

APR 20 2005  
LOCAL GOVERNMENT

HOUSE FILE 872  
BY GIPP and MURPHY

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to local government innovation and providing an  
2 effective date.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 872

1 Section 1. Section 8.64, Code 2005, is amended by striking  
2 the section and inserting in lieu thereof the following:

3 8.64 LOCAL GOVERNMENT INNOVATION COMMISSION.

4 1. A local government innovation commission is created  
5 consisting of thirteen voting members and four nonvoting  
6 members.

7 a. Voting members of the commission shall be appointed for  
8 a term of three years as follows:

9 (1) One member representing the executive branch appointed  
10 by the governor.

11 (2) One member representing county government appointed by  
12 the president of the Iowa state association of counties.

13 (3) One member representing city government appointed by  
14 the president of the Iowa league of cities.

15 (4) One member representing community colleges appointed  
16 by the president of the Iowa association of community college  
17 presidents.

18 (5) One member representing the councils of governments  
19 appointed by the president of the Iowa association of councils  
20 of government.

21 (6) The administrator of the homeland security and  
22 emergency management division of the Iowa department of public  
23 defense.

24 (7) The director of the department of economic development  
25 or the director's designee.

26 (8) Two members representing the general public appointed  
27 by the governor.

28 (9) Four members representing the general public, one each  
29 appointed by each co-floor leader of the senate, the speaker  
30 of the house of representatives, and the minority leader of  
31 the house of representatives.

32 b. Four nonvoting members of the general assembly shall be  
33 appointed for a term of two years commencing at the convening  
34 of each general assembly, one each appointed by each co-floor  
35 leader of the senate, the speaker of the house of

1 representatives, and the minority leader of the house of  
2 representatives. However, initial appointments of members  
3 under this paragraph shall be made on the effective date of  
4 this Act.

5 2. a. Any vacancy shall be filled in the same manner as  
6 regular appointments are made for the unexpired portion of the  
7 regular term.

8 b. Members of the commission shall be allowed their actual  
9 and necessary expenses incurred in the performance of their  
10 duties. The members of the commission representing the  
11 general public shall also be compensated as provided in  
12 section 7E.6. Per diem and expenses paid to commission  
13 members shall be paid from moneys appropriated to the local  
14 government innovation fund, except that the per diem and  
15 expenses of members of the general assembly shall be paid  
16 pursuant to section 2.12.

17 c. The commission shall meet in September of each year for  
18 the purpose of electing one of its voting members as  
19 chairperson. However, the initial meeting of the commission  
20 shall be held within sixty days of the effective date of this  
21 Act. The commission shall meet at the call of the chairperson  
22 or when a majority of the voting members of the commission  
23 file a written request with the chairperson for a meeting.  
24 Written notice of the time and place of each meeting shall be  
25 given to each member of the commission.

26 d. A majority of the voting members of the commission  
27 shall constitute a quorum. Any action taken by the commission  
28 must be adopted by the affirmative vote of a majority of its  
29 voting membership.

30 e. The local government innovation commission shall be  
31 considered part of the department of management. The  
32 department of management shall provide staff assistance and  
33 administrative support to the commission.

34 3. The local government innovation commission shall, by  
35 January 15, 2006, submit a report to the general assembly

1 detailing a proposed request for results process. The process  
2 shall focus on results, strategies, and desired outcomes for  
3 community-wide areas. The report shall specify the indicators  
4 to be used by the commission in quantifying the achievement of  
5 a result as that result is described in an application for  
6 approval of a proposed local governance and revenue model  
7 submitted to the commission. The report shall indicate the  
8 criteria to be used by the commission in reviewing proposed  
9 local governance and revenue models. In developing a request  
10 for results application and review process, the local  
11 government innovation commission may request, and shall  
12 receive, the assistance of the Iowa center for governing  
13 excellence established pursuant to section 262.102.

14 Before September 1, 2006, the local government innovation  
15 commission shall approve an application and review process for  
16 proposed local governance and revenue models which implements  
17 the request for results report in this subsection. The  
18 department of management shall adopt the commission's  
19 application and review process by rule pursuant to chapter  
20 17A.

21 On or before September 1, 2006, the local government  
22 innovation commission shall provide to the president of each  
23 community college and the director of each council of  
24 governments described in section 28H.1 the report prepared  
25 pursuant to this subsection, and the rules approved by the  
26 commission and adopted by the department.

27 4. The local government innovation commission shall review  
28 all local governance and revenue models submitted for  
29 approval. The commission shall approve those local governance  
30 and revenue models that, if implemented, would result in all  
31 of the following:

32 a. Cost savings to citizens, in particular lowering of  
33 local government property taxes.

34 b. Creation of, or inducement to create, high-wage, stable  
35 employment opportunities for a local government's citizens and

1 more effective leveraging of resources to improve competitive  
2 advantage.

3 c. Elimination of duplication of government  
4 administration.

5 d. More efficient delivery of services by government,  
6 including eliminating duplication of service delivery by more  
7 than one unit of government in the same area.

8 e. Creation of a state-local partnership in one or more  
9 areas of service delivery and governance that would increase  
10 quality and efficiency on the local level.

11 5. A community-wide area seeking approval of a local  
12 governance and revenue model shall complete an application  
13 form designed by the local government innovation commission  
14 which employs a return on investment concept and demonstrates  
15 how the local governance and revenue model will result in  
16 reduced local government or state general fund expenditures or  
17 how local government fund revenues will increase without an  
18 increase in state costs, how local government services will be  
19 provided more efficiently or will be of increased quality  
20 resulting in greater value from the expenditure of local  
21 government revenues, and how the model develops partnerships  
22 with the state to provide increased quality and efficiency on  
23 the local level.

24 The local government innovation commission shall utilize  
25 the department of management, the department of revenue, or  
26 other sources of technical expertise designated by the  
27 commission to certify savings projected for a proposed local  
28 governance and revenue model.

29 6. On or before January 1, 2008, the local government  
30 innovation commission shall submit to the general assembly and  
31 to the office of the governor recommendations for legislation  
32 that would provide flexibility and freedom to local  
33 governments in implementing governance and revenue models  
34 submitted for review and approval to the local government  
35 innovation commission.

1 7. Officials of a community-wide area that has approved at  
2 election a local governance and revenue model may apply to the  
3 local government innovation commission for a grant from the  
4 local government innovation fund to implement all or a portion  
5 of such governance and revenue model. Minimum requirements  
6 for local government grant requests shall be determined by the  
7 commission and adopted by rule by the department of  
8 management.

9 Sec. 2. NEW SECTION. 8.65 LOCAL GOVERNMENT INNOVATION  
10 FUND.

11 1. A local government innovation fund is created in the  
12 state treasury under the control of the department of  
13 management for the purpose of stimulating and encouraging  
14 innovation in local government by providing moneys to  
15 facilitate the process established in sections 8.64 and 8.66  
16 and for the purpose of providing grants to assist in the  
17 implementation of local governance and revenue models that  
18 have been approved at election.

19 2. Notwithstanding section 12C.7, subsection 2, interest  
20 or earnings on moneys deposited in the local government  
21 innovation fund shall be credited to the local government  
22 innovation fund. Notwithstanding section 8.33, moneys  
23 appropriated to and moneys remaining in the local government  
24 innovation fund at the end of a fiscal year shall not revert  
25 to the general fund of the state.

26 Sec. 3. NEW SECTION. 8.66 COMMUNITY-WIDE MEETINGS --  
27 ECONOMIC DEVELOPMENT MISSION STATEMENT AND PLAN -- LOCAL  
28 GOVERNANCE AND REVENUE MODELS.

29 1. On or before September 1, 2005, the president of each  
30 community college, in conjunction with the director of the  
31 council of governments located within the merged area, shall  
32 initiate and coordinate a series of meetings of local  
33 government officials within the merged area with economic  
34 development entities located in the merged area, including  
35 area chambers of commerce, and Iowa state university of

1 science and technology extension offices located in the merged  
2 area, and representatives of the following agencies or  
3 departments of state government:

- 4 a. The office of attorney general.
- 5 b. The department of economic development.
- 6 c. The department of education.
- 7 d. The department of corrections.
- 8 e. The department of transportation.

9 If an area of the state is not represented by a council of  
10 governments, an established organization operating in that  
11 area that represents multigovernmental jurisdictions shall  
12 serve as if it were the council of governments for that area.

13 For purposes of this section, "merged area" means a merged  
14 area operating a community college as those terms are defined  
15 in section 260C.2.

16 2. The purpose of the initial meeting organized under  
17 subsection 1 is for the local government officials involved to  
18 discuss economic development goals and activities. Each  
19 community college shall make available to the participants in  
20 the other merged areas a written summary of discussions at the  
21 initial meeting. After the initial meeting, local governments  
22 shall create community-wide areas based on common economic  
23 development goals which areas may be other than those based on  
24 the merged area boundaries. However, the resulting community-  
25 wide areas shall be comprised of at least three contiguous  
26 counties, which, if possible, are located within the same  
27 council of governments area. Representatives of the community  
28 colleges and councils of governments wholly or partially  
29 located within the community-wide areas shall facilitate  
30 subsequent meetings of the local government participants.

31 The local government officials in each community-wide area  
32 shall develop a regional integrated economic development  
33 mission statement, or shall affirm a regional integrated  
34 economic development mission statement that has already been  
35 developed for the area. After development of a mission

1 statement, the participants shall develop a regional  
2 integrated economic development plan, or affirm an existing  
3 plan, relating to one or more of the following areas:

- 4 a. Regional marketing strategies.
- 5 b. Development of the information solutions sector.
- 6 c. Development of the advanced manufacturing sector.
- 7 d. Development of the life sciences and biotechnology  
8 sector.
- 9 e. Development of the insurance or financial services  
10 sector.
- 11 f. Physical infrastructure including, but not limited to,  
12 horizontal infrastructure, water and sewer infrastructure, and  
13 telecommunications infrastructure.
- 14 g. Entrepreneurship.
- 15 h. Tourism and recreation.

16 3. After the local participants have developed a regional  
17 integrated economic development mission statement and plan,  
18 the community college president, or the president's designee,  
19 in conjunction with the councils of governments for the area,  
20 shall facilitate the development of local governance and  
21 revenue models which relate to, and center around, the common  
22 economic development goals as expressed in the regional  
23 integrated economic development mission statement and in the  
24 regional integrated economic development plan for that  
25 community-wide area. The local governance and revenue models  
26 shall be designed to do all of the following:

- 27 a. Provide cost savings to citizens, in particular  
28 lowering of local government property taxes.
- 29 b. Provide for creation of, or inducement to create, high-  
30 wage, stable employment opportunities for a local government's  
31 citizens and provide for more effective leveraging of  
32 resources to improve competitive advantage.
- 33 c. Eliminate duplication of government administration.
- 34 d. Deliver government services more efficiently, including  
35 eliminating duplication of service delivery by more than one

1 unit of government in the same area.

2 e. Propose creation of a state-local partnership in one or  
3 more areas of service delivery and governance that would  
4 increase quality and efficiency on the local level.

5 If applicable, a governance and revenue model shall include  
6 recommended legislation necessary to fully implement the  
7 model. If a governance and revenue model proposes to adopt an  
8 alternative form of county government or a consolidated  
9 metropolitan corporation, the charter commission process and  
10 election requirements of chapter 331, division II, part 2, and  
11 chapter 373 shall not apply.

12 4. Each council of governments described in section 28H.1  
13 shall, on or before September 1, 2006, provide a report  
14 containing an assessment of the current local governance  
15 structures and revenue systems to assist in development of  
16 local governance and revenue models. The report shall include  
17 assessments of services provided by each local government,  
18 inventory and needs of infrastructure maintained by each local  
19 government, cultural and fine arts resources assessments for  
20 the area, housing assessment for the area, natural resources,  
21 conservation, and recreational facilities in the area, current  
22 sharing agreements to which a local government is a party, an  
23 assessment of the state's role in providing local government  
24 services within the area, and recommendations relating to  
25 alternative service delivery options.

26 5. At the series of meetings organized under subsection 1,  
27 the community college president, or the president's designee,  
28 shall inform, and review with, the participants the local  
29 governance and revenue models review process adopted by the  
30 local government innovation commission.

31 6. On or before September 1, 2007, each community-wide  
32 area participating in the series of meetings organized under  
33 subsection 1 shall submit its local governance and revenue  
34 model to the local government innovation commission for review  
35 and approval. The local government innovation commission

1 shall, by June 1, 2008, complete its review of all local  
2 governance and revenue models submitted for approval. If the  
3 commission does not approve a local governance and revenue  
4 model, the commission shall notify the local government  
5 officials in the community-wide area, the appropriate  
6 community college president, the appropriate council of  
7 governments, and any other participants listed in subsection  
8 1. The commission shall specify the reasons for rejecting the  
9 proposed local governance and revenue model. The participants  
10 involved in developing the local governance and revenue model  
11 shall reconvene to develop an amended model and shall submit  
12 the amended model to the commission for review.

13 7. Local governance and revenue models shall be submitted  
14 to the electorate at the general election in 2008 or 2010 or  
15 at a special election called for that purpose. A local  
16 governance and revenue model is deemed adopted if it receives  
17 a favorable majority of the votes cast on the proposition in  
18 the community-wide area. If a model is rejected by the  
19 voters, the local governments, merged area, and council of  
20 governments involved in development of the model shall  
21 reconvene to amend the model. The amended model shall be  
22 submitted to the local government innovation commission for  
23 review. If the amended model is not approved by the  
24 commission, the participants shall repeat the process in  
25 subsection 6. If approved by the commission, the amended  
26 model shall be submitted to the voters.

27 Sec. 4. NEW SECTION. 8.67 INTENT.

28 1. It is the intent of the general assembly to enact  
29 legislation to provide the flexibility and freedom to local  
30 governments necessary to implement governance and revenue  
31 systems developed as models and submitted to the local  
32 government innovation commission. Local governments are  
33 encouraged to consider innovative approaches to government  
34 administration, and funding and delivery of local government  
35 services when developing governance and revenue models.

1 2. It is further the intent of the general assembly to  
2 reward those community-wide areas that have implemented a  
3 local governance and revenue system pursuant to sections 8.64  
4 through 8.66 by enacting legislation that would provide  
5 freedom and flexibility relating to compliance with state  
6 mandates and rules of state agencies relating to local  
7 governments. Accountability and performance measures shall be  
8 included in the legislation.

9 3. It is further the intent of the general assembly that  
10 sharing agreements in effect on the effective date of this  
11 Act, and that will be in effect for the five years following  
12 the effective date of this Act, shall also be eligible for  
13 flexibilities and freedoms enacted by the general assembly  
14 pursuant to subsection 1, if such agreements meet one or more  
15 of the results specified in section 8.66, subsection 3.

16 Sec. 5. NEW SECTION. 262.102 IOWA CENTER FOR GOVERNING  
17 EXCELLENCE.

18 1. The board of regents shall establish an Iowa center for  
19 governing excellence in the public policy and administration  
20 program of the department of political science at Iowa state  
21 university of science and technology. The purpose of the Iowa  
22 center for governing excellence is to do all of the following:

23 a. Enhance the accountability, effectiveness, and  
24 efficiency of Iowa's local governments and state agencies by  
25 providing objective and nonpartisan research and training  
26 support for policymakers and government officials.

27 b. Integrate the research capacities of the universities  
28 under the board's control and of organizations representing  
29 local governments to support management and policy research.

30 c. Facilitate dialogues among Iowa's state agencies and  
31 local governments, regents universities, organizations  
32 representing local governments, and citizens on government  
33 policy design, implementation, and evaluation.

34 2. The president of Iowa state university, in consultation  
35 with the president of the university of Iowa and the president

1 of the university of northern Iowa, shall employ a full-time  
2 director and administrative assistant at the center. Each  
3 regents university shall provide funding or commit staff to  
4 the center for governing excellence. Clerical staff shall be  
5 provided to the center by the office of state and local  
6 government programs at Iowa state university.

7 3. The center may solicit, accept, and administer moneys  
8 contributed to the center by any source, and may enter into  
9 contracts with public or private agencies in order to carry  
10 out its purposes.

11 4. The center shall submit an annual report of the  
12 activities of the center to the governor and to the general  
13 assembly as provided in section 7A.11A by January 15 of each  
14 year.

15 Sec. 6. NEW SECTION. 262.103 COORDINATING COUNCIL  
16 CREATED.

17 1. a. A coordinating council is created to oversee and  
18 direct the activities of the Iowa center for governing  
19 excellence.

20 b. The following members of the coordinating council shall  
21 be appointed by the board of regents:

22 (1) A representative of the office of state and local  
23 government programs at Iowa state university of science and  
24 technology.

25 (2) A representative of the institute of public affairs at  
26 the university of Iowa.

27 (3) A representative of the state and local government  
28 programs at the university of northern Iowa.

29 (4) A representative of the Iowa league of cities.

30 (5) A representative of the Iowa state association of  
31 counties.

32 (6) A representative of the association of municipal  
33 utilities.

34 (7) A city administrator or city manager.

35 (8) A county administrator or county manager.

1 (9) An elected city official.

2 (10) An elected county official.

3 c. The following persons shall also be members of the  
4 coordinating council:

5 (1) A representative of the office of governor appointed  
6 by the governor.

7 (2) The director of the department of management or the  
8 director's designee.

9 (3) The director of the department of revenue or the  
10 director's designee.

11 (4) The auditor of state or the auditor of state's  
12 designee.

13 (5) The director of the legislative services agency or the  
14 director's designee as a nonvoting member.

15 2. The coordinating council shall oversee the operations  
16 of the Iowa center for governing excellence and shall make  
17 decisions regarding research and training activities conducted  
18 by the center.

19 Sec. 7. EFFECTIVE DATE. This Act, being deemed of  
20 immediate importance, takes effect upon enactment.

21 EXPLANATION

22 This bill makes changes relating to local government  
23 innovation.

24 The bill creates the local government innovation commission  
25 in the department of management. Members of the commission  
26 represent the executive branch, county and city governments,  
27 community colleges, councils of governments, the homeland  
28 security and emergency management division of the Iowa  
29 department of public defense, the department of economic  
30 development, and the general public. Four members of the  
31 general assembly are appointed as nonvoting members of the  
32 commission. The commission is to approve rules relating to  
33 review of local governance and revenue models.

34 The bill also creates a local government innovation fund  
35 for the purpose of providing moneys to facilitate the meetings

1 of local government officials in developing a regional  
2 integrated economic development statement and plan and in  
3 developing local governance and revenue models. The fund is  
4 also to be used for providing grants to community-wide areas  
5 to assist in the implementation of local governance and  
6 revenue models that have been approved at election by the  
7 voters of a community-wide area.

8 The bill requires the president of each community college,  
9 in conjunction with the director of the council of governments  
10 located within the community college area, to initiate and  
11 coordinate a series of meetings on or before September 1,  
12 2005, with local government officials and economic development  
13 entities in the community college area, and representatives of  
14 state government. The purpose of the initial meeting is to  
15 discuss economic development goals and activities in the area.  
16 The bill further requires that, after the initial meeting, the  
17 local governments are to create community-wide areas that  
18 share common economic development goals in order to develop a  
19 regional integrated economic development mission statement and  
20 plan for the area. The officials within the community-wide  
21 area are to also develop a local governance and revenue model  
22 for the area. The bill requires councils of governments for  
23 each area to provide a report on or before September 1, 2006,  
24 containing a local government assessment for each community-  
25 wide area.

26 The bill provides that, on or before September 1, 2007,  
27 each local governance and revenue model is to be submitted to  
28 the local government innovation commission for review. If  
29 approved by the commission, the model is to be submitted to  
30 the electorate in the community-wide area at the general  
31 election in 2008 or 2010 or at a special election called for  
32 that purpose.

33 The bill contains intent language regarding future action  
34 of the general assembly pertaining to encouraging local  
35 government innovation.

1 The bill directs the state board of regents to establish  
2 the Iowa center for governing excellence in the public policy  
3 and administration program of the department of political  
4 science at Iowa state university. The bill provides that the  
5 purpose of the center for governing excellence is to provide  
6 objective and nonpartisan research and training for  
7 policymakers and government officials; to integrate the  
8 research capacities of Iowa state university, the university  
9 of Iowa, and the university of northern Iowa; and to  
10 facilitate dialogues among Iowa's state agencies, local  
11 governments, regents universities, and citizens on government  
12 policy design, implementation, and evaluation. The bill  
13 provides that the activities of the Iowa center for governing  
14 excellence shall be directed and supervised by a coordinating  
15 council comprised of representatives of the three state  
16 universities, organizations representing certain local  
17 governments, local officials, and representatives of certain  
18 executive branch offices and the legislative services agency.

19 The bill takes effect upon enactment.

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