FISCAL UPDATE April 30, 2001

Legislative Fiscal Bureau (515)-281-5279 FAX 281-8451

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Status of Appropriations Bills



AS of April 30 at 2:00 p.m.

| **Appropriations Subcommittee Bills** | | | | |
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| **Appropriations Subcommittee** |  | **LSB/File #** |  | **Status** |
| Admin./Regulation |  | SF 531 |  | Passed House on April 26. Motion to reconsider filed. |
| Ag./Natural Resources |  | HF 725 |  | Passed Senate April 27. Motion to reconsider filed. |
| Economic Development |  | HF 718 |  | Passed Senate on April 25. In House – second time. |
| Education |  | SF 535 |  | Passed House Approps. on April 27. |
| Health/Human Rights |  | HF 726 |  | Passed Senate on April 30. In House – second time. |
| Human Services |  | HF 732 |  | Passed Senate Approps. on April 27. |
| Justice System  Judicial Branch |  | SF 530  SF 527 |  | Justice System Bill - Passed Senate on April 26. In House Approps.  Passed House on April 26. Motion to reconsider filed. |
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|  | SF 514 – Property Tax Limitation, pg. 3 | SF 537 – Healthy Iowans Tobacco Trust, pg. 19 |
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|  | SF 519–Low Income Housing Prop. Tax, pg. 4 | SF 524 – Grape & Wine Dev. Fund, pg. 21 |
|  | SF 531 – Administration/Regulation, pg. 5 | HF 706 – Oil Overcharge Bill, pg. 21 |
|  | HF 725 - Agriculture/Natural Resources, pg. 6 | SF 532 – Tobacco Securitization Bill, pg. 22 |
|  | HF 718 – Economic Development, pg. 7 | SF 533 – Tobacco Settlement Trust Fund, pg. 23 |
|  | SF 535 – Education, pg. 8 | HF 722 – Solid Waste Tonnage Fee, pg. 24 |
|  | HF 726 – Health & Human Rights, pg. 9 | SF 499 – Scheduled Fees and Fines, pg. 24 |
|  | HF 732 – Human Services, pg. 10 | SF 185 – Manufactured Homes, pg. 24 |
|  | SF 530 – Justice System, pg. 11 | SF 203 – School Finance Provisions Bill, pg. 24 |
|  | SF 527 – Judicial Branch, pg. 12 | HF 341 – Informed Consent Bill, pg. 28 |
|  | HF 719 – Oversight & Communications, pg. 12 | HF 655 – Oversight for Adult Day Services, pg. 28 |
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|  | HF 742 – Infrastructure, pg. 13 | Higher Education Faculty Salaries, pg. 30 |
|  | HSB 261 - Salary Bill, pg. 17 | Lottery Revenues and Expenditures, pg. 32 |
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| **Appropriations Subcommittee Bills (continued)** | | | | |
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| Oversight & Comm. |  | HF 719 |  | Passed Senate Approps. on April 25. |
| Trans., Infrastruc- ture, & Caps. |  | SF 528  HF 742 |  | Transportation Appropriations Bill passed House on April 26. Motion to reconsider filed.  Passed House Approps. on April26. |

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| Other Appropriations Bills | | | | |
| Oil Overcharge |  | HF 706 |  | Passed Senate on April 25. To the Governor. |
| Teacher Compensation |  | HF 413 |  | Passed House Approps. on Feb. 26. |
| Tobacco Settlement Trust Fund Approps. |  | SF 533 |  | Passed House on April 27. To the Governor. |
| Tobacco Securitization |  | SF 532 |  | Passed House on April 27. In the Senate – second time. |
| Block Grant Bill |  | SF 525 |  | Passed House on April 23. To the Governor. |
| Grape & Wine Assistance |  | SF 524 |  | Passed Senate on April 26. |
| DOT Salt Supplemental |  | SF 509 |  | Signed by the Governor on March 30. |
| FY 2000 Deappropriations |  | SF 267 |  | Item Vetoed by the Governor on March 13. |
| Budget Guarantee and Reorganization Incentives |  | SF 203 (similar to HF 576) |  | In Conference Committee. |
| General Fund Expenditure Limitation |  | SF 66 |  | Vetoed by the Governor on March 30. |
| Legislative Branch Approps. |  | SCR 14 |  | Passed by House Approps. on March 20. |
| Senior Living Trust Fund |  | HF 740 |  | Passed House Approps. on April 26. |
| Tobacco – Healthy Iowans Tobacco Trust Appropriations |  | SF 537 |  | Passed House Approps. on April 30. |
| Salary Bill |  | HF 746 |  | Passed House Approps. on April 27. |
| Standings Bill |  |  |  | Bill starts in the House. |

STAFF CONTACT: Holly Lyons (Ext. 17845)

PROPERTY TAX LIMITATION - SF 514 PASSES SENATE AND HOUSE WAYS AND MEANS



**Property Tax Limitation** The Senate passed SF 514 on April 24. 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 and net new valuation taxes. Property tax replacement dollars are then subtracted. 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.

**Next Action** The House Ways and Means Committee passed SF 514 on April 26. The Bill is on the House calendar.

STAFF CONTACT: Alice Wisner (Ext. 14611)

Status of Significant Ways and Means Bills

**Ways & Means Bills** As of April 27, the following is the status of significant Ways & Means Committee legislation:



**Ethanol Incentives** *Ethanol Incentives – HF 716* -House File 716 provides a corporate or individual income tax credit for qualified gallons of ethanol-blended gasoline (gasohol) sold at retail stations in Iowa. The tax credit is equal to 2.5 cents per gallon. The credit applies to gasohol gallons sold at a station above a threshold of 60.0% of total annual gasoline and gasohol volume. It is estimated the Bill would reduce General Fund receipts by $500,000 in FY 2003 and $1.3 million in FY 2004. The Bill would also impact gas tax revenues. The Bill has passed both the House and the Senate in the same form.

**Subchapter S Corp.** *Subchapter S Corporations – SF 516 -* Senate File 516 allows Subchapter S corporations to deduct 100.0% of federal taxes paid in determining the amount of income subject to Iowa taxation. Current law allows a 50.0% deduction. It is estimated the Bill would reduce General Fund receipts by $900,000 in FY 2002 and $800,000 in FY 2003. The Bill has passed the Senate.

**Warehouse Tax Reporting** *Warehouse Tax Reporting – HF 707 -* House File 707 exempts certain corporations from having to file Iowa income tax returns when the corporation’s only activity in Iowa involves storing tangible property in Iowa for 60 days or less. The Bill does not reduce a corporation’s Iowa tax liability and for that reason has no fiscal impact. The Bill passed the House and Senate and was sent to the Governor on April 26th.

**Stock Options** *Stock Options - SF 521 -* Senate File 521 exempts 50.0% (25.0% in tax year 2001) of the capital gains on qualified stock options when the stock options were received on account of employment with the company. The Bill is projected to decrease General Fund receipts by $1.0 million in FY 2003 and $3.0 million in succeeding fiscal years. The Bill has passed the Senate.

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**Tax Credits** *Community Development and Daycare Tax Credits - HF 714/SF 522 -* House File 714/Senate File 522 provides tax credits for business investment in qualified community development projects and also for business investment in employee daycare. The Department of Economic Development must approve the projects, and the total value of statewide credits is limited to $4.0 million per year. The Bill is projected to decrease General Fund receipts by $1.0 million in FY 2002, $5.0 million in FY 2003, and $4.0 million in succeeding fiscal years. Both Bills are on the calendar.

**Unclaimed Property** *Unclaimed Property – SF 526 -* Senate File 526 exempts business-to-business property from Iowa’s unclaimed property law. The Bill is projected to reduce General Fund receipts by $136,000 per year, beginning in FY 2002. The Bill has passed both the House and the Senate in the same form.



**IRC Update** *Internal Revenue Code (IRC) Update – SF 140 -* Senate File 140 updates Iowa’s revenue code to match changes made to the federal Internal Revenue Code. The Bill would reduce FY 2001 General Fund revenues by $2.1 million and FY 2002 revenues by $3.2 million. The Bill has passed the Senate.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Low income Housing property tax assessment Bill - SF 519 passes the House

**Low Income Housing** Senate File 519, Low Income Housing Property Tax Assessment Bill, passed the House on April 25.



**Valuation of Property** Senate File 519 provides that property which is rented or leased to low income families for use as habitation under a governmental contract for affordable housing be valued on its earning capacity and its restricted uses in arriving at a market value for purposes of property tax assessments.



**Fiscal Impact** It is estimated that the reduction in the eligible properties could range from 10.0% to 40.0%. The reduction in property valuation would increase the amount of State aid for allowable growth due to the decrease received from the Uniform levy. The estimated fiscal impact of SF 519 in FY 2002 and FY 2003 is stated in the table below:

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| --- | --- | --- |
| **Fiscal Year** | **General Fund Impact of a 10.0% Reduction in Property Valuations** | **General Fund Impact of a 40.0% Reduction in Property Valuations** |
| 2002 | $42,000 | $166,000 |
| 2003 | $43,000 | $174,000 |

**More Information** Information regarding this fiscal note can be found on the LFB’s web site at: <http://staffweb.legis.state.ia.us/lfb>

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Administration and Regulation Appropriations Bill - SF 531 passes House – motion to reconsider filed

**Admin./Regulation Bill** The House amended SF 531 on April 26. The Amendment restores a total of $1.5 million and no change in FTE positions. The Bill appropriates a total of $101.8 million and 1,909.5 FTE positions, which includes $79.5 million from the General Fund and $22.3 million of other funds.

**House Action The House amendment:**



* An increase of $177,000 to the Department of Commerce for the Alcoholic Beverages Division.
* An increase of $96,000 to the Department of Commerce for the Professional Licensing Division.
* An increase of $149,000 to the Department of Inspections and Appeals for the Inspections Division.
* An increase of $500,000 to the Department of Personnel for the Workers’ Compensation Division for the payment of State employees’ Workers’ Compensation claims.
* An increase of $500,000 to the Department of Revenue and Finance for the Compliance Division.

**Bill Summary** Copies of the Administration and Regulation Notes on Bills and Amendments (NOBA) are available from the LFB or on our web site at <http://staffweb.legis.state.ia.us/lfb/noba>/scripts/noba.dll/s.

**NOBA**

STAFF CONTACT: Christina Schaefer (Ext. 16765) Ron Robinson (Ext. 16256)

Agriculture and Natural Resources Appropriations Bill – HF 725 Passes house, Senate appropriations, and senate

**Agric./Natural Resources** The Agriculture and Natural Resources Appropriations Bill, HF 725, was passed by the House on April 25, Senate Appropriations Committee on April 26, and the Senate on April 27. The Bill appropriates $35.5 million and 1,514.6 FTE positions. This is a General Fund decrease of $8.5 million (19.3%) and an increase of 7.5 FTE positions (0.5%).

**Changes by the House** Major changes to the Bill as passed by the House include:

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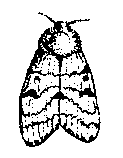
* Appropriates $350,000 from the Leopold Center appropriation from the Agricultural Management Account in the Groundwater Protection Fund. Of this amount, $100,000 will be appropriated to the Department of Agriculture and Land Stewardship and $250,000 to the Department of Natural Resources for operations.
* Appropriates $40,000 from the Forestry Management and Enhancement Fund to the Laboratory Division of the Department of Agriculture and Land Stewardship for the Gypsy Moth Program.
* Allocates $268,000 to the Soil Conservation Division for expense reimbursement of the soil and water conservation district commissioners.

**Changes by the Senate** There were no changes to the Bill as passed by the Senate.

**Compared to FY 2001** The Bill, as amended, contains the following major changes compared to the FY 2001 estimated net appropriation:

**Agric./Land Stewardship** Department of Agriculture and Land Stewardship:

1. Decreases the General Fund appropriation to the Regulatory Division by $42,000 and 2.0 FTE positions for two vacant positions.



1. Decreases the General Fund appropriation to the Laboratory Division and restores funding from the Forestry Management and Enhancement Fund for the Gypsy Moth Program.
2. Decreases the General Fund appropriation by $165,000 for soil survey testing and by $150,000 for expense reimbursement to District Soil Commissioners in the Soil Conservation Division.
3. A decrease of 1.0 FTE position in the Mines and Minerals Bureau for a vacant position.

**Dept. of Natural Resources** Department of Natural Resources



1. Reduces the General Fund appropriation by $729,000 to the Water Quality Protection Fund.
2. Decreases the General Fund appropriation by $500,000 to the Parks and Preserves Division for a reduction in operations.
3. Decreases the appropriation to the Environmental Protection Division in the Department of Natural Resources by $600,000 for a reduction in operations.



1. An increase of 5.0 FTE positions for the Total Maximum Daily Load Program. Funding is from the Environment First Fund.
2. An increase of 3.0 FTE positions for the federal Comprehensive Planning Process under the federal Clean Water Act. Funding is from federal funds.
3. An increase of 2.0 FTE positions for the Septic Tank Assistance Fund. Funding is from the Environment First Fund.
4. An increase of 1.0 FTE position for the Keepers of the Land Volunteer Program. Funding is from the Environment First Fund.
5. An increase of $200,000 and 2.0 FTE positions for the Private Land Access Program in the Fish and Wildlife Division. Funding is from the Fish and Game Protection Fund.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for HF 725 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Deb Kozel (Ext. 16767)

Economic Development Appropriations Bill – HF 718 Passes the Senate

**Economic Development Bill** The Senate amended and passed HF 718, Economic Development Appropriations Bill, on April 25. The Bill appropriates $35.7 million from the General Fund and 1,221.2 FTE positions for the Department of Economic Development, Iowa Workforce Development, Public Employment Relations Board, and programs at the Regents universities. This is a decrease of $1.4 million (3.7%) and 19.1 (1.5%) FTE positions compared to the FY 2001 estimated net appropriations.



**Senate Action** The changes made by the Senate are:

* Increases the appropriation to the Administration Division in the Department of Economic Development (DED) by $50,000 and allocates the funds to the World Food Prize Youth Institute. An offsetting reduction is made to the appropriation to the Business Development Division.
* Amends Section 90A.12(1), Code of Iowa, to strike the maximum age limitation for amateur boxers and requires boxing contestants to meet the requirements of USA Boxing Incorporated or its successor.
* Amends Section 260F.6(3), Code of Iowa, to permit community colleges to use the Workforce Development Fund allocation for entrepreneur development and support activities.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for HF 718 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Alice Wisner (Ext. 14611)

Education Appropriations Bill - SF 535 Passes the Senate and the House Appropriations Committee

**Education Approp. Bill** The Education Appropriations Bill, SF 535, was passed by the Senate on April 25, and by the House Appropriations Committee on April 27. The Bill appropriates $920.7 million and 17,395.0 FTE positions. This is a General Fund decrease of $59.3 million and an increase of 42.4 FTE positions.

**Senate Action** Major changes made to the Bill by the Senate include:



* An increase of $500,000 to the General Fund appropriation to the Department of Education for Iowa Public Television, for a decrease of $652,000 compared to the FY 2001 estimated net appropriation.
* An increase of $4.0 million to the General Fund appropriation to the community colleges, for a decrease of $4.9 million compared to the FY 2001 estimated net appropriation.
* An increase of $637,500 to the General Fund appropriation to the University of Iowa, for a decrease of $18.7 million compared to the FY 2001 estimated net appropriation.
* An increase of $400,000 to the General Fund appropriation to Iowa State University, for a decrease of $15.4 million compared to the FY 2001 estimated net appropriation.
* An increase of $250,000 to the General Fund appropriation to the University of Northern Iowa, for a decrease of $5.2 million compared to the FY 2001 estimated net appropriation.
* An increase of $450,000 to the General Fund appropriation for the Tuition Grant Program, for a decrease of $2.5 million compared to the FY 2001 estimated net appropriation.

**House Approp. Action** The major change made to the Bill by the House Appropriations Committee was a change in language describing the allocation of FY 2002 appropriations to the Community Empowerment Areas. Community Empowerment Areas that were funded prior to FY 2001 received a full year of funding in FY 2001. Areas established during FY 2001 received the equivalent of approximately six months’ of funding under the Empowerment funding formula.



Community Empowerment

**Community Empowerment** SF 535, as amended by the House Appropriations Committee, now requires that any appropriations made to Community Empowerment for FY 2002 be allocated as follows:

* Areas fully funded in FY 2001 will receive 94.0% of the FY 2001 allocation.
* Areas partially funded in FY 2001 will receive 74.2% of the FY 2001 allocation as adjusted for annualization. This would equate to approximately nine months’ of funding under the Empowerment funding formula.

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 535 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>.

**NOBA**

STAFF CONTACT: Robin Madison (Ext. 15270) Mary Shipman (Ext. 14617)

Health and Human Rights Appropriations Bill - HF 726 Passes House and The senate appropriations committee

**Health/Human Rights Bill** The House amended and passed HF 726 on April 24. The Bill appropriates $84.3 million and 1,482.1 FTE positions, a decrease of $7.0 million and no change in FTE positions compared to the FY 2001 estimated net appropriation.

**House Action** The House amendments made the following changes to the Bill:



* Appropriated $725,000 for the Community Grant Fund in the Division of Criminal and Juvenile Justice Planning (CJJP), Department of Human Rights. HF 726, as passed by the House Appropriations Committee, appropriated $625,000 for this purpose.
* Appropriated $45.5 million for the Iowa Veterans Home. House File 726, as passed by the House Appropriations Committee, appropriated $45.4 million for the Veterans Home.
* Requires the Department of Public Health to adopt rules regarding model regulations to be used in instances where a child is confirmed as lead poisoned. The Department is required to make the model regulations available to local boards of health and to promote adoption of the regulations at the local level; however, adoption of the regulations is not required at the local level.



**Senate Approp. Action** The Senate Appropriations Committee amended and passed HF 726 on April 26. The Bill, as amended by S-3550, appropriates $86.0 million and 1,482.1 FTE positions, a decrease of $5.2 million and no change in FTE positions compared to the FY 2001 estimated net appropriation. Senate Committee amendment S-3550 makes the following changes to the Bill:

* Increases the appropriation to the Iowa Veterans Home by $1.7 million.
* Requires the Iowa Veterans Home to submit a report to the Legislative Fiscal Committee by December 1, 2001, regarding its funds.
* Requires the remaining balance in the Gambling Treatment Fund, after appropriations are made to the Addictive Disorders Program and the Iowa Veterans Home, be used for the Gambling Treatment Program. The remaining balance in the Fund is estimated to be $1.7 million.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for HF 726 can be found on the LFB website at: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/>s

STAFF CONTACT: Lisa Burk (Ext. 16765) Russ Trimble (Ext. 14613)

Human Services Appropriations Bill - HF 732 Passes House

**Human Services Approp.** On April 25, the House amended and passed HF 732, the FY 2002 Human Services Appropriations Bill. The Bill appropriates $778.5 million and 5,677.4 FTE positions, a decrease of $12.5 million and an increase of 116.6 FTE positions compared to the FY 2001 estimated net appropriation.



**House Action** The amendments on the House floor made the following significant changes:

* Funding
* Increased the Family Investment Program by $150,000 for training.
* Increased the Medical Assistance appropriation by $900,000 for increases in child protection center reimbursements and a general increase.
* Increased the Juvenile Home at Toledo by $88,000 and 2.0 FTE positions for parking lot improvements and security staff.
* Increased the Mental Health Institute at Independence by $62,500 and 2.0 FTE positions for security staff.
* Increased Community-Based funding by $250,000 for child abuse prevention grants.
* Increased county Mental Health Allowable Growth by $2.0 million.
* Increased staff for Field Operations by $800,000 and 25.0 FTE positions.
* Increased General Administration by $3.5 million.
* Included an appropriation for a Centralized Intake Unit contingent upon enactment of legislation creating the Unit during the 2002 General Assembly.
* Intent and Statutory Language



* Changed reimbursement methodology for the prescription drug portion of the Medical Assistance Program.
* Provided that $200,000 funds from the Temporary Assistance for Needy Families (TANF) funds be used for education of child care providers rather than emergency and start up grants.
* Added language regarding the community partnership effort in Linn County.
* Added language regarding utilizing continuous eligibility for the Medically Needy Program.
* Required an independent evaluation of grants funded under the Iowa Marriage Initiative.



* Permitted emergency administrative rules for changing the qualifications of certain rehabilitative treatment service providers.
* Modified the optional accreditation for psychiatric medical institutions for children.
* Permitted the Department of Human Services to establish a single contact repository for the child abuse registry.
* Provided for a telecare pilot project and an adult decategorization pilot project.
* Encouraged the sharing of resources with the State of Nebraska.
* Required a review of an antihistamine for purposes of prior authorization within the Medical Assistance Program.
* Required the use of certain funds for neutral visitation right visits.

**NOBA**

**More Information** Additional information is available upon request. The Notes on Bills and Amendments (NOBA) for HF 732 can be found on the LFB web site:

<http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Sue Lerdal (Ext. 17794) Sam Leto (Ext. 2816764)

JUSTICE System Appropriations – SF 530 Passes HOUSE

**Justice System Bill** Senate File 530 passed the House April 27 without amendment. The Bill appropriates $358.4 million and 5,995.2 FTE positions. This is a decrease of $15.8 million (4.2%) and 28.1 (0.5%) FTE positions compared to the FY 2001 estimated net appropriation. Major changes, compared to joint subcommittee action, include:



* An increase of $916,000 to the Iowa State Patrol.
* An increase of 2.0 FTE positions to the State Fire Marshal.
* Creates a legislative study committee to analyze involuntary hospitalizations in the 2001 interim.
* Maintains the requirement that the Department of Corrections seek bids for any construction or renovation projects that cost $25,000 or more.
* Reallocates the State Public Defender appropriation to Indigent Defense and the State Public Defender.
* An increase of $220,000 to the Legal Services Poverty Grants.
* An increase of $500,000 for prisons for the increased costs of natural gas.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the LFB or can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Jennifer Dean (Ext. 17846) Beth Lenstra (Ext. 16301)

Senate File 527 - Judicial Branch Appropriations Bill

**C:\Program Files\Microsoft Office\Clipart\Pub60Cor\sy00642_.wmfJudicial Branch Bill** Senate File 527, the Judicial Branch Appropriations Bill, passed the House as amended April 26. The Bill appropriates a total of $117.0 million from the General Fund to the Judicial Branch. This is an increase of $377,000 compared to the FY 2001 estimated net appropriation. There is no change in FTE positions. The amendment created an interim study on involuntary commitments. A motion to reconsider was filed.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

OveRsight and Communications Appropriations Bill - HF 719 passed the senate appropriations committee

**Oversight/Commun. Bill** House File 719, FY 2002 Oversight and Communications Appropriations Bill, was amended and passed by the Senate Appropriations Committee on April 25. The Bill, as amended by S-3519, appropriates a total of $31.9 million and 271.9 FTE positions. This includes $18.9 million from the General Fund and $13.0 million from the Rebuild Iowa Infrastructure Fund (RIIF).



**Senate Approp. Action** Significant changes to the Bill made by the Senate Appropriations Committee include:

* Increases the General Fund Appropriation for Iowa Public Television (IPTV) by $500,000 and adjusts the allocations to IPTV and the Regional Telecommunications Councils proportionately.
* Eliminates the $50,000 allocation from Pooled Technology Account funds to the Legislative Council for a study.
* Eliminates the Pooled Technology Account allocation of Rebuild Iowa Infrastructure Funds (RIIF) appropriated to the Account for the Justice Data Warehouse, and allocates the same amount of Pooled Technology Account funds for the project from any reversions received by the Account after the first $10.0 million of reversions are deposited into the General Fund.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for HF 719 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Douglas Wulf (Ext. 13250) Glen Dickinson (Ext. 14616)

Transportation Appropriations Bill – SF 528 Passes the HOUSE



**Transportation Bill** The Transportation Appropriations Bill, SF 528, passed the House on April 26. The Bill appropriates a total of $264.5 million to the Department of Transportation (DOT), which includes $2.8 million from the General Fund, $36.6 million from the Road Use Tax Fund, $225.1 million from the Primary Road Fund, and 3,859.0 FTE positions. This is a decrease of $11.1 million (4.0%) and no change in FTE positions compared to the FY 2001 estimated net appropriation.

**House Action** The House made the following change to SF 528: It appropriates $34,000 from the Road Use Tax Fund to the Department of General Services for the planning and design of a road that will extend from 12th Street, south of Court Avenue, to the new judicial building. These funds will not revert and will remain available for expenditure through June 30, 2005.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 528 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

Infrastructure Appropriations Bill – HF 742 Passed House Appropriations



**Infrastructure Approp. Bill** The House Appropriations Committee passed HF 742, the Infrastructure Appropriations Bill, which appropriates a total of $85.0 million in FY 2002. This includes $50.0 million from the Rebuild Iowa Infrastructure Fund and $35.0 million from the Environment First Fund. The Bill also appropriates $25.2 million in FY 2003, $11.0 million in FY 2004, and $2.5 million in FY 2005 from the Rebuild Iowa Infrastructure Fund. Funding included within the Bill is listed below by funding source.

**Rebuild Iowa Infrastructure Fund Appropriations**

**Corrections** Department of Corrections

* Appropriates $6.4 million for costs associated with the addition of a 200-bed special needs unit at the Iowa State Penitentiary at Fort Madison.

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* Appropriates a total of $798,000 for three infrastructure improvement projects at the Iowa Medical and Classification Center in Oakdale, the City of Mitchellville, and the Iowa State Penitentiary at Fort Madison.
* Deappropriates $5.2 million from FY 2000 and FY 2001 Rebuild Iowa Infrastructure Fund appropriations for the construction of a 170-bed facility at the Iowa Medical and Classification Center in Oakdale.

**Cultural Affairs** Department of Cultural Affairs

* Appropriates $1.0 million for continued funding of the Historical Site Preservation Grant Program.
* Appropriates $150,000 for the preservation of the Iowa Battle Flags.

**Economic Development** Department of Economic Development - Appropriates $2.5 million for the Accelerated Career Enhancement (ACE) program.

**General Services** Department of General Services

* Appropriates $1.0 million for moving and relocation expenses of State employees on the Capitol Complex.



* Appropriates $2.0 million for routine maintenance of State facilities.
* Appropriates $11.5 million for major renovation and major repair needs of State-owned buildings under the purview of the Department.
* Appropriates $200,000 for the purchase of and improvements to properties located near the Capitol Complex.
* Appropriates $400,000 in FY 2002 and $650,000 in FY 2003 for construction of a pedestrian bridge across Court Avenue.
* Appropriates $1.7 million in FY 2002 and $2.7 million in FY 2003 for continued funding of the interior restoration of the State Capitol Building.
* Deappropriates $215,000 from the FY 1998 Rebuild Iowa Infrastructure Fund appropriation for renovation of the tunnel connecting the Lucas Building with the Capitol Building.

**State Fair Foundation** Iowa State Fair Foundation - Appropriates $500,000 for improvement projects at the Iowa State Fairgrounds.

**Natural Resources** Department of Natural Resources



* Appropriates a total of $1.0 million for costs associated with the development of a Destination State Park.
* Extends an annual standing appropriation of $2.5 million from the Rebuild Iowa Infrastructure Fund for funding the Restore the Outdoors Program through FY 2005. Under current law, a standing appropriation of $3.0 million for the Program terminates at the end of FY 2001.

**Public Defense** Department of Public Defense

* Appropriates $700,000 for maintenance of National Guard armories and facilities.
* Appropriates a total of $1.3 million over three fiscal years for the construction of a new Readiness Center in Estherville for support of National Guard training.

**Public Safety** Department of Public Safety - Appropriates $250,000 for the purchase of land and site development costs of a new Iowa State Patrol post in Mason City.

**Regents** Board of Regents

* Appropriates a total of $10.9 million over two fiscal years for the construction of a new College of Business Building at Iowa State University. The University will receive $13.4 million in private contributions for the project.



* Appropriates a total of $16.0 million over three fiscal years for construction of a new Art Building at the University of Iowa. The University will receive $2.7 million in private contributions for the project.
* Appropriates a total of $12.7 million over three fiscal years for improvements to the steam distribution system at the University of Northern Iowa.
* Appropriates a total of $835,000 for infrastructure improvements at the Regent’s Special Schools.

**Transportation** Department of Transportation



* Appropriates $1.0 million for the Commercial Service Air Program.
* Appropriates $500,000 for the Aviation Hangar Grant Program.
* Appropriates $1.0 million for the Recreational Trails Program. The Bill also allocates $50,000 for planning and development of the Iowa portion of the Mississippi River Trail.

**Treasurer** Treasurer of State - Appropriates $1.0 million for distribution to county fair societies that belong to the Association of Iowa Fairs.

**Environment First Fund Appropriations**

**Agric./Land Stewardship** Department of Agriculture and Land Stewardship

* Appropriates $1.5 million for continued funding of the Conservation Reserve Enhancement Program (CREP).



* Appropriates $2.7 million for the Watershed Protection Program.
* Appropriates $850,000 for the Farm Demonstration Program.
* Appropriates $1.0 million for the Alternative Drainage System Assistance Program.
* Appropriates $7.5 million for the Soil Conservation Cost Share Program.
* Appropriates $1.5 million for the Conservation Reserve Program (CRP).
* Appropriates a total of $750,000 for deposit in the Loess Hills Development and Conservation Fund. Of this amount, $500,000 is allocated to the Hungry Canyons Account and $250,000 to the Loess Hills Alliance Account.
* Appropriates $250,000 for deposit in the Southern Iowa Conservation and Development Fund.

**Economic Development** Department of Economic Development - Appropriates $2.0 million for the Brownfield Redevelopment Program.

**Natural Resources** Department of Natural Resources



* Appropriates $195,000 to provide geographic information system data for use in developing, monitoring, and displaying results of watershed work.
* Appropriates $70,000 to support local volunteer management efforts in water quality programs.
* Appropriates $2.5 million for the establishment of water quality monitoring stations.
* Appropriates $180,000 to assist Department staff with the review of national pollution discharger elimination system permits.
* Appropriates $180,000 to provide information to local officials concerning floodplain management.
* Appropriates $500,000 for the Waste Tire Abatement Program.
* Appropriates $125,000 to complete natural resources inventories and protection plans to identify and safeguard unique landforms and ecosystems.
* Appropriates $250,000 for the community-based Tree Planting Grant Program.
* Appropriates $500,000 for the dredging of lakes in accordance with the Department's classification of Iowa Lakes Restoration Report.
* Appropriates $2.3 million for projects that meet the criteria for funding from the Marine Fuel Tax receipts.
* Appropriates $60,000 for the continued development of the Lewis and Clark Rural Water System.
* Appropriates $10.0 million for the Resources Enhancement and Protection (REAP) Program.

**Transportation** Department of Transportation

* Appropriates $90,000 for funding the development of a borrow pit recreation area in Grundy County.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for HF 742 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: David Reynolds (Ext. 16934)

Salary Bill - House Study Bill 261 passes House Appropriations



**Salary Bill** The House Appropriations Committee passed House Study Bill 261, the FY 2002 Salary Bill, on April 27. The Bill contains the following major provisions:

* Appropriates $46.8 million from the General Fund to the Salary Adjustment Fund for FY 2002 for the negotiated bargaining agreements for contract-covered employees and noncontract employees.
* Appropriates $6.5 million from the General Fund to the Salary Adjustment Fund for FY 2002 for the Judicial Branch. This is to pay the negotiated bargaining agreements for contract-covered employees and noncontract employees.

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* Establishes a Terminal Liability Health Insurance Fund to pay the expenses at the end of the current central State health insurance contract. Appropriates $18.0 million to the Fund from the Unassigned Revenue Fund administered by the Iowa Underground Storage Tank Fund.
* Provides a 3.0% salary increase for justices, judges, and magistrates for FY 2002. Increases are effective June 22, 2001.
* Provides no increase for the salary ranges of appointed officials for FY 2002.
* Provides a 3.0% across-the-board increase and merit step increases for noncontract employees of the State, excluding the Board of Regents, effective June 22, 2001.
* Provides for increases to noncontract employees under the Board of Regents.
* Requires the General Fund appropriation to the Salary Adjustment Fund to be used to pay salary increases supported by General Fund appropriations.
* Specifies that sworn peace officers in the Department of Public Safety, not covered by a collective bargaining agreement, receive the same per diem meal allowance as covered sworn peace officers.
* Provides for an allocation of $768,000 from the Salary Adjustment Fund for funding of overtime pay for the patient care bargaining unit.
* Establishes a $2.00 surcharge on central State employees health insurance contracts. Up to $600,000 collected from this surcharge can be used by the Department of Personnel to administer health insurance programs.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the Legislative Fiscal Bureau and at: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Glen Dickinson (Ext. 14616)

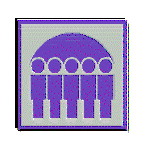
Senior Living Trust Fund Appropriations Bill – HF 740 Passes House Appropriations Committee



**Senior Living Trust Fund** The House Appropriations Committee passed HF 740 (formerly House Study Bill 258) on April 26. The Bill appropriates a total of $51.8 million from the Senior Living Trust Fund to the Department of Elder Affairs and the Department of Human Services (DHS). This is an increase of $7.6 million compared to the FY 2001 estimated net appropriations.

**Appropriations** The Bill:

* Appropriates $5.3 million from the Senior Living Trust Fund to the Department of Elder Affairs, an increase of $1.1 million compared to the FY 2001 estimated net appropriation.
* Appropriates $46.5 million from the Senior Living Trust Fund to the DHS, an increase of $6.5 million compared to the FY 2001 estimated net appropriation. The appropriations are as follows:



* Appropriates $20.0 million for nursing facility conversion grants for FY 2002, which is no change compared to the FY 2001 estimated net appropriation.
* Appropriates $1.7 million to supplement the Medical Assistance appropriation through the Home and Community-Based Waiver and the State Supplementary Assistance Program, which is a decrease of $507,000 compared to the FY 2001 estimated net appropriation.
* Appropriates $24.8 million for nursing facility provider reimbursements or reimbursement methodology changes, which is an increase of $7.0 million compared to the FY 2001 estimated net appropriation.
* Requires the DHS to reimburse nursing facilities in accordance with a phased-in, price-based case-mix reimbursement system, specifies components of the system, and requires a three-year phase-in period.

**Provisions** The Bill contains the following provisions and language:

* Details the formula requirements to be used by the DHS in computing nursing facility reimbursement rates for FY 2002 through FY 2004 and thereafter.



* Specifies that the DHS initiate and implement a system of accountability to measure nursing facility outcomes in the areas of quality of life and efficiency that will be used to increase nursing facility reimbursements based on favorable outcomes.
* Specifies that increases in nursing facility reimbursement rates under the case-mix adjusted component be used for the provision of direct care, requires the DHS to compile analyses regarding factors that increase direct care costs, and requires the DHS to submit these analyses to the General Assembly.
* Permits the DHS to adopt administrative rules in order to implement Section 3 of the Bill that deals with the modification of the phased-in, price-based case-mix reimbursement system.
* Specifies the award of nursing facility conversion grants on or after July 1, 2000, be used to convert all or a portion of a licensed nursing facility to a certified assisted living program.
* Permits the DHS to provide conversion grants from the Senior Living Trust Fund appropriation to a licensed nursing facility that has been an approved provider under the Medical Assistance Program for a two-year period prior to application for the grant.
* Permits the DHS to provide conversion grants from the Senior Living Trust Fund appropriation to a long-term care provider or a licensed nursing facility that has been an approved provider under the Medical Assistance Program for a two-year period prior to application for the grant or a provider that will meet applicable medical assistance provider requirements.
* Changes the time periods a licensed nursing facility must be an approved provider under the Medical Assistance Program in order to be eligible to receive a conversion grant.

**NOBA**

Bill Summary The Notes on Bills and Amendments (NOBA) for HSB 258 can be found on the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Lisa Burk (Ext. 16765) Sam Leto (Ext. 2816764)

Healthy Iowans Tobacco Trust – SF 537 passes Senate appropriations



**SF 537**  The Senate Appropriations Committee and the Senate took action on SF 537, the Healthy Iowans Tobacco Trust. The Bill appropriates $57.2 million and 71.00 FTE positions from the Healthy Iowans Tobacco Trust for FY 2002. This Trust was referred to as the Tobacco Settlement Fund for purposes of the FY 2001 appropriations, and the name is changed within the Bill. This is an increase of $2.2 million and 55.7 FTE positions compared to the FY 2001 estimated net appropriation. The Bill appropriates $3.8 million from the FY 2001 Healthy Iowans Savings Account and the estimated remaining $853,000 from the FY 2001 Tobacco Settlement Fund appropriation

**Public Health** The Bill appropriates $23.8 million and 71.00 FTE positions to the Department of Public Health. This includes:

* $9.3 million for Tobacco Use Prevention.
* $11.8 million for substance abuse programs.
* $2.6 million for the Healthy Iowans 2010 Program.
* $75,000 for smoking cessation product grants.

**Human Services** The Bill appropriates $32.8 million to the Department of Human Services. This includes:

* $24.9 million to maintain the FY 2001 provider reimbursement increases received from the Tobacco Settlement appropriation, with adjustments for the estimated number of eligibles and services provided. The providers are either related to the Medical Assistance Program (Medicaid) or children and family related services. There is no percentage adjustment in the provider reimbursement rate included in the appropriations compared to the FY 2001 reimbursement rate.

Tobacco Settlement $$

* $7.5 million to supplement the FY 2002 appropriation in HF 732, FY 2002 Human Services Appropriations Bill, for the Medical Assistance Program (Medicaid).
* $250,000 for a new optional Medicaid coverage category for women to receive breast and cervical cancer treatment.
* $147,000 to maintain the FY 2001 local purchase of service provider salary increases.

**CBC’s** The Bill appropriates $610,000 to maintain the FY 2001 appropriation for four community-based corrections (CBC’s) districts for day programming and drug court funds.



Community Empowerment

**Other Appropriations** The Bill appropriates from the Healthy Iowans Savings Account the following:

* $1.2 million for community empowerment.
* $2.0 million for a substance abuse treatment facility for persons on probation.
* Approximately $647,000 remaining to the Healthy Iowans Tobacco Trust.

**Transfers** The Bill transfers approximately $853,000 remaining from the FY 2001 Tobacco Settlement Fund for local purchase of service provider salary increases appropriation after the $1.0 million is transferred to the Department of Human Services to supplement the FY 2002 Medical Assistance appropriation. (This transfer is contained within HF 732 FY 2002 Human Services Appropriations Bill.)

**Contingency** The changes relating to the elimination of the Tobacco Settlement Fund and the creation of the Healthy Iowans Tobacco Trust are contingent upon enactment of SF 532, Tobacco Securitization Bill.

**More Information** Additional information is available upon request. The Notes on Bills and Amendments (NOBA) for SF 537 can be found on the LFB web site:

<http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Sue Lerdal (Ext. 17794) Russ Trimble (Ext. 14613)

Final Action on Federal Block Grant Bill - SF 525 Passes the House

**Block Grant Bill** The House passed SF 525, the Federal Block Grant Bill, on April 23. The Bill provides a mechanism for the State to receive $153.8 million in federal block grant funds and for State agencies to receive $2.642 billion in categorical and non-state funds.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 525 can be found on the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Lisa Burk (Ext. 16765) Russ Trimble (Ext. 14613)

Grape and Wine Development Fund – SF 524 passes Senate

**Grape & Wine Devel. Fund** The Senate passed SF 524, the Grape and Wine Development Fund, on April 26. The Bill does the following:

* C:FilesOffice.wmfA Wine Gallonage Tax of $1.75 is levied and collected from each Class A wine permit holder for wine manufactured and sold at wholesale in Iowa. This includes all wine imported into the state for sale at wholesale. Revenue collected from the Wine Gallonage Tax is deposited in the Wine Gallonage Tax Fund.
* Each year, the State Revenue Estimating Conference will determine the estimated amount that will be collected for the Wine Gallonage Tax Fund. Revenue collected in excess of the agreed amount will be deposited into the Grape and Wine Development Fund, with the maximum deposit being $75,000 per year.
* The Grape and Wine Development Commission is created, consisting of nine members—four non-voting members and five voting members. Members will not be reimbursed for expenditures related to the Commission.
* The Bill establishes a Grape and Wine Development Fund that consists of appropriations by the General Assembly, federal funds, and private sources. There is no appropriation for FY 2002. The Department of Agriculture and Land Stewardship will adopt rules and administer the programs approved by the Grape and Wine Development Fund. The Bill specifies a maximum appropriation of $75,000 per year.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) Executive Summary are available from the LFB or can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Deb Kozel (Ext. 16767)

Final Action on the Oil Overcharge Bill - HF 706 Passes senate appropriations committee

**HF 706 - Oil Overcharge** The Senate passed HF 706, the Oil Overcharge Appropriations Bill, on April 25. 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 or can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Deb Kozel (Ext. 16767)

Tobacco Securitization Bill - SF 532 Passes House

**Tobacco Securitization Bill** The House Appropriations Committee passed SF 532, the Tobacco Securitization Bill, on April 24. House Amendment S-3568 adds language that:

* States legislative intent regarding capital projects.
* States that the joint rules of the 79th General Assembly shall require compliance with any provision of law that requires a vote of at least three-fifths of the members of both chambers of the General Assembly and approval by the Governor.

**Senate Action** The Bill as passed by the Senate:

* Creates the Healthy Iowans Tobacco Trust and repeals the Tobacco Settlement Endowment Fund.
* Defines terms to enable securitization of tobacco receipts due to Iowa from the Master Settlement Agreement.
* Clarifies the purposes of the Tobacco Settlement Authority.
* Requires the Tobacco Settlement Authority to implement the program plan and to securitize tobacco receipts due to Iowa under the Master Settlement Agreement. The Tobacco Settlement Authority is not required to issue tax-exempt bonds if it is not in the best interest of the State due to market conditions.

Tobacco Settlement $$

* Permits the Tobacco Settlement Authority to issue bonds and states the requirements of any bond proceeds.
* Defines the accounts within the Tobacco Settlement Trust Fund to include the Tax-Exempt Bond Proceeds Restricted Capitals Funds Account and the Endowment for Iowa’s Health Account. States the purposes of the accounts.
* Transfers $55.0 million from the Endowment for Iowa’s Health Account to the Healthy Iowans Tobacco Trust for FY 2002.
* Beginning in FY 2003, makes an annual standing appropriation of $55.0 million from the Endowment for Iowa’s Health Account to the Healthy Iowans Tobacco Trust. The standing appropriation is adjusted by an annual inflation factor of 1.5% of the amount transferred the previous year.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 532 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Beth Lenstra (Ext. 16301) Holly Lyons (Ext. 17845)

Tobacco Settlement Trust Fund Appropriations Bill - SF 533 Passes the House

**Tobacco Approp. Bill** The House Appropriations Committee passed SF 533, the Tobacco Settlement Trust Fund Appropriations Bill, on April 27. The Bill:

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* Transfers gaming receipts that are currently dedicated to infrastructure projects to the Endowment for Iowa’s Health Account of the Tobacco Settlement Trust Fund, contingent upon enactment of SF 532, which authorizes securitizing tobacco receipts due to Iowa from the Master Settlement Agreement.
* States the amount of gaming receipts transferred to the Endowment for Iowa’s Health Account of the Tobacco Settlement Trust Fund for FY 2002 through FY 2007, contingent upon enactment of SF 532.
* Requires gaming receipts in excess of the amounts in Section 1 of this Bill to be deposited in the Rebuild Iowa Infrastructure Fund (RIIF).
* Makes contingent General Fund appropriations for FY 2002 through FY 2007 to the Endowment for Iowa’s Health Account of the Tobacco Settlement Trust Fund, contingent upon enactment of SF 532.
* States that this Bill takes effect only if SF 532 is enacted, and if the Tobacco Settlement Authority securitizes tobacco receipts due to Iowa under the Master Settlement Agreement.

### NOBA

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 533 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Beth Lenstra (Ext. 16301) Holly Lyons (Ext. 17845)

Solid Waste Tonnage Fee - HF 722 Passes House Floor and Senate Ways and Means

C:FilesOffice_.wmf**Tonnage Fees** The House Floor and Senate Ways and Means Committee passed HF 722, Solid Waste Tonnage Fees, on April 26. The Bill increases the amount of tonnage fees retained by landfill operators. Currently, the tonnage fee is $4.25 per ton and $0.95 is retained by the landfill operators. The remaining $3.30 goes to the Solid Waste Account of the Groundwater Protection Fund. The Bill makes the following changes:

* A landfill operator can retain an additional $0.25 of the tonnage fee if they have not obtained the 50% waste reduction goal.
* A landfill operator can retain an additional $0.10 if they have obtained the 25% waste reduction goal but have not obtained the 50% waste reduction goal.
* The allocation to the University of Northern Iowa for waste reduction programs was increased from $65,000 to $165,000.

**Solid Waste Account** The Department of Natural Resources estimates there will be a reduction of $750,000 to the Solid Waste Account in the Groundwater Protection Fund for FY 2002 and subsequent years.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Senate File 499 - Scheduled Fees and Fines



**Scheduled Fees/Fines** Senate File 499 passed the House as amended on April 27. The Bill raises scheduled fees and fines in the State of Iowa. The amendment removed the increases for parking and speeding violations. Senate File 499 increases fine revenues by $1.6 million in FY 2002 and $1.8 million in FY 2003. The Bill also increases revenue in the Victim Compensation Fund by $80,000 in FY 2002 and $90,000 in FY 2003. The Road Use Tax Fund will increase by $8,000 in FY 2002 and $9,000 in FY 2003,

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Senate File 185 - Manufactured Homes

**Manufactured Homes** Senate File 185 passed the House on April 26. The Bill creates inspections of manufactured homes and generates approximately $76,000 in license and inspection fees that may be used for salary and support for one inspector to implement the certification and inspection process. Revenues in FY 2003 are expected to be $56,000.

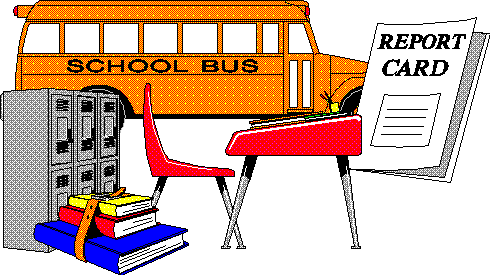
STAFF CONTACT: Jennifer Dean (Ext. 17846)

House Refuses to Concur with Senate on Senate File 203 (School Finance Provisions Bill)

**School Finance Provisions** On April 27, the House refused to concur with Senate amendment H-1745 to the House amendment S-3535 to SF 203.

**House Version** The House version, as amended by S-3535, provides the following:

Reorganization Incentives



* Starting in FY 2003 and continuing through FY 2007, school districts with enrollments under 600 that have reorganized or dissolved will have their uniform levy reduced from $5.40 per $1,000 of assessed valuation to $4.40 per $1,000 of assessed value in the first year of the reorganization or dissolution. The uniform levy will be increased over the next three succeeding years until the uniform levy returns to the $5.40 level.
* School districts that have participated in whole grade sharing in FY 2002 and adopt a resolution jointly with other affected school boards to study reorganization or dissolution to take effect by FY 2007 will receive a weighting of 0.1 per pupil for a maximum of two years. School districts that are not participating in whole grade sharing in FY 2002 but initiate a whole grade sharing program beginning in FY 2003 and adopt a resolution with other affected school boards to study reorganization or dissolution to take effect by the end of FY 2007 will receive a weight of 0.1 for the pupils for a maximum of three years.
* Starting in FY 2003 and continuing through FY 2007, school districts that have reorganized, have previously had a whole grade sharing program, and have studied reorganization, will be eligible to receive a weight of 0.1 for the pupils added due to reorganization.
* School districts that qualify for the additional weighting are eligible to receive that additional weighting for a maximum of six years.
* The estimated fiscal impact of the school reorganization incentives cannot be determined at this point. The fiscal impact could occur as early as FY 2003 and would impact the amount of allowable growth eligible school districts would receive.

Regional Academy Incentives

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* Starting in FY 2003, school districts that establish a regional academy are eligible to receive a weighting of 0.1 for resident pupils who attend classes at a regional academy. The maximum amount of additional weighting cannot exceed 15.0 per school district.
* The estimated FY 2002 fiscal impact of the regional academy incentives is approximately $62,000 in State aid and $9,000 in local property tax.
* The estimated FY 2003 fiscal impact of the regional academy incentives is approximately $510,000 in State aid and $73,000 in local property tax.

On-Time Funding Provision

* An on-time funding provision allows school districts with increasing enrollments to levy an adjustment of the difference between the actual enrollment for the budget year and the budget enrollment for the budget year, multiplied by the district cost per pupil.
* The estimated FY 2002 statewide property tax cost of this provision is $11.7 million, with 113 school districts estimated to receive this provision.

Budget Guarantee Provision



* In FY 2002, the budget guarantee is 100.0% of the FY 2001 total regular program cost that includes the FY 2001 budget adjustment. The estimated FY 2002 statewide property tax cost of this provision is $7.7 million, with 115 school districts estimated to receive this provision.
* In FY 2003, a school district would receive the greater of the FY 2003 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 90.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2004, a school district would receive the greater of the FY 2004 regular program district cost, or 101.0% of the previous year’s regular program district cost, or an 80.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2005, a school district would receive the greater of the FY 2005 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 70.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2006, a school district would receive the greater of the FY 2006 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 60.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2007, a school district would receive the greater of the FY 2007 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 50.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2008, a school district would receive the greater of the FY 2008 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 40.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2009, a school district would receive the greater of the FY 2009 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 30.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2010, a school district would receive the greater of the FY 2010 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 20.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2011, a school district would receive the greater of the FY 2011 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 10.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2012 and following years, a school district would receive the greater of the FY 2012 regular program district cost or 101.0% of the previous year’s regular program district cost.

**Senate Version** The Senate version, as amended by Senate amendment H-1745, provides the following:



Budget Guarantee Provision

* For FY 2002 and FY 2003, a 100.0% budget guarantee provision that allows school districts with declining enrollments to receive additional funds that guarantee the base year’s total regular program district cost is equal to 100.0% of the budget year’s total regular program district cost. The provision will be funded entirely through local property taxes. School districts eligible to receive the 100.0% budget guarantee provision must have approval of the school district board of directors.
* The estimated FY 2002 statewide property tax cost of this provision is approximately $7.7 million, with 115 school districts estimated to receive this adjustment.
* The estimated FY 2003 statewide property tax cost of this provision is approximately $5.3 million, with 82 school districts estimated to receive this adjustment.

On-Time Funding Provision

* For FY 2002 and FY 2003, allows school districts with increasing enrollments to levy an adjustment of the difference between the actual enrollment for the budget year and the budget enrollment for the budget year, multiplied by the district cost per pupil. The on-time funding provision will be funded entirely through local property taxes.
* The estimated FY 2002 statewide property tax cost of this provision is approximately $11.7 million, with 113 school districts estimated to receive this adjustment.
* The estimated FY 2003 statewide property tax cost of this provision is approximately $7.1 million, with 85 school districts estimated to receive this adjustment.

Legislative Study Committee



* Establishes an interim study committee to review the reorganization incentive provisions previously used within the school finance formula, study the creation and implementation of regional academies as an alternative governing and taxing structure for school districts, and consider transportation provisions and funding issues resulting from reorganization incentives and regional academies.
* Requires the committee to submit a report on its findings and recommendations to the General Assembly by January 14, 2002.

#### NOBA

**Bill Summary** The Notes on Bills and Amendments (NOBA) – Senate/House Difference Report for SF 203 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Shawn Snyder (Ext. 17799)

GOVERNOR VETOES INFORMED CONSENT BILL - HOUSE FILE 341



VETO

**Governor Vetoes** The Governor vetoed House File 341, the Informed Consent Bill, on April 26. The Bill establishes a new chapter in the Code of Iowa relating to informed consent prior to an abortion. House File 341 specifies the required informed consent provisions and provides alternatives to providing informed consent in the case of a medical emergency. The Bill also requires the Department of Public Health to publish certain information relating to options for managing a pregnancy and provides penalties for those who do not comply with the provisions of the Bill.

**Fiscal Impact** The estimated FY 2002 General Fund cost of House File 341 is approximately $94,000.

**Veto Message** The Governor vetoed the Bill stating:

“Given the current laws in Iowa and the level of information currently available to women, I must again conclude that this bill is not about providing informed consent. Rather it is about the government prescribing what a woman should think about, when a woman should think, and for how long a woman should think. This goes beyond the appropriate role of government in the context of this legal procedure.”

**Fiscal Note** Copies of the Fiscal Note for HF 341 are available from the Legislative Fiscal Bureau or online at <http://staffweb.legis.state.ia.us/lfb/>.

STAFF CONTACT: Russ Trimble (Ext. 14613)

Establishment of a System of Oversight for Adult Day Services - HF 655 Signed by Governor

**Adult Day Services** The Governor signed House File 655 on April 23. The Act requires the Department of Elder Affairs, in cooperation with the Department of Human Services (DHS), the Department of Public Health, the Area Agencies on Aging, industry representatives, and consumers, to establish a system of oversight for adult day services in the State.



Governor

Signed

**Conversion Grants** In addition, the Act permits the DHS, at the direction of the Senior Living Coordinating Unit, to use funds appropriated to the Department from the Senior Living Trust Fund to award conversion grants of not more than $100,000 to licensed nursing facilities that agree, as part of 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.

**Implementation** The Department of Elder Affairs is required to implement the adult day services system on July 1, 2002, or when the General Assembly appropriates sufficient funding for the implementation.

STAFF CONTACT: Lisa Burk (Ext. 16765)

April Council on Human Services Meeting

**Council on Human Services** The Council on Human Services met on April 11 and conducted the following business:

* Approved changes in administrative rules relating to:



* The responsibilities of the Department of Human Services (DHS) regarding the Iowa Sex Offender Registry. Information indicates there is no fiscal impact to the DHS.
* Increasing the reimbursement rate for residential care facilities and in-home health related care, due to federal requirements that in a calendar year, expenditures for these categories need to increase. Although the per diem rate increases, information indicates that the total expenditures are budget neutral due to decreases in the use of residential care and in-home health related care.
* Administration of the Food Stamp Program regarding eligibility and processing. Although administrative costs for the Food Stamp Program is 50.0% State responsibility, a delineation of the fiscal impact is not provided.
* Administration of Medical Support orders relative to child support enforcement. Minimal administrative costs are expected to incur.
* Received proposed administrative rule action for the May meeting relating to:
* Changes in the age of children that local education agencies serve under the Medicaid Program.

Administrative

**Rules**

* Changes regarding claims by recipients of the Food Stamp Program.
* Increasing the reimbursement cap for costs relating to care under the Ill and Handicapped Waiver Program.
* Termination of the proposed price-based case mix system for reimbursing nursing facilities.
* Revision of procedures relating to child abuse report review.
* Changes to the Disproportionate Share Program reimbursement payments.
* Changes in the reimbursement rate for residential care facilities and in-home health related care.
* Received a legislative update.
* Received a report from the Director, as well as a budget update.

**More Information** Additional information is available upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Sam Leto (Ext. 2816764)

Higher Education Faculty Salaries

**Faculty Salaries *The Chronicle of Higher Education*** recently released an article and data regarding higher education faculty salaries for 2000-2001.

**National Averages** The Table below shows national averages sorted by type of institution and academic rank.

** National Higher Education Salaries**

**Iowa’s Ranking** Listed in the Table below are Iowa results sorted by type of institution.



**Iowa Higher Education Salaries**

**Conclusions** Some conclusions that can be drawn from this data:

* The average professor salary at the University of Iowa is $94,300, which exceeds the national average for professors at all doctoral institutions by $4,452 (5.0%) and exceeds the national average for professors at all public doctoral institutions by $10,293 (12.3%).
* The average professor salary at Iowa State University is $85,200, which exceeds the national average for professors at all public doctoral institutions by $1,193 (1.4%), but is less than the national average for professors at all doctoral institutions by $4,648 (5.2%).
* The average professor salary at the University of Iowa is $72,100, which exceeds the national average for professors at all comprehensive institutions by $2,183 (3.1%) and exceeds the national average for professors at all public doctoral institutions by $3,272 (4.8%).
* The average professor salary at Grinnell College is $89,200, which exceeds the average professor salary for both Iowa State University and the University of Northern Iowa. Grinnell’s average professor salary also exceeds the national average for professors at all baccalaureate institutions by $24,835 (38.6%) and exceeds the national average for professors at all public doctoral institutions by $27,141 (43.7%).

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LOTTERY REVENUES AND EXPENDITURES THROUGH MARCH



 **March Rev./Exp.** Through March, FY 2001 Lottery game revenues decreased $2.4 million from the FY 2000 level. Lottery prize expenses decreased $1.4 million, operating expenses increased $0.5 million, and transfers to State funds decreased $1.9 million. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

**Comparison to FY 2000** Fiscal year sales through March, compared to the same time period of FY 2000, were as follows:



* Instant ticket sales decreased $5.0 million (7.7%).
* Pick 3 sales decreased $42,000 (1.4%).
* Multi-State Powerball sales increased $3.2 million (9.5%).
* Cash 4 Life sales decreased $2.0 million (80.5%).
* Daily Game sales decreased $500,000 (14.0%).
* Pull-tab sales decreased $321,000 (1.7%).

**Ticket Sales** Total Lottery sales through March were $125.1 million, a decrease of $2.4 million (1.9%) compared to March 2000. July through March 2001 sales for Powerball were above sales for the same period during FY 2000. Freeplay Replay, which was not offered until March of 2000, had sales through March of $0.5 million, and Rolldown, which was not offered until September of 2000, had sales through March of $1.7 million.

**March Sales Are Down** March 2001 sales for all games available in March 2000 were below sales for March 2000, with the exception of Freeplay Replay, which was first offered in March of 2000.

**Estimated Transfers** The March Revenue Estimating Conference (REC) projected FY 2001 Lottery profit transfers to the General Fund will total $32.5 million. Actual profit transfer for FY 2000 was $35.7 million. Therefore, the REC is currently estimating General Fund Lottery transfers will be $3.2 million (9.0%) lower in FY 2001 than in FY 2000. Through March, FY 2001 transfers to the General Fund are $1.9 million (7.0%) below FY 2000.

**Sales Tax** In addition to the amount transferred to the State as profits, the Lottery has transferred $6.2 million in sales tax during FY 2001.

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This document can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>