

FEDERAL UPDATE

Federal Mid-term Election Update

During the midterm election, all 435 seats in the United States House of Representatives and 36 of the 100 seats in the United States Senate were contested. This midterm election became the most expensive in history, with total spending reaching \$3.7 billion, including spending by outside entities. The elections saw sweeping gains by the Republican Party in the Senate, House, and in numerous gubernatorial, state, and local races. The Republicans will gain control of the Senate (in early January 2015) for the first time since early January 2007, and increase their majority in the House.

After being sworn into office, Iowa's Congressional Delegation is as follows:

District 1—**Rep. Rod Blum** (R-Dubuque)
District 3—**Rep. David Young** (R-Van Meter)
Senator Charles Grassley (R- New Hartford)

District 2—**Rep. Dave Loebsack** (D- Mt. Vernon)
District 4—**Rep. Steve King** (R- Kiron)
Senator Joni Ernst (R- Red Oak)

U.S., China Agree to Curb Greenhouse-Gas Emissions

In November, The U.S. and China unveiled long-term plans to curb emissions of carbon dioxide and other gases linked to climate change, in a move that surprised climate change experts. The move is aimed at jump-starting a new round of international climate negotiations and lessen domestic opposition to cuts in both countries. As part of its plan, the U.S. said it would double the average pace of its carbon-dioxide reductions after 2020, eyeing an overall reduction of greenhouse-gas emissions of between 26% and 28% by 2025, compared with 2005 levels.



President Announces Executive Action on Immigration

President Obama announced a series of executive actions to ease the threat of deportation for five million unauthorized immigrants. The president is also planning actions to direct law enforcement priorities toward criminals, allow high-skilled workers to move or change jobs more easily, and streamline visa and court procedures, among others.

Unemployment Rate Down Slightly in October

Both the unemployment rate (5.8 percent) and the number of unemployed persons (9.0 million) edged down in October. Since the beginning of the year, the unemployment rate and the number of unemployed persons have declined by 0.8 percentage point and 1.2 million, respectively.

Affordable Care Act Updates

House Republicans filed a long-awaited lawsuit accusing President Barack Obama of overstepping his executive authority when implementing the Affordable Care Act, his signature health care law. The suit, filed against the heads of Health and Human Services and Treasury Department, is centered on the White House decision to delay the employer mandate of the health care law and accuses the administration of unlawfully giving \$175 billion to insurance companies.

Meanwhile, the U.S. Supreme Court said it would review the legality of a centerpiece of the ACA, deciding whether consumers can receive subsidies for insurance purchased through federal exchanges operating in more than 30 states. Arguments are likely in March 2015, with a decision expected before July.

STATE UPDATE

State Election Update

Republicans added four seats to their majority in the Iowa House and Democrats were able to retain control of the Iowa Senate. In the Iowa House, 15 new House members were elected. Six seats changed party: One Republican seat changed to Democrat. Five seats were Democrat that changed to Republican. Four Democratic incumbents were defeated; no Republican incumbents lost a seat.

In the Iowa Senate, six new State Senators were elected. One Democratic incumbent lost his seat; no Republican incumbents lost a seat. For the past two years Democrats had held a narrow, 26 to 24 seat edge in the Iowa Senate and, while some of the seats changed hands, Democrats will be in control by the same 26-to-24 margin for the next few years.

State of Iowa Responds to EPA on Emissions Standards

[Three state agencies have submitted comments](#) on the U.S. Environmental Protection Agency's proposed carbon emissions standards for existing power plants. Comments by the Iowa Department of Natural Resources, the Iowa Utilities Board and the Iowa Economic Development Authority encouraged the EPA to give states enough time to implement plans and to give states appropriate credit for the actions already taken to reduce carbon dioxide emissions. States must design and submit their implementation plans to the EPA by June 30, 2016.

Utility Regulators Asked to Approve Route for High-Voltage Transmission Line

The Rock Island Clean Line has filed paperwork with the Iowa Utilities Board, asking for a transmission franchise in Iowa. Proposed construction of a new transmission line through Iowa would export electricity generated by Iowa wind turbines to Chicago and areas east. The company's transmission line would stretch through 16 counties in Iowa. State utility regulators are being asked to approve the company's proposed route. Some landowners along the route through Iowa have raised concerns. The entire project's cost is estimated to be \$2 billion.

Transportation Funding Will be a Priority in 2015

Governor Branstad has indicated this may be the time to change – and likely raise – Iowa's fuel tax to pay for the state's deteriorating bridges and roads. Increasing funding for the state's road-use tax fund will be a top priority in the coming legislative session and something the Governor says he hopes Democrats and Republicans will find a bipartisan compromise.

Ethanol Backers Pleased With EPA Pull Back On Renewable Fuel Standard

Supporters of renewable fuels in Iowa say they are pleased with the announcement by the EPA to delay their decision on a proposal that would have dramatically cut the amount of renewable fuels required to be used in the country. The EPA proposal would cut the amount of ethanol required in the RFS by 3 billion gallons. The Governor, Iowa's Agriculture Secretary, U.S. Senators Tom Harkin and Chuck Grassley, all issued statements praising the decision.

State unemployment rate drops to 4.5% in October

Iowa's unemployment rate dropped to 4.5 percent in October. That's the same rate it had held at in July and August before moving up to 4.6-percent in September. It's slightly ahead of the October unemployment rate one year ago of 4.4 percent. But Iowa Workforce Development says the total number of Iowans working is nearly 35,000 higher than it was one year ago. Nonfarm employment dropped 200 jobs in October, which IWD says was the first drop since March and only the third decline this year. The agency says weaker than expected seasonal hiring in local and state government led to some of the loss.

UPCOMING EVENTS

2014

CIPCO Board of Directors Meeting	December 17	Coralville Marriott
IAEC Fall Legislative Meeting	December 10	CIPCO Board Room
IAEC Annual Meeting	December 4-5	West Des Moines Sheraton

UPCOMING EVENTS

2015

First Day of Congress	January 3	Washington D.C.
First Day of Iowa Legislative Session	January 12	State Capitol
IAEC Welcome Back Reception	January 13	State Historical Building
ABI Legislative Briefing/Reception	January 14	Embassy Suites
NRECA Annual Meeting	February 20-23	Orlando, FL
REC Day on the Hill	March 16	State Capitol
Managers' Legislative Breakfast	April 1	State Capitol
NRECA Legislative Conference	May 3-6	Washington D.C.

MARKET TRENDS

% Change	Y-T-D	1-Yr Avg	5-Yr Avg
DJIA	+9.73	+13.88	+14.45
NASDAQ	+12.84	+18.74	+17.04
S&P 500	+13.71	+17.29	+16.00

Source: Morningstar.com

CONSUMER PRICE INDEX

% Change	June	July	Aug	Sept	Oct	12-Mo Avg
CPI	0.3	0.1	-0.2	0.1	.0	1.7

Source: Bureau of Labor Statistics, www.bls.gov