

# R E P O R T

## IOWA COMMISSION ON INTERSTATE COOPERATION

June, 1985

### PURPOSE

The Iowa Commission on Interstate Cooperation has the following functions as specified in section 28B.2 of the Iowa Code, 1985:

"1. To carry forward the participation of this state as a member of the Council of State Governments.

2. To encourage and assist legislative, executive, administrative, and judicial officials as employees of this state to develop and maintain friendly contact by correspondence, conference, and otherwise, with officials and employees of other states, of the federal government, and of local units of government.

3. To encourage cooperation between this state and other units of government in addition to the adoption of compact and uniform laws and in working relationships with officials of other states."

### MEMBERSHIP

The Commission has a membership of thirteen legislators and administrative officers:

1. Five members of the Senate appointed by the President of the Senate.

2. Five members of the House of Representatives appointed by the Speaker of the House.

3. Three administrative officers appointed by the Governor.

The Governor, the President of the Senate, and the Speaker of the House of Representatives are ex officio honorary nonvoting members of the Commission.

The Director of the Legislative Service Bureau serves as the Secretary of the Commission.

The members of the Iowa Commission on Interstate Cooperation during the 1983-1984 biennium were:

Governor Terry E. Branstad, Ex Officio  
Lieutenant Governor Robert T. Anderson, Ex Officio  
Speaker of the House Donald Avenson, Ex Officio  
Senator Berl E. Priebe  
Senator James D. Wells  
Senator Emil J. Husak  
Senator Jack W. Hester  
Senator Ray Taylor  
Representative Donald J. Knapp  
Representative Ray Lageschulte  
Representative Joyce Lonergan  
Representative Wendell Pellett  
Representative William Sullivan  
Mary Jane Odell, Secretary of State  
Gerald D. Bair, Director, Department of Revenue  
Stephen W. Ballou, Executive Director, Department of  
Water, Air and Waste Management

In addition, Senator Richard F. Drake, Senator William W. Dieleman, Senator Alvin Miller, Senator Arne Waldstein, Representative Kenneth DeGroot, Representative Dale Cochran, Representative Al Sturgeon, and Representative Lester Menke participated as members or guests of the Task Forces of the Midwestern Conference.

#### MIDWESTERN CONFERENCE

The Midwestern Conference of the Council of State Governments was formally created in 1945. There are twelve member states with a formal contact through each state's Commission on Interstate or Intergovernmental Cooperation. The eleven member states of the Midwestern Conference in addition to Iowa are: Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

As stipulated in the Conference Rules, "the purposes and objectives of the Conference are to foster and encourage intergovernmental cooperation in the Midwest through joint consideration of common problems, the interchange of information, sharing of knowledge and experience, and where desirable, a development of joint programs, to the end that state government may be strengthened and improved." Any topic of concern to state governments is within a purview of the Conference and its task forces. The Conference may take policy positions on these topics.

The Conference has an annual meeting which lasts for two and one-half days. In addition, there are various task forces meeting throughout the year to study and recommend solutions or policy positions on assigned problems or topics.

## COMMITTEES AND TASK FORCES

During the 1983-1984 biennium, the Midwestern Conference established six task forces to carry out its biennial planning and study program.

### AGRICULTURE TASK FORCE

The Agriculture Task Force also included a Subcommittee on Missouri River water Diversion which met and agreed upon a resolution supporting the creation of a commission to develop a Missouri River Basin Compact to provide a means for the attainment of conservation and development of water resources of the Missouri River Basin. The agenda for the Task Force included presentations and discussions on agricultural marketing, forestry, fuel ethanol, state export development, and farm credit crisis.

### BUSINESS DEVELOPMENT TASK FORCE

The Business Development Task Force met jointly with the Legislative Oversight Task Force to look into the subject of investing state pension funds for economic development purposes. The Business Development Task Force also entered into discussion of public and private venture capital funds and their role in state economic development. The Task Force also reviewed a survey of cash management procedures and practices of the fifty states and discussed model legislation on cash management practices developed by the Government Financial Officers Association.

### EDUCATION TASK FORCE

The Education Task Force reviewed information on teacher supply and demand (shortages as well as surpluses), state accreditation, licensure, and teacher certification in non-public schools. The Task Force also monitored federal actions in the area of education block grants and the future of the United States Department of Education. The Task Force heard testimony from various education associations relating to the role of student competency testing, improving the core curriculum in schools, performance-based evaluations and pay for teachers, career ladders for teachers, the role of principals and educators in the educational system, increasing teacher pay to make it more comparable to private sector jobs, recommendations relating to vocational education programs and improving and strengthening teacher education programs.

### LEGISLATIVE OVERSIGHT TASK FORCE

The Legislative Oversight Task Force concentrated on areas of oversight of state court systems with the objectives of developing a profile on each of the twelve state court systems including structure, staffing, financing and major activities and identifying areas in which oversight appears to be necessary along with recommendations on how the oversight is to be handled. The Task Force held a workshop on "Management Strategy for Budget

Conservation: Attacking Fraud, Waste and Abuse" which was co-sponsored with the United States Office of Management and Budget.

#### TAXATION TASK FORCE

One of the principal objectives of the Taxation Task Force was the development of a matrices on sales and property tax exemptions within the region. The matrices would not be a substitute of actually examining the various state statutes, but instead supply a quick reference to be used primarily as a research aid. The Task Force also studied the area of the state's role in the taxation of multi-jurisdictional corporations. Other subject matters studied by the Task Force included state tax incentives for businesses and the unitary method of taxation.

#### UTILITY REGULATION TASK FORCE

The Utility Regulation Task Force concentrated on problems and legislation in the area of acid rain control and the future of the telecommunication industry. Questions to be considered by the Task Force included the relationship of the current regulatory structure and the developing telecommunication industry structure, equity in access charges for long distance providers, access to local systems, pricing structures and regulations affecting providers and special problems relating to the regulation of service to high-volume customers.

#### INNOVATIONS COMMITTEE

The Midwestern Conference also has a State Government Innovations Committee with a member appointed from every member state to review summaries of a variety of innovative state programs which might be transferred to other states. This is a long-established Council of State Governments program which is now carried on through the regional selection committees. Staff assistance is supplied by the Council of State Government's headquarters, with a study-report selection made in each of the four Council of State Governments regions. Three innovations selected in 1984 included the Minnesota Control Data Program at the Minnesota Correctional Facility - Stillwater, the Illinois Farm Development Authority, and the Missouri Citizens Advisory Board Volunteers in Probation and Parole.

#### 1983-1984 ANNUAL MEETINGS

During the 1983-1984 biennium, the Iowa Interstate Cooperation Commission participated in two annual Midwestern Conference meetings.

The 1983 Annual Meeting of the Midwestern Conference of the Council of State Governments was held in Overland Park, Kansas, July 17-20, 1983. The principal theme of the conference was a focus on the economy of the Midwest. The meeting included speakers such as Dr. Richard Kosobud who is head of the University of Illinois Economic Department in Chicago. Dr. Kosobud is a student of

midwestern regional economics and the particular factors facing this particular region. Dr. Iben Browning spoke on the Long-term Climate and the Midwest which included a variety of worldwide factors, including history, astronomy and other factors relating to the climate in the Midwest. The program also included an address on the "Farm Economy" by Dr. Harold F. Breimyer, Professor Agricultural Economics at the University of Missouri and an address on the "Midwest and Foreign Trade" by Ms. Marsha R. B. Clark, Deputy Director of the National Association of State Development Agencies.

The Conference adopted four substantive resolutions. The first resolution that the state should commit to stimulation of further production and use of renewable derived fuel alcohol, with all of its attendant benefits by enacting uniform levels of state fuel tax incentives on domestically produced ethanol within the United States and that the suggested level of tax reduction be four cents a gallon. The second resolution provided that the member states of the Midwestern Conference of the Council of State Governments goes on record as opposing the proposed National Conference of State Legislatures by-law change relating to the delay of appointment of members to the State and Federal Affairs Committees of the National Conference of State Legislatures. The third resolution provided that the United States Department of Agriculture do all in its power to assure that grain is delivered to foreign markets in an acceptable quality with the least amount of foreign matter possible. The final resolution provided that the Midwestern Conference of the Council of State Governments urges the United States Department of Agriculture to develop plans and means for the distribution of surplus food and urges the Congress to implement the plan.

The 1984 Annual Meeting of the Midwestern Conference of the Council of State Governments was held in Rapid City, South Dakota, September 4-7. The principal emphasis of the 1984 Meeting was economic development in the Midwest. The program included a presentation on the communication and information technology presented by representatives of American Telephone and Telegraph. Mr. Jim Zellner, Chief of Food and Agricultural Policy Branch, Economic Research Service, United States Department of Agriculture, spoke on "The Relationship Between Federal Agricultural Policy and Exports", and Mr. Kent Jones, Commissioner, North Dakota Department of Agriculture, spoke on "The North Dakota Export Trading Company". The program also included a segment on the "Bridges Across the Border: Enhancing Economic Cooperation Between the Midwest and the Canadian Provinces" and an address by Governor William J. Janklow, South Dakota, on economic development in the state of South Dakota.

The Conference adopted seven substantive resolutions. The first resolution related to farm credit and agricultural policy and urged the United States Congress and agencies of the federal government to consider the following:

1. Modify the Federal Crop Insurance Program to lower insurance premiums, increase eligibility, and require consideration of relevant extenuating circumstances concerning crop production.

2. Modify the Farmers Home Administration Loan Program to provide farm operating financing to producers who have negative cash flows but sound equity positions and reasonable prospects for a long-term positive cash flow.

3. Modify revenue bond restrictions to authorize states to use tax exempt bonds for loan and interest rate reduction programs for agricultural producers, and allow a father to sell his land to a son or member of his immediate family, allow a farmer to refinance his or her present obligations, and strike from the law the recent enacted language which mandates that only new machinery can be purchased with revenue bond financing.

4. Expand commodity and other agricultural product export promotion programs including credit for the purchase of agricultural commodities by foreign nations and other purchasers.

5. Negotiate an end to or an equalization of export subsidy programs by grain exporting nations.

6. Establish long-term agricultural policies to provide stability and continuity in price supports and export promotion programs based upon information gathered by a comprehensive study of the United States farm economy.

7. Establish a comprehensive long-term soil conservation policy.

8. Institute a debt restructuring program through federal or private lending institutions to extend debt repayment over longer periods of time, especially in the agricultural sector which is adversely affecting our economic recovery.

The second resolution urged the United States Department of Agriculture to change current grades for grain to establish separate factors for measuring broken grain and foreign material, eliminate moisture as a grade determining factor in all grains with moisture to be recorded on the certificate, and to include factors that have economic value as related to the end use properties and the products to be made from that grain.

The third resolution called on the member states of the Midwestern Conference to join together in a multistate commission on the Midwestern Agricultural Product Export Promotion to stimulate agricultural exports.

The fourth resolution requested that the Presidential candidates in 1984 come forth with their farm proposals to strengthen and stabilize the farm economy to preserve family farms and rural communities.

The fifth resolution proposed that the United States Congress enact an acidic deposition control program to insure a clean environment for all America.

The sixth resolution called upon the Congress of the United States not to enact legislation which would preempt the authority of a state to utilize world-wide unitary method of taxation or to tax foreign source dividends and urged the Congress to enact legislation which would require the Internal Revenue Service to:

1. Have interrelated groups of corporations that include one or more multi-jurisdictional corporations provide complete information on their sources of income and expenses.
2. Provide that information to state tax administrators upon request.
3. Audit a reasonable number of those interrelated groups annually, with particular emphasis on application of federal "arms-length transaction" provisions.
4. Provide state tax administrators with information obtained from those audits.
5. Provide training programs for state audit personnel on procedures for auditing multi-jurisdictional corporations.
6. Permit state tax administrators to examine federal income tax returns filed by corporations included in those interrelated groups.
7. Conduct joint studies with state administrators to determine steps that can be taken to improve the administration of federal and state tax laws.

The final resolution urged that states increase their efforts through education and stricter enforcement to remove drunk drivers from the road and that states work with their congressional delegations to work for national incentives instead of national penalties relating to the age for drinking alcoholic beverages and beer.