



Fate of Collective Bargaining Bill in the Balance: New Research Shows “Open Scope” States Experience Higher Property Taxes

NEW DATA SHOWS 19 OF THE 25 STATES (76%) WITH THE HIGHEST PER CAPITA PROPERTY TAXES ALLOW “OPEN SCOPE” BARGAINING:

The fate of House File 2645, legislation written to make radical changes to Chapter 20 of the Iowa Code and open the scope of collective bargaining for public employee unions, hangs in the balance at the writing of this week's *Watchdog*. Iowans for Tax Relief is **OPPOSED** to HF 2645.

Here is a run down of the whirlwind of activity on HF 2645:

1. Late Tuesday, 3/18, House Democrats introduce an amendment to what was a non controversial bill related to Chapter 20. The amendment makes major changes to Iowa's 35 year old law and dramatically increases the scope of collective bargaining for public employee unions.
2. Debate begins Wednesday, 3/19, with Republicans determined to slow the process through extended debate, dozens of proposed amendments, and many hours spent in party caucus (during which time tradition says debate will not take place).
3. House approves HF 2645 on a party line vote (Democrats for, Republicans against) around noon on Thursday, 3/20. The bill is messaged to the Senate at 5:00 p.m.
4. Senate Republicans go into party caucus during the afternoon of Thursday, 3/20, and refuse to come out. This prevents the Senate from receiving HF 2645 from the House (Senate tradition holds that no floor work will be done while a party caucus is in progress).
5. Senate Republicans stay in caucus throughout the night and into the morning of Friday, 3/21.
6. A deal is finally struck between Senate Republicans and Democrats to allow committee work on HF 2645 on Friday, 3/21, but to delay floor debate and final passage until Monday afternoon, 3/24. Republicans fought for this delay to allow time for local officials to study HF 2645 and express their views, for or against, prior to a final vote.
7. Minutes before floor work is to begin on HF 2645 on Monday, 3/24, Governor Culver issues a news release asking the Senate to delay work on HF 2645 to allow time for more study and public input. A veto threat is implied if such a delay is ignored.
8. The Senate ignores the Governor's warning and passes the bill in the early evening of Monday, 3/24 on a 27-23 vote, with three Democrats joining all 20 Republicans in opposition. However, Senator Gronstal places a procedural “Motion to Reconsider” on the bill that prevents the bill from moving to the Governor's desk until the motion is removed. It has not yet been removed.

Under current law, there are a limited number of items which are mandatory subjects of collective bargaining: wages, health insurance, vacation, and sick leave. HF 2645 expands the list to include, among other things: staffing levels, work shifts and schedules, insurance (including the determination of the insurance carrier), and classroom size.

Many Iowans including local government officials have besieged the Capitol with phone calls and emails over the last week in opposition to the changes proposed in HF 2645 and the move to create “open scope” bargaining for our public employee unions. Their claim is implementation of these changes will result in significant property tax increases.

Iowa's collective bargaining law calls for **binding arbitration** when negotiations reach an impasse. This then requires a third party to examine facts and arguments put forward by both sides and then make a final decision. Unfortunately, Iowa law **does NOT** require the arbitrator to consider “ability to pay” when making their decision, because the payers in these cases are local governments and the arbitrator is allowed to assume the necessary funds will be available (meaning local taxpayers can always pay more).

Collective bargaining bill in the balance, continued...

Local officials are fearful that negotiations conducted in an “open scope” environment (as would be the case should HF 2645 become law) would inevitably lead to arbitrator awards of such a size as to require local governments to raise property taxes.

In a Des Moines Register story printed last week, the City Manager of Des Moines estimated HF 2645 would cause property taxes in Des Moines to rise by seven percent. Compound that tax increase with similar increases in school district and county property taxes and it will result in significant new burdens for local taxpayers.

This week the non-partisan Public Interest Institute, a public policy think tank based at Iowa Wesleyan College, released a table that shows a ranking of the 50 states (highest to lowest) ordered by Property Tax per Capita, with the 27 “open scope” states in bold. See below.

Per Capita Property Taxes, by State from Highest to Lowest (Open Scope states in bold)

1.	New Jersey	26.	Indiana
2.	Connecticut	27.	Minnesota
3.	New Hampshire	28.	Oregon
4.	New York	29.	California
5.	Rhode Island	30.	North Dakota
6.	Maine	31.	Nevada
7.	Vermont	32.	South Dakota
8.	Massachusetts	33.	Georgia
9.	Illinois	34.	South Carolina
10.	Wyoming	35.	Arizona
11.	Wisconsin	36.	Idaho
12.	Alaska	37.	Missouri
13.	Texas	38.	North Carolina
14.	Kansas	39.	Utah
15.	Michigan	40.	Mississippi
16.	Nebraska	41.	Tennessee
17.	Maryland	42.	Hawaii
18.	Iowa	43.	Delaware
19.	Florida	44.	West Virginia
20.	Montana	45.	Kentucky
21.	Virginia	46.	Louisiana
22.	Washington	47.	Oklahoma
23.	Colorado	48.	New Mexico
24.	Pennsylvania	49.	Arkansas
25.	Ohio	50.	Alabama

Nineteen of the top 25 highest property tax states operate with “open scope” bargaining for public employee unions, whereas only nine of the bottom 25 states have “open scope”. Clearly, states with “open scope” are much more likely to experience above average property taxes. With Iowa already number 18 on the list, the impact of “open scope” on our property taxpayers could be devastating.

If you wish to contact Governor Culver’s office to express your views on HF 2645, you can call his office at: 515-281-5211 or email him at: chet.culver@iowa.gov.

The Watchdog is a weekly update of issues which are being considered by the Iowa Legislature.
It is a service to members of Iowans for Tax Relief. Permission is granted to forward this to any interested individuals.

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