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edits and a question. thanks.

IOWA BRIEFING

STATE ISSUES

ECONOMY

Iowa's unemployment rate in June was 4.3 percent, 0.4 percent below its peak of 4.7 percent in July 2003. Iowa gained 2,100 jobs in June. (**Note:** June is the most recent month for which state-specific unemployment figures are available. As of June 2004, the national unemployment rate was 5.6 percent; that rate declined to 5.5 percent in July.) Overall, jobs have been returning to the state since June 2003; it has gained 11,600 jobs since then.

STATE LEGISLATURE AND GOVERNOR VILSACK

In the latest *Des Moines Register* poll, Governor Tom Vilsack's (D) job approval was 56 percent among the state's adults, up from February when the Governor's job approval was 49 percent. Iowans' overall opinion of the Republican-led Legislature has changed little since February. In the latest poll, 49 percent approve and 29 percent disapprove of the Legislature's performance. Iowans are also feeling more positive about the direction of the state. 51 percent of Iowans now believe the state is headed in the right direction.¹ In February, only 41 percent of Iowans believed the state was headed in the right direction.

GROW IOWA VALUES FUND

In 2003, the State Legislature passed House File 692, the Grow Iowa Values Fund. The \$503 million legislation had numerous components: it created the Grow Iowa Values Fund (an economic development fund to support biotechnology and other key industries in the state), reformed Iowa's property tax structure, changed business regulations, and cut income taxes. Vilsack used line-item veto power to approve the Values fund and property-tax reforms while rejecting the income-tax cut and business regulations. Republican leaders in the Legislature appealed his use of the line-item veto to the Iowa Supreme Court.

On June 16, the Iowa Supreme Court unanimously struck down the entire Grow Iowa Values Fund, stating in its ruling that the Governor violated the State Constitution by vetoing only portions of the Values Fund legislation. Both Governor Vilsack and Republican leaders in the Legislature have expressed a strong desire to re-create the program.

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Republicans believe it is not possible to fix all elements in the bill without a special session, but Vilsack is reluctant to call one. The Legislature could call itself into special session if two-thirds of the House and two-thirds of the Senate agree.

Negotiations between the Governor and the Republican leadership continue on unresolved issues such as workers' compensation and business tax cuts.

MEDICARE

About 460,000 Iowans (17 percent) are eligible for Medicare. The Medicare Prescription Drug, Improvement, and Modernization Act you signed in December 2003 helps remedy the historically low Medicare reimbursement rates for Iowa health care providers, especially those in rural areas. At least 14 hospitals, most often rural facilities, have closed in Iowa since 1985. Because of the state's low reimbursement rate, expanded services have not been made available.

As a result of the Medicare overhaul, over the next ten years, Iowa hospitals and health care providers will receive an additional \$438 million dollars from Medicare, and Iowa hospitals will receive an additional \$141 million from Medicaid.

The new law also gives Medicare recipients the option of purchasing prescription drug coverage, which will reduce the typical beneficiaries' drug costs by about half. Senator Chuck Grassley (R), as Chairman of the Senate Finance Committee, was crucial to the formulation and passage of the landmark legislation. Senator Tom Harkin (D) and Congressman Leonard Boswell (D, IA-03) were the only members of the Iowa congressional delegation to vote against the legislation.

DRUG REIMPORTATION

On April 8, Senator Grassley introduced legislation to immediately legalize the importation of prescription drugs from Canada while a new importation system is developed and implemented by the Food and Drug Administration (FDA). The bill is much broader than legislation previously introduced by Senator Byron Dorgan (D, ND), because it allows for the importation of non-FDA approved drugs. After two years, the bill would allow the importation of prescription drugs from other countries, including Australia, Japan, and the European Union. Drug manufacturers that take any action to limit supply to Canada would lose their tax deduction for advertising expenses. Drug manufacturers who continue to sell drugs to Canada would see a 20 percent increase in their research and development tax credit.

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Governor Vilsack supports a proposal to allow state workers to buy Canadian drugs through local pharmacists. The proposal would not allow direct customer orders from Canadian suppliers.

SAME-SEX MARRIAGE PROPOSAL

On February 25, a State Senate committee narrowly approved a pair of proposals calling for amendments to the U.S. and Iowa Constitutions that would define marriage as between a man and a woman. On March 23, however, the full State Senate disapproved the resolution to amend the State Constitution. Governor Vilsack had opposed amending the State Constitution, arguing that Iowa law already defined marriage as between a man and a woman.

A poll conducted in July found 65 percent of Iowans are against same-sex marriage while 25 percent are in favor. The poll also found 49 percent of Iowans oppose a constitutional ban on same-sex marriage while 43 percent favor it.²

UNBORN VICTIMS LEGISLATION

On April 6, the Iowa House voted 63 to 36 to approve a bill providing criminal penalties for the murder of a fetus at any stage of development; similar legislation had been approved in the Senate by a 30 to 19 vote on March 24. On April 7, the Senate approved the legislation and sent the bill to the Governor. Vilsack vetoed the bill on May 14, and the media has speculated that his desire to get Senator John Kerry's Vice Presidential nod motivated his decision.

NONSTOP AIRLINE SERVICE

On June 30, Midwest Airlines dropped non-stop flights between Des Moines and Reagan National Airport, freeing up two of the 24 Reagan Washington National exemptions created by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), enacted in April 2000. AIR-21 is designed to promote airline competition and to enhance service to the Nation's capital. Three airlines applied for Midwest's take-off and landing times, and, of the three, only Northwest Airlines proposed using the slots for direct service from Reagan National to Des Moines. On August 10, the Department of Transportation announced it had awarded the two daily slot exemptions to Spirit Airlines for direct service to Myrtle Beach, South Carolina. Spirit Airlines' application met more of the criteria set out in AIR-21, specifically low fares and greater capacity. Senator Chuck Grassley (R) contacted

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Department of Transportation Secretary Norm Mineta prior to the decision to express strong support for Northwest's bid.

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STATISTICS

2000 General Election Results (Presidential):

	Total Votes	% Won
Gore	638,517	49%
Bush	634,373	48%
Nader	29,374	2%
Others	13,299	1%

1996 General Election Results (Presidential):

	Total Votes	% Won
Clinton	620,258	50%
Dole	492,644	40%
Perot	105,159	9%
Others	16,014	1%

CONGRESSIONAL DELEGATION

U.S. SENATE:

- Chuck Grassley (R), 4th term, re-elected in 1998 with 68%
- Tom Harkin (D), 4th term, re-elected in 2002 with 54%

U.S. HOUSE: 5 Total (4R, 1D)

- Jim Nussle (R-01), 7th term, re-elected with 57%
- Jim Leach (R-02), 14th term, elected with 52%
- Leonard Boswell (D-03), 4th term, re-elected with 53%
- Tom Latham (R-04), 5th term, re-elected with 55%
- Steve King (R-05), 1st term, elected with 62%

STATE GOVERNMENT

Governor Thomas Vilsack (D), 2nd term, re-elected in 2002 with 53%

Lieutenant Governor Sally J. Pederson (D), 2nd term, elected in 2002 with Governor Vilsack

Attorney General Tom Miller (D), 6th term, re-elected in 2002 with 65%

Auditor Dave Vaudt (R), 1st term, elected in 2002 with 48%

Secretary of State Chet Culver (D), 1st term, elected in 2002 with 50%

Treasurer Mike Fitzgerald (D), 5th term, re-elected in 2002 with 55%

Secretary of Agriculture Patty Judge (D), 1st term, elected in 2002 with 50%

State House: 100 (54R, 46D)

Speaker: Christopher Rants (R)

Majority Leader: Chuck Gipp (R)

Minority Leader: Pat Murphy (D)

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State Senate: 50 (29R, 21D)
President: Jeff Lamberti (R)
Majority Leader: Stewart Iverson, Jr. (R)
Minority Leader: Mike Gronstal (D)

STATE PARTY

Chairman: State Senator Chuck Larson

Note: Although he remains Chairman, Senator Larson was called to active duty with his Army Reserve unit on November 12 and is serving in Iraq. Gentry Collins now serves as Deputy Chairman. Chairman Larson's father, U.S. Attorney Charles Larson, Sr., of Cedar Rapids, is headed to Iraq to become a senior adviser to the U.S. Ambassador in Baghdad.

National Committeeman: Steve Roberts
National Committeewoman: Phyllis Kelly

STATE DEMOGRAPHIC PROFILE

Estimated Population 2000:

Iowa: 2,926,324, an increase of 5.4% since 1990
National: 281,421,906, an increase of 13.1% since 1990

Race/Ethnicity:

Iowa: 92.6% White; 2.8% Hispanic; 2.1% African-American;
1.2% Asian
National: 69.1% White; 12.5% Hispanic; 12.3% African-American;
3.6% Asian; 0.9% Native American

Median Age:

Iowa: 36.6 years (14.9% are 65 years and older)
National: 35.3 years (12.4% are 65 years and older)

College Educated:

Iowa: 21.2%
National: 24.4%

Median Income:

Iowa: \$39,469
National: \$41,994

Households:

Iowa: 67.0% family households; 55.1% married couple families
National: 68.1% family households; 51.7% married couple families

(Source: 2000 U.S. Census Bureau)

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YOUR PREVIOUS TRAVEL

Bush-Cheney '04 "Ask" Event	Davenport	August 4, 2004
Ask President Bush	Cedar Rapids	July 20, 2004
Remarks at Dubuque, Iowa, Send Off	Dubuque	May 7, 2004
Remarks on the Economy	Des Moines	April 15, 2004
Remarks at U.S. Cellular Center	Cedar Rapids	November 4, 2002
Remarks at Sears Manufacturing; Fundraiser for Jim Nussle	Davenport	September 16, 2002
Remarks at the Iowa State Fair; Fundraiser for Doug Gross	Des Moines	August 14, 2002
World Pork Expo	Des Moines	June 7, 2002
Tour and remarks at General Mills; Fundraiser for Greg Ganske	Cedar Rapids	April 15, 2002
Roundtable and Remarks at The Printer, Inc.; Fundraiser for Tom Latham	Des Moines	March 1, 2002
Tour and remarks at John Deere Harvester Works	Moline, Illinois (Davenport, IA)	January 14, 2002
Tax Cut signing celebration	Dallas Center	June 8, 2001
Iowa Energy Center remarks on energy bill	Nevada	May 17, 2001
Roundtable on the budget and lowering debt	Council Bluffs	February 28, 2001

THE VICE-PRESIDENT'S PREVIOUS TRAVEL

Bush-Cheney '04 Rally	Clive	August 10, 2004
Bush-Cheney '04 Rally	Waterloo	July 16, 2004
Bush-Cheney '04 Rally	Sioux City	June 25, 2004
Fundraiser for Stan Thompson and Bush- Cheney '04 Event	Des Moines	March 8, 2004
Reception for Congressman Jim Leach	Cedar Rapids	October 20, 2003
Bush-Cheney '04 Event	Des Moines	October 3, 2003
Welcome Event	Sioux City	October 31, 2002
Fundraiser for Stan Thompson	Des Moines	July 30, 2002
Fundraiser for Congressman Leach	Cedar Rapids	July 29, 2002

¹ *Des Moines Register* poll conducted by Selzer and Co. Inc; July 17-21; 802 Iowans age 18 or older; margin of error +/- 3.5 percent

7 ELECTORAL VOTES
2004 - SENATOR GRASSLEY (R) UP

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² *Des Moines Register* poll conducted by Selzer and Co. Inc; July 17-21; 802 Iowans age 18 or older; margin of error +/- 3.1 percent

³ Strategic Vision poll; July 31-August 3; 801 likely voters statewide; margin of error +/- 3percent.

⁴ American Research Group poll; July 26-28, 2004; 600 likely voters; margin of error +/- 4.0 percent

⁵ *Des Moines Register* poll conducted by Selzer and Co. Inc; July 17-21; 641 likely Iowa voters; margin of error +/- 3.9 percent

⁶ *Des Moines Register* poll conducted by Selzer and Co. Inc; July 17-21; 802 Iowans age 18 or older; margin of error +/- 3.5 percent