploy soldiers and airmen into harm's way, we pray that this trend continues," Dardis said. "We will be forever grateful to the families of our 20 Iowa National Guard Gold Star families who have made the ultimate sacrifice for their state and nation."

Dardis is retiring after more than 42 years in the Iowa National Guard. Before his speech to lawmakers, he was recognized with a resolution in the Iowa House. He recently became the executive director of the state's Rebuild Iowa Office.

Here at home, the floods and severe weather of 2008 were the largest disaster ever in Iowa history and rank among the top 10 disasters nationally, Dardis said. Last week, public assistance numbers by FEMA moved Iowa to 5th worst in U.S. history.

"And the Iowa National Guard was smack-dab in the middle of the response," Dardis said. "We deployed more than 4,000 soldiers and airmen across the state, including the recall of nearly 1,000 Iowa soldiers conducting annual training in South Dakota. This was the most extensive military operation on Iowa soil since the Civil War."

Other topics addressed by Dardis:

-- Suicide prevention: The Iowa National Guard has developed a broad suicide prevention program focused on developing positive life-coping skills, encouraging a behavior to seek help when needed, raising awareness and vigilance toward suicide prevention, integrating suicide prevention programs throughout the Guard's units, and conducting suicide surveillance, analysis and reporting.

"The Iowa National Guard is not immune to the suicide situation confronting the Army," Dardis said. "We, too, have experienced an increase in the number of suicides and suicide attempts last year. Like all leaders, I am troubled by this issue. There is no clear trend or cause that is readily apparent. There is nothing that we can point to and say, 'if only we fix this or change that we can prevent it.'"

-- Facility upgrades: Dardis outlined how the Iowa National Guard has updated its facilities in the last nine years -- going from nearly 30 percent of its 52 armories being more than 45 years old, to only 13 of the 49 armories today being more than 45 years old.

"We've closed and consolidated armories where needed, and expanded and built new facilities

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to maintain strength and readiness," Dardis said. "We've responded to natural disasters here at home and across the country. We've trained for challenging exercises and prepared for difficult inspections. We've made hard decisions now in order to position the organization for future success."

NEW FAMILY DOG FOR THE CULVERS

Governor Chet Culver and First Lady Mari Culver this week introduced the public to Buck Culver, their new family dog.

Buck is a 3-month-old mixed breed from the Animal Rescue League. Iowa's first family has had him for about three weeks. The first couple thinks their new pet is a little bit of everything, from yellow Labrador to Shepherd, setter, collie and Husky.

He was named after the dog in the book, "The Call of the Wild," by Jack London because "he's definitely got the wild in him," Mari Culver said. Buck is still adjusting to Fran, the Culvers' family cat.

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