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DATE: December 8, 2020
TO: Board of Supervisors
FROM: Mahesh Sharma, County Administrator
RE: Approval of the Urban County Coalition Legislative Priority Issues

Chair Tony Knobbe and Vice-Chair Ken Beck represent the Board when meeting with the other four counties in the Urban County Coalition. There are two broad issues being recommended: Commercial Property Tax Backfill and Mental Health Funding.

The second page titled "Additional Issues" lists areas that if they are introduced in session, our lobbyist would have direction on the Coalition's recommendation regarding those issues.

Unfortunately, due to Covid-19 and social distancing requirements, there will not be an in-person Legislative Kick-off that is normally held each December.



2021 Legislative Priorities

The Urban County Coalition is a coalition of the five largest counties in eastern Iowa. We are committed to preserving local control and decision-making authority to give our constituents the greatest control and accountability over their governments. We believe that Thomas Jefferson was correct when he said, “The government closest to the people, serves the people best.”

Commercial Property Tax Backfill - Counties consistently try to find efficiencies in how they spend taxpayer resources. From 2013 to 2019 the county budgets in the UCC have increased about 1.6%, while the state’s budget during the same period has increased by 18%. The state made a commitment to backfill the revenue loss that was a result of the reduction in the commercial and industrial property tax rates. In addition, the changes in the multi residential rates took effect in FY17 (and is not backfilled) which will have an additional adverse effect on local revenues. This challenge for local government is in addition to the 102% budget cap in the budget passed in the 2019 General Assembly session. We expect the State to make sure it continues to follow through on its promise to backfill the property tax loss.

Mental Health Funding -We appreciate that the legislature followed through on the recommendation of SF 504 and appointed an interim study committee to address the issues of mental health funding. These issues are simply too important to wait until we have another funding crisis. With the pandemic and lack of a stable funding mechanism, regions are working through the process of complying with the directives of SF 504 and HF 2456, as well as the HF 690 (Children’s Mental Health Bill), we would request that the legislature consider delaying the implementation of these new requirements while the legislature considers new funding solutions. The legislature should keep its promise and discuss permanent funding solutions. We believe that with the new responsibilities that the state has asked regions to assume, any funding mechanism must be long term, sustainable, and include significant state participation. We would also respectfully request that the legislature delay the implementation of any penalty or the requirements imposed by the complex needs law and children’s behavioral health law for a minimum of one year, until a stable, reliable funding mechanism is established. The impact of the pandemic and the Derecho this year have caused a great deal of workforce instability for many of our providers and they will require some time to recover from the disaster and adapt to the new normal of the pandemic before we can expect them to be in a position to develop new services.

We would also request that the legislature revisit the residency requirements for mental health services. In the three regions represented by the Urban County Coalition, we are finding that we are still experiencing the same difficulties that we have historically faced. Those seeking treatment gravitate towards services right areas. We believe that this puts an undue burden on the resources of those areas while allowing other area to move at a slower pace in developing resources. Additionally, in our border communities, we are faced with people seeking treatment coming from outside our state and being eligible for services simply by declaring an intention to reside in the region.

We commend the legislature working with the regions in taking an important first step toward the creation of a children’s mental health delivery system. Regions understand that it does make sense to have one entity coordinating the spectrum of mental health care for Iowans, but we still oppose the additional responsibilities for local governments without providing additional funding. Our current levy cap was established by simply freezing the levels in 2015 and that simply does not reflect the cost of providing services in 2021. Simply raising the current mental health levy cap puts an unjustifiable burden on local property tax payers. The state must be a reliable partner in funding any additional responsibilities placed on regions.



Additional Issues

Unfunded and Underfunded Mandates - We encourage the Legislature to act to reduce the instances of cost shifting identified and eliminate the burdens these place on property tax payers. The two areas that have the largest impact on local property taxes are colocation of state offices (DHS) and courthouse maintenance and security, but there are many others.

- **Housing State Offices at Local Taxpayer Expense** – Currently some counties are forced to house a variety of state agencies (DHS and the Courts, for example) and receive little or no reimbursement from the State. In addition, counties are forced to pay for expenses such as postage and office supplies at local taxpayer's expense. We request that the State no longer require that counties subsidize the local office expenses of state agencies. We would encourage the legislature to pay particular attention to the document storage requirements of the Department of Human Services,
- **Courthouse Security and expenses**- Like the housing of state agencies, local taxpayers are bearing the entire burden of upgrading, modifying, or even replacing aging courthouses. There is a court expense added to virtually every criminal or civil action but none of this money goes to pay actual courthouse expenses. There needs to be an update of the 1984 compromise when the state absorbed the court system from the local government costs, but left the expenses of the court system on local property tax payers. With the advent of the 911 requirements on government plus the need for security for the court system, the state needs to share in these costs. We would request that the state allocate a portion of these funds to counties for courthouse maintenance and security. This is also an area where the state imposes costs on local governments by not moving the agencies to a paperless document storage program like it has other state agencies.
- **Publishing Costs** – Reduce publishing costs to local governments to publish meeting, and legal notices on-line and require only a summary to be published in local print outlets. Additionally, allow counties to publish in only one newspaper. We would also encourage the legislature to provide a more clear definition of proceedings (example, does proceedings mean entire verbatim transcript of the meeting or does it mean an abbreviated transcript of the meeting).
- **Paper Document Storage**- We request that the state make significant investment in the courts system and the Department of Human Services to increase their document digitization efforts and review all state requirement that deal with the retention pare documents.
- **Fees** - The legislature needs to help local governments find a mechanism that make fees more accurately reflect the cost of providing the services. Last year, the legislature finally agreed to raise the fee for food inspection services but there are others that are currently still subsidized by taxpayers. For example, the medical examiners fee for cremations has been set at \$75, to reflect the cost of that service, the fee should be adjusted to \$100.

EMS Services - We encourage the state to work with counties and municipalities to help find ways to expand emergency medical services and to expand it to essential service designation. Rural Iowans deserve the same access to emergency services that those in more urban areas enjoy. In many areas of our state it simply takes too long to respond to a medical emergency. Additionally, when emergency services are available, those responding often lack the necessary training to provide advanced lifesaving aid. Where you live in Iowa should not determine if you live.

Iowa Public Employees Retirement System: Iowa has one of *the most solvent and well-funded public retirement systems in the United States. It has maintained that status with conservative investment policies and conservative growth projection.* IPERS is an important and effective recruiting tool to help government agencies attract talented workers. We would encourage the legislature to carefully consider the long-term implications to that viability before any changes are made to the current system. Additionally, we would request that the state remove the increases in



IPERS contributions from the growth limitations outlined in the 2019 property tax reform bill, Local governments have no control over this and to make it subject to the growth limitations is a burden to local governments.

Water Quality - We support the funding of the Iowa Water and Land Legacy fund established by constitutional amendment as passed by two thirds of Iowa voters. We oppose efforts to change the formula to anything other than that which was overwhelmingly approved by voters. We would also ask the legislature to look closely at local partnerships that have been established and are having an effect. These efforts, including watershed management authorities, should be given the resources they need to make sure the work they are doing can continue. We believe that any additional solution that is considered should include a shared financial burden between both urban and rural partners.

Infrastructure - We request that the legislature consider allowing counties to establish a fund to address the rapid deterioration of our rural roads where funds can be earmarked for infrastructure adversely affected by rainfall, flooding and other weather events. With the increase costs of construction materials and the increase in the amount of precipitation being experienced in recent years, it is not possible to keep up with maintenance of rural gravel roads and small bridges. We also need to examine the possibility of additional revenue streams for this purpose.

Opioid Epidemic - The UCC recognizes the spread of opioid-related abuse and deaths, including abuse and deaths related to the use of heroin and abuse of prescription drugs, and the effects this abuse has on communities. The UCC encourages the General Assembly to seek additional measures that mitigate and curb the abuse of opioids and other injection-drugs. We appreciate the action the legislature took to enhance the Iowa Prescription Management, a key part of any strategy employed to reduce the use of the abuse of prescription drugs. We appreciate the Legislature's effort during the 2018 and 2019 sessions. Though opioid-related deaths in Iowa are down, opioid abuse causes other impacts on Iowa families, including:

- An increase in accessing and using the family courts or DHS services as children are removed from homes where opioid abuse is present;
- An increase in accessing mental health services and trauma-informed care for children in families or homes where opioid abuse has been present;

The UCC continues to encourage the Legislature to adequately fund the drug courts. In addition, we urge the Legislature to work with law enforcement groups to make sure that Iowa's drug paraphernalia laws are compatible with best practices with regards to harm reduction strategies.

Tax Credits: Tax credits play a major role in rebuilding communities. While we understand that these programs should be used judiciously, we believe that the current tax credit programs work (such as Historic Tax Credit, the Endow Iowa Tax Credit, and the Renewable Energy tax credits). Any policy that proposes to change the way these credits currently work should be carefully balanced against the economic/tourist value if implemented.

Tax Increment Financing: We understand that this is an important tool (and one of the few left) to local governments to encourage economic development. We request that the legislature that county governments in a similar manner that school districts, namely consider a mechanism to replace revenue lost from TIF districts when they are established in counties. Should changes be considered, we ask that the legislature make counties more active partners in the use of TIFs.

Payment in Lieu of Taxes: we request that the state consider clarifying the statute governing PILT and make it mandatory that when a PILT agreement is reached that the payment is equitably distributed between all of the taxing jurisdictions.

Medicaid reimbursement to County owned facilities: Counties that still have county hospitals are not receiving the state set rate for RCF services. MCO's are paying the lower negotiated rate (80%). The counties in the UCC that are providing these services did not negotiate this rate and in the absence of a negotiated rate the MCO's should be required to pay the state rate. The current system of managed care has failed and the Legislature must address the issue by returning to the previous system or finding other sustainable options.



REAP - We encourage the Legislature and the Governor to continue the program and fully fund the program at the \$20 million level.

County Bonding - We believe that in matters of public finance, counties should be treated in the same manner as cities. We support allowing counties the same flexibility in bonding for certain projects that the cities currently enjoy. We also ask that the limit be raised to a consistent level with cities, currently five million dollars. In addition, the definitions of essential county purpose have not been updated to address new challenges faced by counties. We ask that the following categories be added to essential county purposes: disaster recovery, disaster mitigation, water quality initiatives and courthouse improvements and upgrades.

Emergency Management Agency Funding – The current funding formula does not adequately address the needs of the urban counties in Iowa. Eliminate the funding cap on urban counties. We also encourage the State to pass through 80% of the federal funding it receives to counties.

Early Voting—the UCC requests that the legislature return to an early voting period of 40 days rather the current 29 days.

Update State Noxious Weed Law - The threat of invasive plant species is a quickly growing problem across all of Iowa. The current Noxious Weed Law (Code of Iowa Chapter 317) addresses the control and seed production of mainly agricultural problematic species. But since the creation of Iowa’s Noxious Weed Law in the 1920s, many other invasive plant species have spread across Iowa. Because these very problematic invasive plant species are not regulated within the Iowa Noxious Weed Law, there is little County Weed Commissioners can do to combat and manage these species. Legislative action and appropriate funding is critical to modernize and update the State Noxious Weed Law, including bringing together multiple partners and stakeholders such as Farm Bureau, Iowa Department of Natural Resources, IDALS, Iowa Weed Commissioners Association and private landowners for input to more effectively and efficiently manage the threat of existing noxious weeds and invasive species.

Maintain jurisdiction of children in juvenile court - All children deserve to have their cases served in juvenile court systems, where they can have their individual needs and the specifics of their case considered. To achieve this (Code of Iowa 232.8) the law should be changed to ban the placement of children in adult jails and to remove “statutory exclusion” which automatically transfers children accused of certain offenses to adult court, thereby removing the discretion of juvenile court judges to evaluate on a case-by-case basis.

Manufactured Housing Communities - Manufactured housing communities are critical to the affordable housing infrastructure in rural Iowa. Counties have seen a dramatic increase in the purchase of these communities by out of state companies. We would like to see the state consider adopting laws that offer residents of manufactured housing communities similar protections to those offered by Iowa’s landlord/tenant laws.

Alternative Project Delivery - We request that the legislature more clearly define how a local government can determine whether or not a respondent to a public bid on a project is “responsible” as listed in Iowa code. In addition, Iowa should consider allowing alternative methods of project delivery when it is the best interest of the taxpayer to do so.

Property Definitions - The legislature should more clearly define what constitutes a farm for the purposes of property tax calculations.

Master Matrix - We request that the legislature allow local county boards of supervisors (at their discretion) the opportunity to schedule and hold a public meeting before any project that meets the master matrix requirements be allowed to proceed.

Ban the Box -- Remove any questions about criminal records from public employment applications.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

December 10, 2020

APPROVAL OF THE URBAN COUNTY COALITION
LEGISLATIVE PRIORITY ISSUES

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That the Urban County Coalition 2021 Legislative Issues and Priorities is hereby approved.

Section 2. This resolution shall take effect immediately.