

FISCAL UPDATE

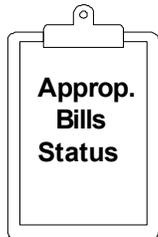
March 1, 2004

Legislative Services Agency

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<http://staffweb.legis.state.ia.us/lfb>

STATUS OF APPROPRIATIONS BILLS



Appropriations Subcommittee Bills		
Appropriations Subcommittee	LSB/File#	Status
Transportation	SF 2112	Passed House Appropriations Committee on February 23.
Other Appropriations Bills		
98.0% General Fund Expenditure Limitation	HF 2039	Item vetoed and signed by the Governor on February 12.
Birth Certificate Registration Fees	SF 2059	Passed House Appropriations Committee on February 18.
FY 2006 Allowable Growth Rate	SF 2124	Passed House and Senate on February 17.
Public Health Disaster Funding	SF 2153	Passed Senate Appropriations Committee on February 18.

HOUSE PASSES GAMBLING BILL – HF 2302

Gambling Bill



The House passed HF 2302 (Gambling Bill) on February 26. The Bill does the following:

- Changes the gambling tax for racetrack casinos and excursion gambling boats.
- Establishes a graduated tax on racetrack casinos of 22.0% on those below \$100.0 million in adjusted gross revenues (AGR) and 24.0% on those above \$100.0 million.
- Specifies a one-time payment of a gambling games tax, retroactive to July 1, 2002, of 22.0% of adjusted gross revenues from racetracks with an AGR of less than \$100.0 million and 24.0% for racetracks with an AGR over \$100.0 million.
- Allows the conversion of an excursion gambling boat to a barge.
- Provides for a tax rate of 22.0% for excursion gambling boats and increases the tax rate to 26.0% if a boat is converted to a barge in a county where there is another excursion gambling boat that is not converted.
- Upon issuance of a table gaming license, racetracks with an AGR below \$100.0 million will pay a \$3.0 million license fee for adding table games, and a track with an AGR above \$100.0 million will pay a license fee of \$10.0 million. This application fee may be used as a tax credit on future taxes owed to the State, up to 20.0% per year over a five-year period.

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- Maintains the tax rate of 5.0% on the first \$1.0 million and 10.0% on the next \$2.0 million of AGR.
- Establishes a new allocation of 0.5% from gaming tax receipts to a Community Endowment Fund. The Fund will disburse money to counties where no gaming license has been issued.
- Increases the contribution from 0.3% to 0.5% of gross lottery revenue to the Gambler's Treatment Fund.

Correctional Impact

The correctional impact of HF 2302 cannot be determined due to insufficient information. A person under the age of 21 who is convicted of gambling is guilty of a scheduled violation that carries a fine of \$500.

Fiscal Impact

The fiscal impact of HF 2302 will result in estimated State Gaming Tax revenue of \$218.7 million annually and will also provide \$23.7 million in one-time receipts for FY 2004 due to the retroactive tax.

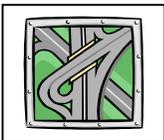
More Information

The fiscal note for HF 2302 can be accessed on the Legislative Services Agency (LSA) web site at:
<http://staffweb.legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

**HOUSE APPROPRIATIONS COMMITTEE PASSES
TRANSPORTATION APPROPRIATIONS BILL – SF 2112**

Transportation Bill



The House Appropriations Committee passed SF 2112 (FY 2005 Transportation Appropriations Bill) on February 23. The Bill appropriates a total of \$274.1 million to the Department of Transportation (DOT), which includes \$41.2 million from the Road Use Tax Fund, \$232.9 million from the Primary Road Fund, and 3,421.0 FTE positions. This is a decrease of \$7.5 million (2.7%) and 21.0 (0.6%) FTE positions compared to estimated net FY 2004. The following table summarizes the appropriations.

Department of Transportation
(in millions)

	<u>Estimate Net</u> <u>FY 2004</u>	<u>Proposed</u> <u>Legis. Action</u> <u>FY 2005</u>	<u>Change</u>	<u>Percent</u> <u>Change</u>
Road Use Tax Fund	\$ 46.2	\$ 41.2	\$ -5.0	-10.8%
Primary Road Fund	235.4	232.9	-2.5	-1.1%
Total	<u>\$ 281.6</u>	<u>\$ 274.1</u>	<u>\$ -7.5</u>	<u>-2.7%</u>

NOBA mation

The Notes on Bills and Amendments (NOBA) for SF 2112 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

ISSUE REVIEW – MEDICAID INTERGOVERNMENTAL TRANSFERS

Issue Review



The Fiscal Services Division of the Legislative Services Agency (LSA) recently published an *Issue Review* entitled “Medicaid Intergovernmental Transfers.”

The *Issue Review* provides an overview of Iowa’s Intergovernmental Transfers (IGTs), which provide \$67.7 million in federal revenue to Iowa, and summarizes recent federal actions that have raised concern over the availability of IGTs to the State in FY 2005 or FY 2006.

More Information

Copies of the *Issue Review* are available from the LSA or may be accessed on the LSA web site at:

<http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

MEDICAL ASSISTANCE PROGRAM ESTIMATES FOR FY 2004 AND FY 2005

Medicaid Estimates



Staff members from the Department of Management, the Department of Human Services, and the Fiscal Services Division of the LSA met on February 20 to discuss estimated enrollment and expenditures in the Medical Assistance (Medicaid) Program for FY 2004 and FY 2005. The three staffs meet monthly to agree on an estimated range for Medicaid expenditures compared to the appropriation.

FY 2004 Estimate

The group agreed to an estimated range of a surplus of \$0.0 to \$12.0 million when compared to the FY 2004 estimated net appropriation. The need for a supplemental appropriation for Medicaid in FY 2004 does not seem likely at this time. The estimate takes into account the increased federal matching rate due to the federal fiscal relief package. The estimated range agreed to at the January meeting was a surplus of \$0.0 to \$15.0 million for FY 2004.

FY 2005 Estimate

The group also agreed on an estimated range for FY 2005. The estimated need for FY 2005 is an increase of \$53.9 to \$88.3 million compared to the FY 2004 estimated net appropriation. The estimated net FY 2004 amount reflects a decrease of \$16.2 million from the original appropriation due to the \$15.2 million transfer from Medicaid to the Salary Adjustment Fund and the \$1.0 million Charter Agency reduction.

Fiscal Impact

The low end of the range (an increase of \$53.9 million) is equal to the Governor’s recommendation. The estimated range agreed to at the January meeting was an increase of \$53.9 to \$82.0 million for FY 2005.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

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