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| **IN THIS ISSUE:** | Governor’s Revised FY 2002 Budget, pg. 1 | SF 487 – Alternative Sentences, pg. 4 |
|  | SF 514 – Property Tax Limitation, pg. 1 | HF 327 – Enticement of Minors, pg. 5 |
|  | SF 509 – DOT Supplemental Bill, pg. 2 | HF 287 – Probation/Parole Interstate Compact, pg. 6 |
|  | HF 706 – Oil Overcharge Bill, pg. 2 | SF 391 – Robbery Bill, pg. 7 |
|  | SF 66 – Expenditure Limitation Bill, pg. 3 | HF 655 – Oversight for Adult Day Services, pg. 8 |
|  | SF 433 – Dept. of Public Health, pg. 3 | Tobacco Revenue Update, pg. 8 |
|  | SF 355 – Safe Haven Bill, pg. 3 | GTSB Receives Grant Money, pg. 9 |
|  | SF 499 – Scheduled Fees and Fines, pg. 4 | Dept. for the Blind Required Report Received, pg. 9 |
|  | HF 619 – Grape & Wine Development, pg. 4 | Highway Construction Contracts, pg. 9 |
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Subcommittee Analysis of the Governor’s Revised FY 2002 Budget



**Subcommittee Analysis** The Legislative Fiscal Bureau has completed an analysis of the Governor’s Revised FY 2002 Budget and prepared Executive Summaries and annotated spreadsheet documents for each of the nine appropriations subcommittees. The documents are available from the Fiscal Bureau and are on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/>

STAFF CONTACT: Holly Lyons (Ext. 17845)

PROPERTY TAX LIMITATION - SF 514 PASSES SENATE WAYS AND MEANS



**Property Tax Limitation**  The Senate Ways and Means Committee passed SF 514 on March 27. The Bill places a limitation on property taxes for counties by removing rate limitations, and instead places a limitation on property tax dollars that can be certified by a county. A base year computation is made on the averages of three fiscal years of taxes multiplied by a cumulative price index (FY 1998 – FY 2000). Adjustments are made for property tax replacement dollars and local sales and services taxes received for those three years. An additional adjustment is made for ending fund balance differentials between the three years. The base year calculation is then adjusted by an inflation factor and an adjustment for net new valuation taxes to determine a FY 2002 levy authority. For fiscal years beginning with FY 2003, the previous year’s levy authority is adjusted by an inflation factor, net new valuation taxes, and property tax replacement dollars. The Bill does not take effect until FY 2003.

**Commission Established** The Bill also establishes a Commission on State and Local Taxation. The commission would be made up of 13 members and would be staffed by the Legislative Service Bureau and the Legislative Fiscal Bureau. The Commission would be charged to conduct a review of State and local taxation in Iowa, and would submit a status report on this review to the General Assembly by March 15, 2002. Annual reports would deal with the state of local governments in Iowa, State and federal issues having a fiscal impact on local governments, and court decisions having an impact on State and local government revenue and services. A final report is to be submitted to the General Assembly by January 15, 2006. The commission is repealed July 1, 2006.

STAFF CONTACT: Alice Wisner (Ext. 14611)

Department of Transportation Supplemental Bill - SF 509 Passes House and Senate

**Road Salt Supplemental** Senate File 509 creates a supplemental appropriation of $2.3 million to the Department of Transportation (DOT) from the Primary Road Fund for the purchase of additional salt. The appropriation will allow the Department to purchase an additional 76,000 tons of salt to replenish their year-end inventory under current contract prices. The Bill is effective upon enactment.



**Budget vs. Increased Need** The Department had budgeted for 161,000 tons of salt at $4.8 million in FY 2001, but by the end of February, had expended 247,000 tons at $8.8 million.

**Next Action** Senate File 509 has been sent to the Governor for consideration.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

Oil Overcharge Bill - HF 706 Passes House Appropriations committee

**HF 706 - Oil Overcharge** The House Appropriations Committee passed HF 706 (Oil Overcharge Appropriations Bill) on March 28. The Bill appropriates petroleum overcharge funds for FY 2002 to the Department of Human Rights and the Department of Natural Resources. The Bill:



* Appropriates $182,000 to the Department of Human Rights from the Stripper Well Fund for qualifying energy conservation programs for low-income housing. This is a decrease of $168,000 compared to the FY 2001 appropriation.
* Appropriates $68,000 to the Department of Human Rights from the Exxon Fund for qualifying energy conservation programs for low-income housing. This is an increase of $28,000 compared to the FY 2001 appropriation.

1. Appropriates $30,000 from the Exxon Fund to the Department of Natural Resources for energy conservation and extension purposes. This is a decrease of $30,000 compared to the FY 2001 appropriation.
2. Appropriates $150,000 from the Stripper Well Fund to the Department of Natural Resources for administrative functions. This is no change compared to the FY 2001 appropriation.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the LFB.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Expenditure Limitation Bill - SF 66 Passes House

**Expenditure Limitation** The House passed SF 66 (Expenditure Limitation Bill) on March 27. The Bill clarifies that reversions may not be used by the Governor or the General Assembly when determining budget compliance with the expenditure limitation statute.

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**Reversions** Actual General Fund reversions since FY 1981 have ranged from a high of $94.2 million in FY 1981 to a low of $300,000 in FY 2000.

**Action** The Bill was vetoed by the Governor on March 30.

STAFF CONTACT: Holly Lyons (Ext. 17845) Mary Shipman (Ext. 14617)

Department of Public Health - SF 433 Passes THE SENATE

**Controlled Substance** Senate File 433 passed the Senate on March 27. The Bill provides for the designation of gamma hydroxybutyric acid (GHB) as a controlled substance, allows the Director of the Department of Public Health to provide a per diem to public members serving on ad hoc advisory boards, and for the addition of a penalty provision relating to the lead hazard notification process under Section 135.105C, Code of Iowa.



**Other Changes** Senate File 433 also makes technical and corrective changes to the administration of programs under the purview of the Department of Public Health and related professional health licensing and regulatory boards. The Bill is expected to reduce revenues to the General Fund by approximately $99,000 annually. This expected reduction in revenues comes from Section 7 of the Bill. Section 7 of the Bill amends Section 135I.4, subsection 4, Code of Iowa, to permit the Iowa Department of Public Health to retain fees collected for the inspection, and registration of public pools and spas, as well as for the training of operators of public pools and spas. Under current law these fees are collected by the Department and deposited into the General Fund.

STAFF CONTACT: Russ Trimble (Ext. 14613)

Safe Haven Bill - SF 355 Passes the Senate

**Safe Haven – SF 355** Senate File 355 passed the Senate. The Bill establishes the age of a newborn infant as fourteen days or younger. The Bill also defines an institutional health facility as a hospital or facility providing medical treatment that is open twenty-four hours a day, seven days a week. There is approximately one newborn abandonment per year. The law will become effective upon enactment.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Scheduled Fees and Fines - SF 499 Passes the Senate



**Scheduled Fees/Fines** Senate File 499 passed the Senate on March 27. Based on FY 2000 Justice Data Warehouse information, approximately 294,000 convictions would have been affected. The collection rate for the additional fine and surcharge amounts imposed under this proposal are between 82% and 97%, depending on the amount owed. The 30% surcharge is included in the fiscal impact. The following is a breakdown of the increased fine revenues in Senate File 499:

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Grape and Wine development - HF 619 Passes House Ways and Means

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**Grape & Wine Development** The House Ways and Means Committee passed House File 619 (Grape and Wine Development) on March 28. The Bill creates a Grape and Wine Development Commission and a Grape and Wine Development Fund. The Department of Agriculture and Land Stewardship, in cooperation with the Commission, will develop programs for the establishment or the expansion of vineyards in Iowa. The Grape and Wine Development Fund will receive $0.10 from each $1.75 collected for the wine gallonage tax. It is estimated total receipts to the Fund would be $236,000 in a fiscal year.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Alternative Sentences - SF 487 Passes the Senate

**Alternative Sentences** The Senate passed SF 487 on March 27. The Bill creates alternative sentences for offenders other than those convicted as habitual offenders, sexual predators, or a felony while on parole, work release, or while in the custody of the Director of the Department of Corrections. The Bill provides that an offender sentenced to a term of confinement for a Class D or a Class C felony may be sentenced to an alternative sentence. The option does not apply to forcible felonies, third or subsequent offenses of operating while intoxicated or drugged, or felonies requiring service of 85.0% of the sentence. The Bill provides the court may sentence an offender to confinement in a correctional institution for a determinate term of at least six months but no more than 12 months for a Class C felony and at least three months but no more than six months for a Class D felony. The Bill also provides that an offender serving a determinate term as part of an alternative sentence shall receive credit for time served against the person’s sentence, but shall not be eligible for earned time credits. The offender is not eligible for parole or work release while serving the determinate term. The offender is placed on probation after serving the determinate portion of the sentence. If the offender is revoked while on probation, the person may be resentenced by the court to the balance of the indeterminate sentence authorized for the original criminal offense. If the probation is revoked and the offender is confined to a correctional institution, the offender is required to serve any mandatory minimum sentence previously suspended by the court.



**Correctional Impact** It is estimated there will be 96 offenders sentenced under SF 487 for the following offenses: 42 will be Class C nonviolent offenses, three will be Class C crimes against people, 45 will be Class D nonviolent offenses, and six will be Class D crimes against people. During FY 2003, it is estimated there will be 191 offenders sentenced under SF 487 for the following offenses: 84 will be Class C nonviolent offenses, six will be Class C crimes against people, 90 will be Class D nonviolent offenses, and 11 will be Class D crimes against people.

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**Prison Admissions** The prison population is expected to increase by 32 inmates during FY 2002, while it is expected to decrease by 32 inmates during FY 2003, and decrease by 66 inmates during FY 2006. Admissions to Community-Based Corrections (CBC) are expected to decrease during FY 2002 by 16 offenders. Admissions to parole and probation are expected to increase by 96 offenders during FY 2003 and 192 offenders during FY 2006.

**Fiscal Impact** State correctional system costs are expected to decrease over the long term under SF 487. However, costs are expected to increase during FY 2002 by $98,000. In FY 2003, costs are expected to decrease by $52,700 and decrease by $111,800 in FY 2006. There is no correctional or cost impact on county jails.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Enticement of Minors - HF 327 Signed by Governor



Governor

Signed

**Governor Signed** The Governor signed HF 327 on March 28. The Bill amends Section 710.10, Code of Iowa, by changing the name of enticing a child away to enticing a minor away, and changes the penalties. The Bill increases the penalty from a Class D felony to a Class C felony in cases where sexual abuse or sexual exploitation of a minor was intended. House File 327 increases the penalty from an aggravated misdemeanor to a Class D felony in cases where a minor under 16 years of age is enticed away. The Bill creates an aggravated misdemeanor for attempting to entice a minor away. The Bill increases the penalty from a serious misdemeanor to an aggravated misdemeanor or Class D felony for purchasing or possessing media depicting minors in prohibited sexual acts. The Bill facilitates prosecution and conviction of people who use the Internet to entice or attempt to entice minors. A graduated system of penalties is imposed for this offense. The Bill adds enticing a minor away under the age of 13 to the list of sexually predatory offenses.

**Correction/Fiscal Impact** The correctional and fiscal impact cannot be determined for the provisions of the Bill relating to prosecution and conviction of using the Internet to entice or attempt to entice away a minor. There may be additional charges and convictions due to this clarification. However, due to insufficient information, an accurate estimate cannot be provided. If law enforcement does prioritize for the apprehension of these offenders, then there will be additional convictions beyond what is shown in the fiscal note issued for the Bill, and the likelihood of a correctional impact on State prisons will increase.

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**Prison Admissions** It is estimated there will be two more jail admissions during FY 2002, and three more admissions annually thereafter. On an annual basis, there will be one more aggravated misdemeanor case for attempting to entice a minor away. Under current law, there were seven convictions during FY 2000 for purchasing or possessing media depicting minors in prohibited sexual acts. Under HF 327, these serious misdemeanor convictions will be aggravated misdemeanor convictions. There will be one additional admission to probation. Convicted offenders already on probation will serve a longer sentence.



**Fiscal Impact** The fiscal impact of HF 327 for the State General Fund is $10,000 during FY 2002 and $11,000 during FY 2003. These costs include probation supervision, indigent defense, and court costs (costs for the Clerk of Court, court reporter, judges, and juries). The fiscal impact on county jails is estimated to be $2,000 during FY 2002 and $4,000 annually thereafter.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Probation and Parole Interstate Compact - HF 287 Signed by Governor



Governor

Signed

**Governor Signed** The Governor signed HF 287 on March 26. The Bill replaces the current Interstate Compact for probation and parole. The Bill creates an independent Compact authority to administer ongoing compact activity, including a provision for staff support. The Bill provides policy-making level appointments for all member states that are represented on a national governing commission. The commission meets annually to elect the Compact operating authority members, and to attend to general business and rule-making procedures. The Bill requires the collection of standardized information from participating states.

**Funding Source** House File 287 provides a mandatory funding mechanism to support compact operations. The funding source will be the operating budgets of the eight Community-Based Corrections (CBC) District Departments. State dues will be based on state population and Compact activity. The annual General Fund cost for Iowa is approximately $25,000.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Robbery Bill - SF 391 Passes Senate

**Robbery Bill** The Senate passed SF 391 on March 27. The Bill provides that a person who commits or intends to commit a theft, and who commits a simple misdemeanor assault to further the commission of the theft, does not commit robbery. Under current law, a person who commits or intends to commit theft, and commits any assault to further the commission of the theft, commits robbery, which is punishable as a Class B or Class C felony.

**Correctional Impact** During FY 2002, it is estimated there will be one less conviction of a Class C forcible felony. The offender will be convicted either of a serious or aggravated misdemeanor. The offender will be sentenced to probation rather than prison. Admissions to prison will decrease by one inmate each year for the next five years. The prison population will decrease by one inmate in FY 2002, two inmates in FY 2003, and five inmates in FY 2006. Admissions to probation will increase by one offender during FY 2002, and each year thereafter.

**Fiscal Impact** Total State General Fund costs are estimated to decrease by approximately $8,000 during FY 2002 and approximately $14,000 during FY 2003:



* Probation costs for the Community-Based Corrections (CBC) system are estimated to increase by a range of $300 to $900 annually.
* Prison costs are estimated to decrease by approximately $6,000 during FY 2002 and $12,000 during FY 2003.
* Indigent defense costs are estimated to decrease by a range of $200 to $450 annually.
* Court costs are estimated to decrease by a range of $2,400 to $2,800 annually.

**Impact on Local Govt.** The fiscal impact on local jails cannot be determined due to insufficient information. However, overall jail costs are expected to decrease under SF 391.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Establishment of a System of Oversight for Adult Day Services - HF 655 Passes House

**Adult Day Care Services** The House passed House File 655 on March 27. The Bill establishes a system of oversight for adult day services. Currently, there are 54 existing providers of adult day services in the State of Iowa, and 27 new providers approved under the Department of Human Services (DHS) conversion process; however, a system for oversight and consumer complaint investigation for these providers does not exist.

**Bill Provisions** The Bill directs the Department of Elder Affairs, in cooperation with the Department of Inspections and Appeals, the DHS, the Department of Public Health, the Area Agencies on Aging, industry representatives, and consumers, to develop and establish a system to address requirements for the operation of adult day services in the State. In addition, the system will be required to address:

* Oversight measures, including the evaluation of adult day services and assessment of compliance with the rules for adult day services.
* A formal investigation system for consumer complaints relating to adult day services.
* Coordination requirements and funding sources available to adult day services.



**Grants** In addition, the Bill permits DHS, at the direction of the Senior Living Coordinating Unit, to use moneys appropriated to the Department from the Senior Living Trust Fund to award grants to licensed nursing facilities that are awarded nursing facility conversion grants and agree, as apart of the nursing facility conversion, to also provide adult day services, child care for children with special needs, safe shelter for victims of dependent adult abuse, or respite care. These grants may not exceed more than $100,000 per grant.

**Administrative Rules** The Bill directs the Department of Elder Affairs to adopt rules to implement the system for oversight of adult day services on July 1, 2002, or at such time as the General Assembly appropriates sufficient funding for implementation.

STAFF CONTACT: Lisa Burk (Ext. 16765)

Tobacco Revenue Update

**Tobacco Payment** The Office of the Attorney General has received the final calculation of the tobacco payment due April 16. Iowa is due to receive $35.4 million by wire transfer. This is an increase of $500,000 compared to the preliminary estimate calculated in early March.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Dennis Prouty (Ext. 13509)

Governor’s Traffic Safety Bureau Receives Grant Money



**Federal Grant** The Governor’s Traffic Safety Bureau (GTSB) has received an implementation grant of $191,450 from the National Highway Traffic Safety Administration for FY 2001. The Safety Bureau, along with the Statewide Traffic Records Advisory Committee (STRAC), will use the money to enhance the integration of crash-related hospital and emergency response data with police-reported crash information. The grant will also help law enforcement agencies in improving their electronic reporting capabilities.

**Applicant Qualifications** To qualify for implementation grants, applicants are required to have a strategic plan for making improvements to their traffic records systems. They are also required to have traffic records coordinating committees in place to implement the plan.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

Required Report Received from the Department for the Blind

**Report Received** A report from the Department for the Blind required by Chapter 216B.3, Section 12.d, Code of Iowa, has been received.

**Information**  The report contains information regarding the Department’s purchase of plastic and recycled content products, the use of soy-based inks, and related costs for these items for FY 2000.

**Copies Available** The report was submitted on time and copies are available from the Legislative Fiscal Bureau.

STAFF CONTACT: Lisa Burk (Ext. 16765)

Highway Construction Contracts



**Construction Contracts** The Department of Transportation notifies the Legislative Fiscal Bureau of all highway construction contracts in excess of $5.0 million. The Department awarded eight contracts in February totaling $24.4 million. The contracts were granted as follows:

* $18.2 million to Fred Carlson Co., Inc. of Decorah for six projects along U.S. 218 in Henry County. The projects include grading, and installation of new traffic signs and lights.
* $6.2 million to C.J. Moyna & Sons, Inc. of Elkader for two projects along Iowa 32 in Dubuque County. The projects include grading and culvert installation.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

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