

# FISCAL UPDATE

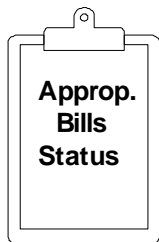
March 28, 2005

Legislative Services Agency

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## STATUS OF APPROPRIATIONS BILLS



Appropriations Subcommittee Bills		
Appropriations Subcommittee	LSB/File#	Status
Administration and Regulation	HF 810	Passed House on March 23.
Agriculture and Natural Resources	HF 808	Passed House on March 23.
Agriculture and Natural Resources	SSB 1290	Passed Senate Agriculture and Natural Resources Appropriations Subcommittee on March 15.
Economic Development	HF 809	Passed House on March 23.
Economic Development	SSB 1289	Passed Senate Economic Development Appropriations Subcommittee on March 15.
Education	HF 816	Passed House Appropriations on March 16.
Health and Human Services	HSB 284	Passed House Appropriations on March 22.
Justice System	HF 811	Passed House Appropriations on March 15.
Judicial Branch	HF 807	Passed House Appropriations on March 14.
Transportation	HF 466	Passed House on March 2.
Other Appropriations Bills		
FY 2007 Allowable Growth Rate Bill	SF 36	Signed by Governor on February 2.
Soil Conservation District Expenses Supplemental Bill	SF 71	Final passage. Senate concurred on House Amendment on March 23.
Military Pay Differential Program Changes Bill	SF 75	Signed by Governor on March 10.

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<b>Other Appropriations Bills (Cont.)</b>		
FFY 2006 Federal Block Grant Bill	SF 346	Passed Senate on March 16.
FY 2005 Supplemental Appropriations Bill	SF 342	Passed Senate on March 16.
Long-Term Care Asset Disregard Bill	HF 819	Passed House Appropriations on March 21.
Prescription Drug Assistance Clearinghouse Bill	HF 821	Passed House Appropriations on March 21.

**INTERGOVERNMENTAL TRANSFERS NEGOTIATION – APPROVAL TO PROCEED**

**CMS Letter**



On March 22, 2005, the Department of Human Services (DHS) received a letter from federal Health and Human Services Secretary Michael Leavitt stating support for Iowa’s Medicaid Reform proposal. The proposal was developed in response to federal action toward eliminating \$66.1 million in federal Intergovernmental Transfer (IGT) revenue to Iowa’s Medicaid Program.

The letter indicates support for Iowa’s supposed plan, but states that final approval will be based on Iowa’s “clear demonstration that these initiatives can realistically move forward, with all required statutory, budget, and other supports in place.”

**Background**

The DHS developed this proposal in August of 2004 and submitted it to the Centers for Medicare and Medicaid Services (CMS) and to stakeholders in Iowa. The plan and the negotiation with CMS was on-going from that time forward, with active discussions taking place in November and March, and receipt of the letter on March 22.

**DHS Plan**

The DHS proposal contains a number of changes to the Medicaid Program designed to promote reform in the Program, as well as generate funds to replace the loss of the \$66.1 million, including:

- Expand the Medicaid Program, on a limited basis, to 200% of the Federal Poverty Level. The expansion is limited to the University of Iowa, Broadlawns Hospital, and the Mental Health Institutes (MHIs).
  - This proposal will allow people currently served with 100% State or County funds to be served using 1/3 State, 2/3 federal matching funds.
  - This results in a net savings to the State.
  - The proposal will hold the three entities harmless.
  - Federal Disproportionate Share Hospitals and Indirect Medical Education funds will be used for costs not covered by the Medicaid expansion and to ensure the three entities are held harmless.
- Allow federal Medicaid funds and Disproportionate Share Hospitals funds to be paid to the MHIs. Currently, federal law does not allow these federal funds to be used at the MHIs.



- Approval of the Physician IGT and State Papers Upper Payment Limit proposals currently pending at CMS.
- Increase the level of care required for nursing facility care, while maintaining the same level of care for Home and Community-Based Services. This will have the effect of diverting Medicaid patients from nursing facilities when they can be served more appropriately in their homes.
- Approval of the Family Planning Waiver, currently pending at CMS.
- Approval of a waiver to allow mental health services to be provided to children who otherwise would have to go through the court system to access the care.
- The proposal also includes reforms that will apply to the Medicaid expansion, such as a limited benefit package and provider network, increased financial participation from recipients, use of electronic health records, incentives for preventive care, and health promotion.

### More Information

A more detailed summary of the plan was distributed by the DHS on March 24. This summary and additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

## HOUSE PASSES ADMINISTRATION AND REGULATION APPROPRIATIONS BILL – HF 810

### Admin./Reg. Bill



The House passed HF 810 (FY 2006 Administration and Regulation Appropriations Bill) on March 23. The Bill appropriates a total of \$81.8 million and 1,846.5 FTE positions from the General Fund and \$13.4 million in Other Funds. This is an increase of \$864,000 and 61.8 FTE positions from the General Fund and an increase of \$998,000 from Other Funds compared to estimated net FY 2005. This includes:

- Department of Administrative Services – A decrease of \$2.7 million, which includes decreases for the Distribution Account, start-up funding for new revolving funds, and the General Office, and an increase for utility costs.
- State Auditor – An increase of \$35,000 to perform additional audit work for non-billable agencies.
- Ethics and Campaign Disclosure Board – An increase of \$33,000 for salaries and for costs related to the electronic campaign report filing system.
- Department of Commerce – An increase of \$820,000 to expand oversight of State-chartered banks and the insurance industry and to ensure compliance with safety codes and rules.
- Governor's Office of Drug Control Policy – An increase of \$50,000 to replace lost federal funds for the Drug Endangered Children Program.
- Department of Human Rights – An increase of \$356,000, which includes funding for the new Status of Asian and Pacific Islanders Heritage Division, as well as increased funding for the Criminal and Juvenile Justice Planning and the Status of African Americans Divisions.
- Department of Inspections and Appeals – An increase of \$702,000 for the Racing and Gaming Commission to improve oversight of the gaming industry.



- Department of Revenue – An increase of \$1.4 million to retain tax compliance officers, to create an automated system for tracking tax credits, and for information technology to address the federal over-billing concern.
- Secretary of State – An increase of \$154,000 to restore operating expenses for the Business Services Division.
- State Treasurer – An increase of \$29,000 for information technology to address the federal over-billing concern.
- Iowa Public Employees Retirement System (IPERS) – An increase of \$1.4 million from the IPERS Trust Fund for the first part of a multi-year update of the Benefits Administration System.

**House Amendments**

The House amendments increased the appropriation to the Department of Human Rights, Status of Women Division, \$17,000; decreased the appropriation to the Department of Inspections and Appeals, Administration Division, \$17,000; and permitted the Department of Administrative Services' (DAS) Distribution Account to carryforward approximately \$272,000 to be distributed to State agencies in FY 2006. State departments will use the funds to pay the DAS for services and products.

**More Information**

The NOBA (Notes on Bills and Amendments) for HF 810 is available on the Legislative Services Agency (LSA) web site at:  
<http://www3.legis.state.ia.us/noba/index.jsp>.

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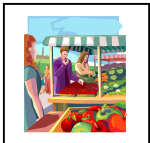
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**HOUSE AGRICULTURE AND NATURAL RESOURCES  
APPROPRIATIONS BILL PASSES HOUSE – HF 808**

**Ag./NR Bill**

The House passed HF 808 (FY 2006 Agriculture and Natural Resources Appropriations Bill) on March 22. The Bill appropriates a total of \$35.1 million and 1,522.6 FTE positions from the General Fund and \$36.8 million from Other Funds.

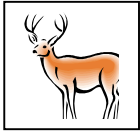
**Dept. of Agriculture**



The Bill appropriates \$18.8 million and 417.1 FTE positions from the General Fund for the Department of Agriculture and Land Stewardship, an increase of \$795,000 and 4.6 FTE positions compared to estimated net FY 2005. This includes:

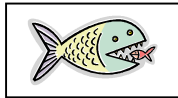
- An increase of \$27,000 and 1.0 FTE position for the Farmer's Market Nutrition Program.
- An increase of \$250,000 for administrative expense reimbursement to the District Soil and Water Commissioners.
- An increase of \$127,000 and 1.6 FTE positions for the Chronic Wasting Disease Program.
- An increase of \$48,000 and 1.0 FTE position for the Horse and Dog Program.
- An increase of \$172,000 to upgrade three databases used by the Department.

- An increase of \$65,000 to purchase laptop computers for the field staff that work on programs related to commercial feed, fertilizer, and grain warehouse inspections.
- An increase of \$96,000 and 1.0 FTE position for an Assistant State Veterinarian.

**Dept. of Natural Resources**

The Bill appropriates \$16.4 million and 1,105.5 FTE positions from the General Fund for the Department of Natural Resources (DNR), a decrease of \$595,000 and no change in FTE positions compared to estimated net FY 2005. This includes:

- An increase of \$17,000 for the Help Us Stop Hunger (HUSH) Program that assists hunters in donating harvested deer meat to the Iowa Food Bank.
- A decrease of \$578,000 to the Department's operating budget as follows:
  - Reduces out-of-state travel expenditures \$171,000.
  - Reduces advertising and publicity expenditures \$92,000.
  - Reduces printing and binding expenditures \$150,000.

**Other Funds**

The Bill also provides funding to the Departments from Other Funds as follows:

- \$305,000 from unclaimed winnings receipts to the Horse and Dog Program, which is no change compared to estimated net FY 2005.
- \$31.4 million from the Fish and Wildlife Trust Fund. This is an increase of \$150,000 compared to estimated net FY 2005 to pay for additional boat safety personnel.
- \$1.4 million from Boat Registration fees to the Fish and Wildlife Trust Fund, which is no change compared to estimated net FY 2005.
- \$100,000 from Snowmobile Registration fees to the Fish and Wildlife Trust Fund, which is no change compared to estimated net FY 2005.
- \$200,000 from the Underground Storage Tank Fund to the DNR for administration of the Underground Storage Tank Program, which is no change compared to estimated net FY 2005.
- \$3.5 million from the Groundwater Protection Fund, which is no change compared to estimated net FY 2005.

**NOBA**

The NOBA (Notes on Bills and Amendments) for HF 808 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

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## HOUSE PASSES ECONOMIC DEVELOPMENT APPROPRIATIONS BILL – HF 809

**Econ. Dev. Bill**

The House passed HF 809 (FY 2006 Economic Development Appropriations Bill) on March 23.

**Bill Summary**

The Bill appropriates a total of \$22.9 million and 317.5 FTE positions from the General Fund to the Department of Economic Development, Iowa

Workforce Development, the Public Employment Relations Board (PERB), and the Regents institutions economic development programs. This maintains the current level of General Fund support and is a decrease of 7.8 FTE positions compared to estimated net FY 2005. This is not an actual reduction in FTE positions. For FY 2006, Iowa Workforce Development is allowed to retain fees for the Elevator Safety and Boiler Safety Programs, which will no longer be funded by a General Fund appropriation. The 9.8 FTE positions that were formerly appropriated for this purpose will now be supported by fee revenue. As a result, the FTE appropriation in the Bill is actually an increase of 2.0 FTE positions under the Worker's Compensation Program.

**House Amendment**



The House amended the Bill to require that a business that creates jobs with assistance from the Business Development appropriation be subject to contract provisions requiring that new and retained jobs be filled by individuals who are U.S. citizens, reside in the U.S., or are authorized to work in the U.S. pursuant to federal law, including legal resident aliens. The amendment further requires any vendor who receives public funds from the Business Development appropriation to adhere to contract provisions and provide periodic assurances of compliance.

**Additional Funds**

In addition to the appropriations made in the Bill, Iowa Workforce Development will receive a General Fund appropriation of \$6.5 million for FY 2006 that was made in SF 2311 (FY 2005 Economic Stimulus Appropriations Act) during the 2004 Special Session.

**NOBA**

The NOBA (Notes on Bills and Amendments) for HF 809 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>

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**HOUSE APPROPRIATIONS COMMITTEE PASSES HEALTH AND HUMAN SERVICES APPROPRIATIONS BILL – HSB 284**

**Health/Human Serv. Bill**

The House Appropriations Committee passed HSB 284 (FY 2006 Health and Human Services Appropriations Bill) on March 22. The Bill appropriates \$994.5 million and 6,383.2 FTE positions from the General Fund, \$8.1 million from the Gambling Treatment Fund, \$90.9 million and 13.0 FTE positions from the Senior Living Trust Fund, and \$142.8 million in Temporary Assistance for Needy Families (TANF) funds.

**DEA Appropriation**

The Bill appropriates \$2.7 million and 26.8 FTE positions from the General Fund to the Department of Elder Affairs, which is no change compared to estimated net FY 2005.

**DPH Appropriations**



The Bill appropriates \$24.6 million and 146.0 FTE positions from the General Fund to the Department of Public Health, an increase of \$344,000 and 4.5 FTE positions compared to estimated net FY 2005. The significant changes include:

- Chronic Conditions - A net increase of \$449,000 and 0.5 FTE position to provide additional funding for the AIDS Drug Assistance Program (ADAP), Child Health Specialty Clinics, and a Hepatitis C Awareness Program.
- Environmental Hazards - A net increase of \$150,000 and 1.0 FTE position for additional childhood lead poisoning prevention activities.

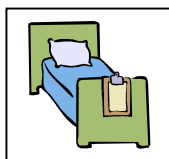
- Injuries - A net decrease of \$335,000 for the Healthy Opportunities for Parents to Experience Success (HOPES) Program.
- Public Protection - A net increase of \$200,000 and 3.7 FTE positions to provide additional resources for the State Medical Examiner's new facility and to transfer the Hearing Impaired Licensure Board.

## DHS Appropriations

The Bill appropriates \$950.6 million and 5,343.3 FTE positions from the General Fund to the Department of Human Services (DHS), an increase of \$209.1 million and 12.7 FTE positions compared to estimated net FY 2005. The significant changes include:



- Family Investment Program - A net increase of \$1.2 million for the federal Maintenance of Effort requirement, the carry-forward of FY 2005 Electronic Benefit Transfer (EBT) funds, and the Earned Income Tax Credit (EITC) Initiative.
- Medical Assistance (Medicaid) Program - A net increase of \$171.7 million, which includes:
  - An increase of \$63.6 million to adjust the base to reflect the recommended FY 2005 supplemental appropriation.
  - A decrease of \$51.4 million to reduce the use of funds from the Senior Living Trust Fund.
  - An increase of \$31.4 million for enrollment growth and utilization.
  - An increase of \$5.9 million to replace a projected shortfall in the Senior Living Trust Fund.
  - A decrease of \$14.6 million due to a reduction in funds available from the Hospital Trust Fund.
  - A decrease of \$7.9 million for projected savings from the Iowa Medicaid Enterprise.
  - An increase of \$3.7 million for Medicare Part D activities.
  - An increase of \$6.0 million to eliminate Home and Community-Based Services Waiver waiting lists.
  - An increase of \$16.5 million for a 3.0% increase in provider reimbursement rates.
  - A decrease of \$5.3 million for various cost savings efforts.
  - A decrease of \$6.5 million due to a balance remaining from the FY 2005 conversion grant appropriation from the Senior Living Trust Fund.
  - A decrease of \$2.1 million for expansion of the State Supplementary Assistance (SSA) buy-in efforts.
- Medical Contracts - An increase of \$5.0 million for the Iowa Medicaid Enterprise implementation.
- Healthy and Well Kids in Iowa (*hawk-i*) - An increase of \$4.5 million for caseload growth.
- State Supplementary Assistance - An increase of \$537,000 for caseload growth.





- Child Care Assistance - An increase of \$3.3 million to expand eligibility to 145% for employed families and 200% for families with a special needs child and to implement a Quality Rating System.
- Juvenile Institutions - An increase of \$320,000 for substance abuse treatment programs.
- Child and Family Services - A net decrease of \$20.9 million. The significant changes include:
  - A decrease of \$29.0 million to transfer the Adoption Subsidy Program to a separate appropriation.
  - An increase of \$4.2 million to replace one-time funds used in FY 2005.
  - An increase of \$2.2 million for Residential Treatment Service provider rate increases.
- Adoption Subsidy Program - An increase of \$32.3 million. The significant changes include:
  - An increase of \$29.0 million due to the transfer from the Child and Family Services appropriation.
  - An increase of \$2.3 million for caseload growth.
- Mental Health Institutes - An increase of \$89,000 for the Psychiatric Physician Assistant Program at Cherokee.



- State Resource Centers - An increase of \$6.4 million for changes in the federal match rate, expenditures not reimbursed due to county capitation, replacement of decreased federal reimbursements from community-based placements, completion of the federal Department of Justice settlement requirements to fill vacant FTE positions, and to continue the estimated FY 2005 supplemental appropriations.
- State Cases - A decrease of \$500,000, which is replaced with federal Block Grant funds.
- Sexual Predator Commitment Program - An increase of \$775,000 to continue and annualize the estimated FY 2005 supplemental appropriation.
- Mental Health Allowed Growth - An increase of \$4.8 million to fund the percentage of increase enacted in SF 2298 (FY 2005 Omnibus Appropriations Act) for FY 2006.

**Veterans Affairs**

The Bill appropriates \$16.6 million and 859.2 FTE positions from the General Fund for the Veterans Affairs Commission and the Iowa Veterans Home, which is no change compared to estimated net FY 2005.

**Gambling Treatment Fund**

The Bill appropriates \$8.1 million from the Gambling Treatment Fund to the Department of Public Health for substance abuse and gambling addiction treatment, which is no change compared to estimated FY 2005.

**Senior Living Trust Fund**

The Bill appropriates \$90.9 million and 13.0 FTE positions from the Senior Living Trust Fund to the Departments of Elder Affairs, Human Services, and Inspections and Appeals, and the Iowa Finance Authority. This is a decrease of \$71.4 million compared to estimated FY 2005, which includes:





- A decrease of \$51.4 million to the DHS for the Medical Assistance (Medicaid) Program, which is offset by an increase from the General Fund.
- A decrease of \$20.0 million to the DHS to eliminate funding for conversion grants.

**Hospital Trust Fund**

The Bill appropriates \$22.9 million from the Hospital Trust Fund for the Medicaid Program. This is a decrease of \$14.6 million compared to estimated FY 2005 due to a reduction in the funds available.

**TANF Funds**

The Bill appropriates \$142.8 million in Temporary Assistance for Needy Families (TANF) funds. This is a decrease of \$5.6 million compared to estimated FY 2005. The significant changes include:

- A decrease of \$1.0 million for the Family Investment Program (FIP).
- A decrease of \$3.5 million for the Child Care Assistance Program.
- A decrease of \$1.9 million for Child and Family Services.

**NOBA**

The Notes on Bills and Amendments (NOBA) for HSB 284 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.isp>.

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**FINAL ACTION ON SOIL CONSERVATION DISTRICT  
EXPENSES SUPPLEMENTAL BILL – SF 71**

**Final Passage**



The Senate concurred with the House amendment and passed SF 71 (Soil Conservation District Expenses Supplemental Bill) on March 23. The Bill makes a \$250,000 supplemental appropriation from the Environment First Fund to the Department of Agriculture and Land Stewardship from the Conservation Reserve Program to reimburse District Soil and Water Commissioners for expenses incurred while performing duties. This includes expenses for travel, training, professional dues, and administrative expenses.

**Amendment**

The House amendment removed the FY 2006 appropriation of \$127,000 for the Chronic Wasting Disease Program in the Department of Agriculture and Land Stewardship and language related to the Farm Deer Administration Fund.

**NOBA**

The NOBA (Notes on Bills and Amendments) for SF 71 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>

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**HOUSE APPROPRIATIONS COMMITTEE PASSES  
PRESCRIPTION DRUG ASSISTANCE CLEARING HOUSE  
BILL – HF 821**

**Prescription Drug Bill**

The House Appropriations Committee passed HF 821 (Prescription Drug Assistance Clearinghouse Program Bill) on March 21.

**New Program**



The Bill requires the State Insurance Commissioner to establish, administer, and disseminate information about a Prescription Drug Assistance Clearinghouse Program designed to improve access to medically necessary prescription drugs and to provide assistance for accessing manufacturer prescription drug programs.

**Required Report**

The State Insurance Commissioner is required to submit an annual report to the Governor and the General Assembly before December 15, 2005. The Report must include any recommendations for the continuation and improvement of the Program and an analysis of the effectiveness of the Program.

**Contingent Appropriation**

The Bill makes a contingent appropriation of \$250,000 from the Senior Living Trust Fund to the Department of Commerce, Insurance Division, if federal funding is not provided by October 1, 2005.

**Bill Summary**

The Notes on Bills and Amendments (NOBA) for HF 821 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>

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**HOUSE APPROPRIATIONS COMMITTEE PASSES LONG-TERM CARE ASSET DISREGARD BILL – HF 819**

**Long-Term Care Bill**



The House Appropriations Committee passed HF 819 (Long-Term Care Asset Disregard Incentive Program Bill) on March 21. The Bill makes the following changes relating to Long-Term Care Insurance:

- Establishes a Long-Term Care Asset Disregard Incentive Program to provide an incentive for individuals to purchase long-term care insurance.
- Under current law, individuals must exhaust their resources before qualifying for the Medical Assistance (Medicaid) Program. This Program provides for long-term care insurance plans that allow the individual to retain assets equal to the amount of insurance paid on their behalf and qualify for Medicaid, as long as they meet other income requirements.
- The intent of the Program is to make long-term care insurance more affordable and provide an incentive for individuals to purchase insurance, thereby lowering future expenditures in the Medicaid Program.
- The Bill directs the Department of Human Services to apply for waivers or State Plan Amendments to implement the Program.
- The Bill directs the Department of Commerce, Insurance Division, to adopt rules to implement the Program and to establish a Program to educate Iowans about the Asset Disregard Program.

**Fiscal Impact**

The Bill appropriates \$300,000 and 2.0 FTE positions from the General Fund to the Department of Commerce, Insurance Division, for FY 2006 to establish an educational program. The savings to the Medicaid Program cannot be determined and would not occur in the short-term.

**More Information**

The Notes on Bills and Amendments (NOBA) for HF 819 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

**SENATE PASSES DEER HARVEST BILL – SF 206****Deer Bill**

The Senate passed SF 206 (Deer Harvest Bill) on March 22. The major changes include:

- Transfers authority for shooting farm deer at preserves from the Department of Agriculture and Land Stewardship to the Department of Natural Resources (DNR).
- Increases the non-resident hunting license fee from \$80 to \$100.
- Specifies 6,000 non-resident hunters purchasing any-sex deer licenses must purchase an additional antlerless deer license for \$100.
- Specifies all resident and non-resident hunters pay a \$1.00 fee for the Help Us Stop Hunger (HUSH) Program.

**Fiscal Impact**

The estimated fiscal impact of SF 206 is an increase in revenue of \$355,000 for the HUSH Program and an increase in revenue of \$340,000 for the Fish and Wildlife Trust Fund for FY 2006 and each year thereafter.

**More Information**

The Fiscal Note for SF 206 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

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**HOUSE PASSES LEARNING TECHNOLOGY BILL – HF 739****Learning Tech. Bill**

The House passed HF 739 (Learning Technology Bill) on March 23.

**Research Triangle**

The Bill requires the Board of Regents to establish a research triangle, consisting of the three State universities, and a clearinghouse to centralize and make accessible information regarding the results of elementary and secondary education technology initiatives occurring in school districts, area education agencies, community colleges, and other higher education institutions.

**Commission Created**

The Bill also requires that public and private partners participate in the Iowa Learning Technology Initiative, established in Chapter 280A, Code of Iowa, and establishes a 14-member Iowa Learning Technology Commission. The Commission is required to develop and administer a pilot program to provide information necessary for the General Assembly to commit State funds to a statewide technology initiative.

**Pilot Program**

The pilot program must include, but is not limited to, a one-computer-per-student initiative. The Commission is authorized to make final determinations regarding grant awards to school districts funded by a State appropriation to the Department of Education. The Bill does not make an appropriation. The grants are to be awarded on a competitive basis and be matched locally with private, federal, State, or local funds. The Department

of Education is required to provide administrative support and staffing for the pilot program.

**Fiscal Impact**

The estimated fiscal impact of HF 739 to the General Fund is an increase in expenditures ranging from \$380,000 to \$480,000 in FY 2006 and from \$304,000 to \$375,000 in FY 2007. This does not include funds for grant awards in the Iowa Learning Technology Pilot Program.

**More Information**

The Fiscal Note for HF 739 is available on the LSA web site at:  
<http://www3.legis.state.ia.us/fiscalnotes/>.

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**HOUSE PASSES INFECTION THROUGH BODILY FLUIDS  
BILL – HF 777**

**House Action**



The House passed HF 777 (Infection Through Bodily Fluids Bill) on March 23. The Bill requires a person in the custody of a peace officer who commits certain assaults to submit to the withdrawal of a bodily specimen for testing to determine if the person is infected with a contagious or infectious disease. A person who refuses to submit to the test commits a serious misdemeanor.

**Background Information**

In FY 2004, there were 378 convictions for assaults on peace officers (serious misdemeanor); 126 convictions for assaults causing injury on a peace officer (aggravated misdemeanor); and 24 Class D felony convictions for assaults on a peace officer.

**Correctional Impact**

The number of new serious misdemeanor convictions under HF 777 cannot be estimated due to insufficient data. However, it is anticipated that there will not be a significant number of new convictions. These new convictions would be at the same level as the least serious assault charge (serious misdemeanor). Therefore, the possibility exists that more offenders would serve time in jail, but the number cannot be estimated.

**Fiscal Impact**

The fiscal impact of HF 777 on county jail operations for one offender sentenced to jail is approximately \$555 (37 days x \$15.00 per day). The State's cost for one new serious misdemeanor conviction ranges from \$101 to \$4,100.

**More Information**

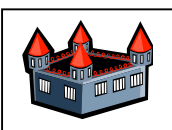
The Fiscal Note for HF 777 is available on the LSA web site at:  
<http://www3.legis.state.ia.us/fiscalnotes/>.

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**SENATE PASSES SEXUAL MISCONDUCT BY  
CORRECTIONAL EMPLOYEES BILL – SF 383**

**Senate Action**



The Senate passed SF 383 (Sexual Misconduct by Correctional Employees Bill) on March 23. The Bill relates to sexual misconduct with offenders committed to the Department of Corrections (DOC) or a Community-Based Corrections (CBC) District Department. Under current law, if an officer, employee, contractor, vendor, volunteer, or agent of the DOC or CBC District Department commits a sex act with an offender under the supervision of the corrections system, the penalty is an aggravated misdemeanor. Senate File 383 raises the penalty to a Class D felony.

<b>Background Information</b>	On average, there are six offenders convicted annually of the current aggravated misdemeanor offense. Of these, one is sentenced to prison. The other five receive some other sentence, such as probation. The offender sentenced to prison will serve an average of 6.1 months before being approved for parole.
<b>Length of Stay</b>	An increase in the penalty to a Class D felony increases the average length of stay in prison from 6.1 months to 24.3 months, an increase of 298.4% in the average length of stay in prison.
<b>Correctional Impact</b>	The Bill increases the incarceration rate (more offenders will be sentenced to prison) and increases the length of stay in prison (more offenders will remain in prison for a longer period than under current law). Two additional offenders will be sentenced to prison annually under SF 383. There will not be a significant correctional impact due to the low number of convictions and prison admissions. However, the Bill will increase the prison population because of the significant increase in the average length of stay.
<b>Fiscal Impact</b>	Senate File 383 is estimated to increase State operating expenses by \$32,000 annually. The additional costs are primarily due to the increase in the number of offenders sentenced to prison, plus the increase in the average length of stay in prison.
<b>Additional Information</b>	The Fiscal Note for SF 383 is available on the LSA web site at: <a href="http://www3.legis.state.ia.us/fiscalnotes/">http://www3.legis.state.ia.us/fiscalnotes/</a> .



STAFF CONTACT: Beth Lenstra (Ext. 16301)

## HOUSE PASSES MOVEABLE PROPERTY THEFT BILL – HF 745

<b>Property Theft Bill</b>	The House passed HF 745 (Moveable Property Theft Bill) on March 22. The Bill clarifies existing law regarding failure to return leased or rented property after expiration of the lease or after receiving notice to return the property. Current law provides for a graduated system of penalties for theft, ranging from a simple misdemeanor to a Class C felony, depending on the value of the property.
<b>Background Information</b>	There were 19,420 charges for theft in Calendar Year 2003. Of this, 6,338 charges were dismissed or acquitted. It is not known whether any of the charges were for leased or rented property.
<b>Correctional Impact</b>	By clarifying existing law, the Bill may decrease the dismissal/acquittal rate, thereby increasing the number of convictions for theft of leased or rented property. It is anticipated, however, that there will not be a significant number of new convictions. The correctional impact, therefore, is not expected to be significant.
<b>Fiscal Impact</b>	The fiscal impact of HF 745 is not anticipated to be significant.
<b>More Information</b>	The Fiscal Note for HF 745 is available on the LSA web site at: <a href="http://www3.legis.state.ia.us/fiscalnotes/">http://www3.legis.state.ia.us/fiscalnotes/</a> .



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## HOUSE PASSES DRUG MANUFACTURING NEAR SCHOOLS BILL – HF 254

### House Action



The House passed HF 254 (Drug Manufacturing Near Schools Bill) on March 21. The Bill adds “religious institution” to the locations where an additional term of confinement of five years may be imposed for manufacturing controlled substances or simulated controlled substances within 1,000 feet of the specific location. Current law includes the following locations: a public or private school, public park, swimming pool, or recreation center, or on a marked school bus. House File 254 also provides that an additional term of five years may be imposed for distributing or possessing with intent to distribute a controlled substance or simulated controlled substance within 1,000 feet of a public or private school, religious institution, public park, swimming pool, or recreation center, or on a marked school bus.

### Background Information

There are 1,532 public and 194 private schools in Iowa and 4,560 religious congregations. Adding “religious institution” to the property list increases the areas where the additional term of five years may be imposed by 290.0%. There were 2,280 offenders convicted of trafficking charges that currently do not carry an enhanced penalty. Approximately 1,140 offenders, or 50.0%, may be subject to the enhanced penalty in HF 254. The Bill increases the incarceration rate (more offenders will be sentenced to prison) and increases the length of stay in prison (more offenders will remain in prison for a longer period than under current law).

### Correctional Impact



There will be 119 additional offenders admitted to prison in FY 2006, and 238 additional offenders admitted to prison annually thereafter. The prison population will increase by 119 offenders in FY 2006, 475 in FY 2007, and 1,242 in FY 2010. The impact on the prison population is greater than the number of admissions due to the significant increase in the average length of stay in prison before parole is granted. These offenders would have been sentenced to probation under current law. There will be a slight reduction in county jail populations, but that reduction is not anticipated to be significant.

### Fiscal Impact

House File 254 is estimated to increase State operating expenses by \$237,000 in FY 2006, and \$1.9 million in FY 2007. This figure includes a reduction in offenders under Community-Based Corrections (CBC) supervision and an increase in the number of offenders in the State Prison System.

### New Prison

Due to the projected increase in the State prison population, a new prison will be required by FY 2008. The estimated construction costs are \$45.0 million, with an operating budget of approximately \$28.0 million annually.

The correctional and fiscal impacts listed above do not include the correctional and fiscal impact of Section 2 of the Bill. To the extent that charges, convictions, and the incarceration rates are altered under the Bill, the fiscal impact will be greater than indicated above.

### Additional Information

The Fiscal Note for HF 254 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

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STAFF CONTACT: Beth Lenstra (Ext. 16301)

**HOUSE PASSES SECONDARY ROAD FUND AND FARM-TO-MARKET ROAD FUND DISTRIBUTION BILL – HF 674**

**House Action**

The House passed HF 674 (Secondary Road Fund and Farm-to-Market Road Fund Distribution Bill) on March 22. The Bill provides that the Secondary Road Fund Distribution Committee develop a new methodology for the distribution of Secondary Road Fund and Farm-to-Market Road Fund funds to counties.

**Annual Report**



The Iowa County Engineers Association Service Bureau will compute and annually report the distributions to the Secondary Road Fund Distribution Committee, the Department of Transportation, and the Treasurer of State. The annual report is to include those roads that were transferred to a county pursuant to Section 306.8A, Code of Iowa. Miles of farm-to-market extensions within cities under 500 that were transferred to the respective counties in FY 2005 pursuant to Section 306.4, Code of Iowa, are not to be included in the report.

**Admin. Rules**

House File 674 provides that the Secondary Road Fund Distribution Committee adopt administrative rules specifying the calculation for the distribution of the funds to counties. The new methodology will replace the Quadrennial Need Study, which apportioned Secondary Road Fund and Farm-to-Market Road Fund funds to counties based on need and area. The new methodology will be phased in over five years, beginning in FY 2007. The following table details the new methodology proposed by the Secondary Road Fund Distribution Committee for the distribution of the funds to counties.

**Secondary Road Fund Distribution Advisory Committee (SRFDAC) Proposed Formula**



Secondary Road Fund	Farm-to-Market Road Fund	Formula Explanation
30.0%	30.0%	Total area of each county.
10.0%	15.0%	Rural population.
12.5%	10.0%	Vehicle miles of travel per day.
0.5%	0.0%	Miles of unsurfaced (dirt) roads.
20.0%	9.0%	Miles of granular surfaced roads.
13.0%	23.0%	Miles of paved roads.
14.0%	13.0%	Lineal feet of bridge deck of all structures.
100.0%	100.0%	

**Fiscal Impact**

The total amount allocated from the Road Use Tax Fund to the Secondary Road Fund (24.5%) and Farm-to-Market Road Fund (8.0%) will not change under the Bill, but the amounts distributed from those funds to the counties will change, as the distribution of Secondary Road Fund and Farm-to-Market Road Fund dollars for each county will vary based on the new methodology. An estimated 53.0% of counties will experience an increase in the distribution of Secondary Road Fund and Farm-to-Market Road Fund dollars for FY 2007 and beyond, while an estimated 46.0% will experience a decrease from both funds. A projected distribution by county is available from the Fiscal Services Division of the LSA.

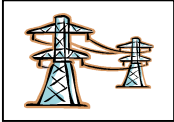
**More Information**

Additional information is available from the LSA upon request.

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**SIGNIFICANT WAYS & MEANS BILLS**

**Alt. Energy Bill**



The Senate Ways and Means Committee passed SF 371 (Alternative Energy Tax Credit Bill) on March 23. The Bill is now SF 390. The Bill offers production tax credits for up to 90 megawatts of nameplate electricity generating capacity and 10 megawatts of equivalent capacity for other forms of energy generation.

In addition, the Bill offers energy purchasers income tax credits for energy generated from these sources over a 10-year period. The tax credits are expected to reduce net General Fund revenue by a total of \$55.0 million over 14 fiscal years, with the initial impact in FY 2007.

**More Information**

The Fiscal Note SF 390 will be available on the LSA web site at:  
<http://www3.legis.state.ia.us/fiscalnotes/>.

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**GOVERNMENT OVERSIGHT COMMITTEE MEETING**

**Committee Meeting**



The Government Oversight Committee met on March 24 and discussed extending the Reinvention Initiatives Master Agreement with the Public Strategies Group for an additional year. The original contract ends in August 2005. Director Mike Tramontina, Department of Management, provided a summary of project accomplishments. House File 715 (Reinvention Initiatives Bill) extends funding for the Initiative through FY 2007.

In addition, Susan Vande Kamp and other representatives from the Iowa County Recorders Association provided an update on the Status of the County Land Record Information System (CLRIS) Project. The Committee discussed concerns regarding the need for a formal audit, status of funding, the full participation of all counties in the project, and the desire to link with other county offices.

**More Information**

Copies of agendas, minutes, and selected handouts distributed to Committee members are available on the General Assembly web site at:  
<http://www3.legis.state.ia.us/ga/committee.do?id=41>

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