

# M I N U T E S

## IOWA LEGISLATIVE COUNCIL

December 8, 1971

The seventh meeting of the 1971-73 Legislative Council was called to order by the Chairman, Representative Andrew P. Varley, at 10:15 a.m., Wednesday, December 8, 1971, in the Speaker's Room, State House, Des Moines. Council members present for the meeting, in addition to Chairman Varley, were:

Senator Clifton C. Lamborn, Vice Chairman  
Speaker of the House William H. Harbor  
Senator James E. Briles  
Senator S. J. Brownlee  
Senator Lee H. Gaudineer, Jr.  
Senator Eugene M. Hill  
Senator Vernon H. Kyhl  
Senator Arthur A. Neu  
Senator William D. Palmer  
Representative Michael P. Blouin  
Representative Dale M. Cochran  
Representative Dennis L. Freeman  
Representative Ed Skinner  
Representative Nathan F. Sorg  
Representative Delwyn D. Stromer

Also attending the meeting were a number of other legislators, subsequently identified in these minutes, who were present for the purpose of presenting reports of study committees and interim subcommittees of standing committees, Director Serge H. Garrison and several members of the Legislative Service Bureau staff, and a number of representatives of the news media and other interested persons.

On motion of Representative Sorg, the minutes of the November 3 Legislative Council meeting were approved as submitted to Council members.

Chairman Varley stated that the principal purpose of the present meeting would be to receive reports of study committees and interim subcommittees of standing committees, and expressed hope that it would be possible to adhere to the schedule of reports prepared as a tentative agenda by Mr. Garrison. He suggested that motions to accept, rather than approve, the reports being submitted would be preferable.

At Chairman Varley's request, Mr. Garrison briefly discussed the Legislative Service Bureau staff personnel situation. He introduced Miss Linda Tigges, who is presently receiving training by working as a Service Bureau staff researcher, Mrs. Jeanne Miller, Research Analyst, and Mr. John Dwyer, Legal Counsel. Mr. Garrison noted that Miss Tigges will become Representative Cochran's assistant upon the convening of the second session of the

the Sixty-fourth General Assembly, and that former Service Bureau staff researcher Mrs. Sandra Githens has accepted a similar position as Representative Varley's assistant.

Mr. Garrison reported that the noise level in Room 310, where the computer terminal typewriters and MT/ST typewriters used by the Service Bureau are located, has become a serious problem in terms of its effect upon the members of the secretarial staff using the machines. He stated he has discussed the problem with architect Frank Bunker and with a potential contractor who has given an estimate of some \$1,600 for installation of 400 acoustical tiles. Mr. Garrison expressed the conviction that steps should be taken at the earliest possible time to overcome the noise problem, at least to some degree, and asked that in view of the probable cost involved the Council specifically authorize him to do so. He added that he would contact additional potential contractors before proceeding.

Senator Hill suggested that the Council make the \$1,600 figure a ceiling, if no formal bids are to be taken. Mr. Garrison stated that he considers this sum reasonable, and that he would make every effort not to exceed it. In response to a further question from Senator Hill, Mr. Garrison stated that IBM, from whom the machines in question are rented, has been contacted regarding the possibility of some type of noise arresting covers for the machines, but that this does not appear to be feasible.

Representative Hill moved that the Council authorize Mr. Garrison to have the needed soundproofing work done in Room 310, at a cost of approximately \$1,600. The motion was seconded by Senator Kyhl.

Representative Cochran inquired what work was previously done in Room 310 to try to overcome the noise problem. Mr. Garrison replied that one wall of the room had been draped at a cost of approximately \$400, but that this did not have the desired effect.

Senator Hill's motion was then passed by a roll call vote, all Council members present voting aye.

Chairman Varley recognized Mr. Bunker for a report on the progress of the remodeling of the area presently occupied by the offices of the Legislative Fiscal Director and immediately adjacent areas of the State House. Mr. Bunker stated that the project was initiated on Monday, November 8, and that as of the present date the area to be double-decked is approximately two-thirds framed and wiring and plaster work is underway. Mr. Bunker added that he is very satisfied with the contractor's work on the project to date. Mr. Bunker reviewed a change order which had been agreed to in con-

nection with the project. A copy of the change order is attached to and by this reference made a part of these minutes.

Mr. Bunker stated that in response to concerns expressed by a number of persons, he has investigated the possibility of providing ladies' restroom facilities immediately accessible to the Chamber of the House of Representatives. He said that it would be possible to move the present House bill room to the area immediately west of the existing House lounge, making use of a small portion of the area presently occupied by the lounge itself, and install a ladies' restroom in the area occupied by the present bill room. He estimated that the total cost of such a project at \$7,700.

Chairman Varley inquired whether it would be possible to accomplish the work described by Mr. Bunker prior to the convening of the 1972 session. Mr. Bunker replied to the effect that it would be possible to complete moving the bill room by that date, provided it is acceptable to make use of wooden shelves rather than rotating files such as have been installed in the Senate bill room. However, it would probably require most of the month of January, 1972, to complete the plumbing and finish work in the proposed ladies' restroom.

Chairman Varley stated that he had requested Representative Joan Lipsky to be present at the current meeting in order to present the point of view of women legislators with regard to the need for the restroom facilities in the legislative chambers. Representative Lipsky pointed out that the members of the General Assembly are served by 150 female clerks, approximately 20 female members of the House staff, a similar number of female pages, some 10 female employees in the Legislative Fiscal Director's office and Law Library, as well as female telephone and elevator operators and the news media representatives. All of these women, as well as wives, daughters, female guests and visiting female members of the general public are presently forced to rely on the one small ladies' restroom in the northeast corner of the second floor area. Representative Lipsky described this facility as completely inadequate, and urged the Council to give favorable consideration to the proposed ladies' restroom in the House Chamber.

Senator Hill inquired whether Representative Lipsky has other recommendations relative to future changes in utilization of available space in the State House. She responded that in her view changes made in the arrangement and utilization of State House office space to date have been piecemeal, and have not been based on adequate consideration of the esthetic aspects. She expressed the view that it is eventually going to be necessary to find other locations for agencies now housed in the State House itself which have no compelling reason to be so located. Senator Hill suggested

that Representative Lipsky make the Capitol Planning Commission aware of her concerns in these areas, and she agreed to do so.

Representative Stromer moved that the Council implement the suggestions of Mr. Bunker regarding the transfer of the House bill room and construction of ladies' restroom facilities accessible from the House Chamber. The motion was seconded by Senator Palmer.

Representatives Freeman and Sorg inquired whether provisions have been made for ladies' restroom facilities in the Senate Chamber. Representative Varley replied that this is being taken care of by partitioning the existing Senate washroom.

Representative Stromer's motion was then passed by a roll call vote, all Council members present voting aye except Representative Freeman, who passed.

Mr. Bunker stated that a point has been reached in the remodeling of the Legislative Fiscal Director's office and adjacent areas where some guidance should be given regarding color schemes to be used in decorating the remodeled areas. After a brief discussion, Senator Gaudineer moved that representatives of the Senate, House, and Fiscal Director's offices establish subcommittees to have full authority to determine color schemes and related matters without the necessity of reporting back to the Council. The motion was seconded by Senator Hill and unanimously adopted.

Chairman Varley noted that there will also be some decisions to be made with regard to allocation to space in the remodeled area. Senator Gaudineer moved that these determinations be left to the subcommittees to be established pursuant to the motion which had just been adopted. That motion was seconded by Representative Blouin and unanimously adopted.

Chairman Varley stated that the Council was now ready to proceed with presentation of reports of study committees and interim subcommittees of standing committees. (NOTE: Unless otherwise indicated, copies of each such report referred to in the remainder of these minutes may be obtained from the Legislative Service Bureau.)

Chairman Varley recognized Representative Richard W. Welden, Chairman of the Higher Education Study Committee. Representative Welden presented the Study Committee's progress report.

Most of the discussion which followed centered about the Study Committee's proposal, in the final paragraph of its progress report, that a staff assistant be hired for a period of up to one

year at a salary of up to \$1,500 per month, beginning January 1, 1972, to assist the Study Committee in reviewing alternative proposals and presenting to the Sixty-fifth General Assembly its conclusions as to the best methods for planning and coordinating higher education in Iowa. Senator Hill asked whether the Study Committee had considered hiring a professional firm that would conduct this work under the Study Committee's direction. Representative Welden replied that such a procedure had been given consideration but that the Study Committee does not feel it is the best way to accomplish the desired ends.

Senator Gaudineer indicated he would be inclined to favor the Study Committee's proposal provided federal funds could be obtained for the purpose through the Office for Planning and Programming. Mr. Garrison confirmed that the Legislative Service Bureau budget would not be sufficient to cover such an item except for a couple of months, and suggested that it might also be possible to obtain assistance from such groups as the Citizens Conference on State Legislatures or the Higher Education Facilities Commission.

Representative Cochran inquired how the Study Committee decided to suggest a salary figure of up to \$1,500 per month. Representative Welden replied that the Study Committee believed it could obtain the services of a qualified person within that limit, adding that the figure has no other significance. Representative Cochran commented that such a figure would be in excess of the salary being paid to any member of the Legislative Service Bureau staff except Mr. Garrison.

In response to further inquiries from Council members, Representative Welden explained that the Study Committee feels there is a need for an expert in the area of higher education who will work under the Study Committee's direction, and who is knowledgeable but disinterested with respect to any particular institution or groups of institutions of higher education in Iowa. He added that the Study Committee has received an immense amount of information, and that the problem now is to sift it and organize it for effective use. Representative Stromer commented that he would support the Study Committee's proposal if it will lead to more effective use of tax dollars.

Senator Kyhl inquired whether the Study Committee has conferred with representatives of private colleges regarding coordination of their efforts, rather than duplication. Representative Welden agreed that this is one of the problem areas in the field of higher education in Iowa. Senator Gaudineer expressed concern that area community colleges are not complying with the intent of the requirement in section 280A.23(1) that they avoid duplicating the functions of existing private institutions within

their areas. Representative Welden stated that what the Study Committee would like to achieve is the development of an ongoing mechanism to assist the General Assembly in coping with the kinds of problems identified by Senators Kyhl and Gaudineer.

Senator Hill expressed the opinion that the Study Committee should seek out experts within the colleges of education within the three state universities, rather than hearing top level general administrators from these schools. Representative Welden reiterated that the Study Committee wants to obtain the services of a completely disinterested expert in the field of higher education.

Senator Neu inquired whether a motion to accept the Study Committee's progress report would have the effect of authorizing the Study Committee to proceed with the proposal outlined in the last paragraph of the report. Chairman Varley replied that the acceptance of the Study Committee's progress report would not mean the endorsement of everything that is contained in it, adding that in any case he would assume that the Study Committee has the authority to proceed largely as it wishes so long as it can find the necessary funds.

Senator Gaudineer moved that the Council receive and file the Study Committee's progress report. The motion was seconded by Senator Neu. Representative Cochran moved to add the phrase "with the exception of the last paragraph" to the language of Senator Gaudineer's motion, explaining that he is concerned that the Council might place itself in the position of authorizing the expenditure of up to \$1,500 per month for a staff assistant for the Study Committee. Senator Neu and Chairman Varley asserted that the phrase "receive and file" would not have that effect, upon which Representative Cochran withdrew his amendment. Senator Gaudineer's motion was then adopted unanimously.

Chairman Varley recognized Senator Charles O. Laverty, Chairman of the Land Use Policies Study Committee. Senator Laverty presented the Study Committee's progress report.

Representative Cochran assumed the chair at 11:20 a.m.

Upon completion of Senator Laverty's presentation he was asked by Representative Blouin whether it is the intent of the Study Committee to spend the next interim developing a recommended state land use policy. Senator Laverty replied in the affirmative.

Senator Gaudineer moved that the Council receive and file the Study Committee's progress report. The motion was seconded by Representative Blouin, and unanimously adopted.

Acting Chairman Cochran recognized Senator W. Charlene Conklin, Chairman of the School Systems and Standards Study Committee. Senator Conklin presented the Study Committee's progress report. With reference to the suggested changes in the present county school system, Senator Conklin noted that the three-year contracts of county school superintendents in Iowa will be coming up for renewal in September of 1972, and that if the General Assembly intends to make significant changes in this area it should be done at the 1972 session so as to let the county superintendents know where they stand.

Senator Conklin noted that the Study Committee has a meeting scheduled for the afternoon of January 10, 1972, the first day of the 1972 legislative session. Representative Stromer, a member of the Study Committee, commented that the Study Committee has worked very hard and has put in a number of extremely long meeting days, and commended Senator Conklin's performance as Committee Chairman.

Some Council members expressed concern regarding the effect implementation of the Study Committee's suggestions would have upon special education for the mentally retarded and other handicapped students in Iowa. Senator Neu pointed out that extension of special education programs to students of nonpublic schools is presently optional with the county school boards, and that such programs are available to nonpublic school children in some counties and are not available in others; he raised the question whether the Study Committee's recommendations would treat all of these counties equitably. Senator Gaudineer expressed doubt that the present area school system is well suited to handle elementary and secondary special education programs, since it is now primarily oriented to post-high school educational programs. Senator Conklin stated that the Study Committee fully recognized the importance of special education programs in Iowa and has no intention of recommending anything which would operate to the detriment of these programs in any way.

Making reference to the provisions of House File 654 of the Sixty-fourth General Assembly, First Session, Senator Gaudineer stated that he has severe misgivings about the workability of the Study Committee's recommendations in regard to funding as they relate to this bill. He added he fears the recommendations will result in reduction of education services to school children in Iowa. Senator Conklin replied that she personally did not vote for the method of financing recommended by the Study Committee, but that upon further study she has concluded it is workable. Representative Stromer expressed agreement on this point.

Representative Blouin inquired whether the Study Committee is recommending turning special education responsibilities over

to area schools as they exist, or as they were originally projected. Senator Conklin replied that what is contemplated is transferring these responsibilities to the existing area schools, since they already have functioning administrative staffs, etc. Representative Blouin voiced some of the same concerns which Senators Neu and Gaudineer had earlier expressed, and Senator Conklin reiterated that the Study Committee does not want to let special education services to elementary and secondary students in Iowa deteriorate in any way. In response to a question from Representative Blouin whether the Study Committee has given any thought to changing the existing grade-level class structure in schools in Iowa, Senator Conklin stated that this topic was not within Study Committee's area of responsibility.

Senator Hill made reference to the recent decision by the California Supreme Court to the effect that support of public schools entirely or primarily by local property taxes amounts to denial of equal protection of the law and therefore is unconstitutional, noting that if this decision is upheld upon appeal to the United States Supreme Court, it will have a heavy impact on Iowa. He stated that in view of this situation he considers the Study Committee's recommendations stopgap, and therefore believes they should not be accepted. He added that the General Assembly should recognize that major changes are necessary in the structure of public education in Iowa, and should not disturb the status quo until it is ready to make major changes.

Representative Freeman commended the Study Committee for its work, commenting that he believes it has followed its mandate. He also stated that at least some of Iowa's area schools are already getting involved in elementary-secondary education, noting that Area V is in the process of setting up a secondary level vocational education program in Storm Lake to serve high school students of the Area.

Chairman Varley, who had resumed the chair during the discussion of the Study Committee's progress report, commented that it was generally recognized when the study was authorized that at least some of its recommendations might be controversial. He expressed appreciation to Senator Conklin for the Study Committee's continuing efforts, and for the report she had presented.

Representative Cochran moved that the Study Committee's report be received and filed. The motion was seconded by Representative Stromer, and adopted by a voice vote, Senator Gaudineer and Representative Blouin voting no.

The meeting was recessed at 12:10 p.m., and reconvened in the Speaker's Room at 1:40 p.m., with all Council members present who had been present for the morning session. Also attending the afternoon session was Lieutenant Governor Roger W. Jepsen.



Chairman Varley recognized Representative Richard F. Drake, Chairman of the Department of Transportation Study Committee. Representative Drake presented the Study Committee's progress report, stating that the Study Committee voted to avoid the questions of motor vehicle fuel tax allocation and a possible constitutional amendment relating to the permissible uses of the road use tax fund.

At the conclusion of Representative Drake's report, Senator Gaudineer inquired whether the proposed Transportation Commission would have administrative as well as policy-making functions. Representative Drake replied in the negative, stating that as presented the Study Committee's suggestions contemplate part-time commissioners whose only function would be the making of policy, with a fulltime Director of Transportation having primarily administrative responsibilities and answering to the Transportation Commission. Representative Drake added, however, that the Study Committee had given serious consideration to an alternative arrangement under which the Director would be the final authority, and the role of the Commission would be advisory, and that the selection of the policy-making Commission and administrative Director was made by a very close vote of the Study Committee membership which conceivably could be reversed before the Study Committee's work is completed.

In response to Representative Stromer's question whether it would not be possible to simply broaden the responsibilities of the present Highway Commission and achieve the same purposes as the Study Committee intends, Representative Drake replied that in reality this is what the Study Committee proposes to do. Replying to an inquiry from Representative Blouin, Representative Drake stated that the Transportation Commissioners would be appointed by the Governor, and would have no relationship to the present Highway Commission districts. It was noted that the organization chart attached to the Study Committee's progress report has not been completely updated in accordance with the latest decisions made by the Study Committee.

There was some discussion of how the position of Director of Transportation would be filled. Senator Hill commented that in his view the Director, if he is appointed by the Governor, is in an untenable position if his actions are subject to veto by the Commission.

Speaker Harbor inquired whether the Highway Patrol would be placed in the proposed Department of Transportation's Division of Transportation Safety. Representative Drake replied that he personally is not in favor of such an arrangement, adding that it brings up the whole question of the source of funds to pay the Highway Patrol and the related problem of the constitutionality and propriety of paying the Patrol from the road use tax fund.

Representative Drake also said that the Highway Patrol is functioning very well under the Department of Public Safety, and that removing it would take away one of that Department's most important responsibilities.

Representative Blouin moved that the Council receive and file the Study Committee's progress report. The motion was seconded by Senator Briles, and unanimously adopted.

Chairman Varley recognized Representative Richard W. Welden, Chairman of the Transportation Subcommittee of the standing Committees on Appropriations. Representative Welden presented the Subcommittee's final report.

Senator Hill, who served as a member of the Subcommittee, commented that the adjustment in Highway Patrol allowances which was made by Commissioner of Public Safety Michael Sellers apparently arose from a conference between the Commissioner and the Governor and that therefore, in Senator Hill's view, the Governor is in fact responsible for the action taken, regardless of whether one considers the action advisable or not. Senator Hill also reiterated the comments he had made at the October 6 Council meeting regarding the desirability of making such changes as part of an overall pay adjustment, and of maintaining the Patrol's old promotion policy until a new one was ready to replace it (see minutes of October 6 Legislative Council meeting, pages 11-12).

Speaker Harbor moved that the Council accept the Subcommittee's final report. The motion was seconded by Senator Kyhl, and unanimously adopted.

Chairman Varley recognized Representative Don D. Alt, Chairman of the Municipal Code Subcommittee of the standing Committees on Cities and Towns. Representative Alt presented the Subcommittee's final report.

At the conclusion of Representative Alt's presentation, Representative Blouin inquired whether it would not be possible to handle the amendments to House File 574, upon which the Subcommittee has agreed, as a separate bill rather than necessitating the return of H.F. 574 to the House for further consideration. Representative Alt replied that he believes the amendments should be attached to H.F. 574 itself, before final passage.

Representative Cochran moved that the Council receive and file the Subcommittee's final report. The motion was seconded by Senator Briles, and unanimously adopted.

Chairman Varley recognized Senator S. J. Brownlee, Chairman of the Bank Holding Companies Study Committee. Senator Brownlee presented the Study Committee's final report.

At the conclusion of Senator Brownlee's presentation, Senator Hill inquired whether there is or will be any impact on taxes paid by a bank to the state, by reason of the bank's being acquired by a bank holding company. Senator Brownlee replied that he is unable to answer this question because the Study Committee did not look into that aspect of the matter.

Senator Hill expressed concern that savings and loan associations are also moving into a pattern of ownership by holding companies and establishment of branch offices in cities other than that in which the main office is located, as well as perhaps seeking to move increasingly into fields such as personal loans. He asked whether the same provisions as would be applied to banks by the bill recommended by the Study Committee could also be applied to savings and loan associations. Senator Brownlee replied that such legislation would not be appropriate for inclusion as a part of the bill recommended by the Study Committee, which is an amendment to the Iowa Banking Act of 1969, but that it could be a pattern for similar legislation applicable to savings and loan associations. Senator Brownlee added that the Study Committee did not have time to go into the matter of regulation of savings and loan associations during the 1971 interim.

Representative Blouin posed a series of questions regarding the legislation recommended by the Study Committee. He stated that each of the three present Dubuque banks has established two parking lot offices, and inquired whether the recommended legislation would authorize these banks additional offices. Senator Brownlee explained that since the population of Dubuque and the adjoining town of Sageville does not exceed 100,000, each of the banks would be limited to two parking lot offices; however each bank would have the option of moving one of its offices into Sageville if the Superintendent of Banking should approve.

Responding to Representative Blouin's subsequent questions, Senator Brownlee stated that some, but not all, Iowa banks support a limitation on the size of any one bank holding company. He stated that under the recommended legislation, no out-of-state bank holding company except Northwest Bancorporation of Minnesota, which already owns four banks in Iowa, could enter or expand in the state. The recommended legislation will not insure that small hometown banks will be able to remain in business as such, but will limit the growth of any one bank holding company. While it would be theoretically possible for ten bank holding companies to own all the banks in the state under the recommended legislation, as a practical matter it is extremely unlikely that the Federal Reserve System would ever permit such a situation to develop.

Representative Cochran inquired whether the recommended legislation will have the effect of reducing competition by squeezing out some of the state's smaller banks. Senator Brownlee

replied that at present there is no limit whatever on the size which a bank holding company may attain in Iowa, and in this respect the recommended legislation is more restrictive than present law. However, he added that it is conceivable that in metropolitan areas the authority for large central city banks to move parking lot offices into adjoining suburbs could result in stronger competition for smaller suburban banks than presently exists.

There was considerable discussion of the distinctions between ownership of banks by bank holding companies, branch banking as it is conducted in some other states such as California, and bank offices as permitted by Iowa law. There was also some discussion of the operation of the requirement that all current records be kept at the main office of a bank, although duplicate records would be allowed at bank offices, and of exactly how the loan limit of a bank which operates one or more offices is determined.

In response to a question from Representative Cochran, Senator Brownlee stated that it appears there is some opposition to almost every provision in the Study Committee's recommended legislation. He explained that small banks tend to want more limits on bank holding companies than the bill provides, and that there is some doubt among smaller banks regarding the desirability of the metropolitan office provisions although at least some suburban banks indicated they would welcome the opportunity to enter the central cities and compete with the larger banks there. Senator Brownlee added that there is strong opposition among small banks to the provisions recommended by Representative Harold O. Fischer's minority report.

Representative Stromer moved that the Council receive and file the Study Committee's final report. The motion was seconded by Senator Kyhl, and unanimously adopted.

Chairman Varley recognized Representative Luvern W. Kehe, Chairman of the Subcommittee on Environmental Agencies of the standing Committees on Environmental Preservation. Representative Kehe presented the Subcommittee's final report.

Following Representative Kehe's presentation, Representative Stromer inquired whether the staffing of the Air and Water Pollution Control Commissions is now handled by the Department of Health. Representative Kehe replied in the affirmative, adding that the personnel who discharge these functions are within the Division of Environmental Engineering Services.

In response to an inquiry by Lieutenant Governor Jepsen, Representative Kehe confirmed that Senate File 85, to which the Subcommittee is proposing various amendments, did pass the Senate during the first session of the Sixty-fourth General Assembly.

Representative Blouin, a member of the Subcommittee, noted that the Air Pollution Control Commission has requested the enactment of certain amendments to Chapter 136B of the Code, pursuant to recommendations of the federal government. He stated that if these amendments are to be enacted, they should be redrafted as amendments to S.F. 85 rather than to Chapter 136B, since S.F. 85 would in effect repeal Chapter 136B. There was a brief discussion of what changes in the air pollution control statutes must be made in order to satisfy the federal government, Representative Blouin expressing concern that failure to make such amendments will result in the federal government bypassing the state and working directly with local communities in Iowa.

Senator Kyhl moved that the Council receive and file the Subcommittee's report. The motion was seconded by Senator Hill, and unanimously adopted.

Chairman Varley recognized Representative John Camp, Chairman of the Building Code Study Committee, a subcommittee of the standing Committees on State Government. Representative Camp presented the Study Committee's final report.

Upon completion of Representative Camp's presentation, there was considerable discussion of the effect of adopting the proposed permissive state building code, relating principally to the question how this code will effect the erection of factory built homes in local communities in the state. Representative Camp stated that under the Committee proposal there will be on-site inspection of the installation of all factory built homes in governmental subdivisions that adopt the state code or any other building code. He added that the original bill would have applied stricter standards to factory built housing than to other types of housing, because it would have required on-site installation inspections of all factory built homes throughout the state but would not require inspection of "stick-built" homes in communities which had not adopted the state building code or any other building code. He stated that the Study Committee is recommending that this provision be removed.

In response to an inquiry from Representative Cochran, Representative Camp stated that the state will undertake to assure that inspection programs at out-of-state factories where factory built homes are fabricated will meet state standards, and then will accept the inspection seal applied at the factory. He added that in most cases these inspections would probably be performed by private firms in the employ of this state.

Senator Hill asked whether the effect of the bill will be to require communities to accept factory built construction whether they wish to or not. Representative Camp replied that the bill does make that requirement, explaining that a local community



will not be able to require a higher standard than is established by the state code. He noted the bill does not affect zoning powers of political subdivisions, although he expressed the opinion that cities and towns cannot exclude factory built housing by specific discriminatory zoning ordinances, although possibly they would be able to do so by imposing requirements on the basis of category of use or minimum costs. He added that the point is that a local community will not be allowed to override the state code with respect to requirements on manufacturing factory built housing per se.

Senator Hill then asked whether the Study Committee had made any effort to ascertain economic impact on the building trade of the adoption of provisions such as had just been discussed. Representative Camp replied that no such determination was made as a separate item, but that the Study Committee was told that pre-fabricated housing in general has not been a deterrent to employment in the building industry.

Representative Blouin inquired whether "pre-cut" homes are considered factory built housing as defined by the legislation under consideration by the Study Committee. Representative Camp stated it is his understanding that "pre-cut" homes are not so defined by the bill.

Representative Stromer asked whether it appears that the legislation recommended will add costs, in addition to the costs of the inspection itself, which will ultimately be borne by the purchaser of a factory built home. Representative Camp replied that he does not envision much greater cost for factory built homes by reason of the proposed legislation.

Representative Freeman moved that the Council receive and file the Study Committee's report. The motion was seconded by Representative Cochran, and unanimously adopted.

Chairman Varley recognized Representative Norman Roorda, Chairman of the Tax Exemptions Subcommittee of the standing Committees on Ways and Means. Representative Roorda presented the Subcommittee's progress report, noting that the Subcommittee will have at least one and possibly two additional meetings.

Representative Sorg inquired whether the Subcommittee's recommendation #3 on page 2, is intended to apply to private cemeteries and hospitals which are operated for profit. Representative Roorda replied in the affirmative.

In response to a series of questions from Senator Gaudineer, Representative Roorda stated that the Subcommittee will discuss the exact tax exemption status of various categories of nursing homes at its next meeting, and that with respect to

property of business associations which are now taxed, it does not seem likely that the Subcommittee will recommend granting exemptions to any property which is presently subject to taxation. With reference to certain organizations such as the YMCA, Representative Roorda stated that the Subcommittee may recommend that such organizations receive what he termed a partial exemption, but added that this matter has not yet been finally decided.

Senator Hill inquired whether the Subcommittee has specifically considered discontinuing the present homestead exemption. Representative Roorda replied that the homestead exemption, veterans exemptions, and the agricultural land tax credit are deemed by the Subcommittee to be somewhat different from outright exemption of particular items of property from taxation. He added that the Subcommittee has been considering the fairness of outright exemptions, and has not been primarily concerned with seeking new sources of revenue.

Representative Blouin commented that if the Subcommittee recommends that parsonages should be taxed, this might raise the question of how facilities such as convents and monasteries, which are primarily residential, should be treated. He also expressed concern regarding constitutionality of any legislation in this area, from the standpoint of separation of church and state.

Speaker Harbor inquired whether, if a public school district owns a home which is available for use by the superintendent of schools in the district, the home is taxed. Representative Roorda replied that such homes are presently not taxed.

Representative Stromer said that he believes there is a problem with respect to distribution of school aid on an equal basis because per-student property valuation can be affected significantly according to whether a given community is served by a private or publicly owned utility, since the latter are not treated as a part of the community's tax-base. Representative Roorda stated that the Subcommittee has not considered this particular matter.

Senator Brownlee moved that the Council receive and file the Subcommittee's report. The motion was seconded by Representative Sorg, and adopted by a voice vote with Representative Blouin voting no.

Chairman Varley noted that the next meeting of the Council would be held one week from the date of the present meeting, at which time each study committee and joint interim subcommittee which had not reported during this meeting would be expected to make a report.

The meeting was adjourned at 4:00 p.m.

Respectfully submitted,

SERGE H. GARRISON  
Director

PHILIP E. BURKS  
Senior Research Analyst