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GOVERNOR BRANSTAD'S  
LEGISLATIVE PRIORITIES

1986

- RESTRUCTURING & DOWNSIZING GOVERNMENT
- ECONOMIC DEVELOPMENT/CREATE JOBS
- EDUCATIONAL EXCELLENCE
- PUBLIC SAFETY
- CARE FOR THE NEEDY AND ELDERLY



## RESTRUCTURING & DOWNSIZING

In order to live within the projected revenues for the state, it is time to restructure and downsize state government. A new streamlined structure will not only save millions of dollars, it will also free up a larger share of limited state resources for priority areas of education and economic development. A new structure will make government more accountable, efficient, and effective and will eliminate 49 agencies. To accomplish these goals, several changes must be taken. The following actions should be taken by the General Assembly:

### I. State Government

- Restructure and downsize state government consistent with the Governor's proposals made on December 3.
- Provide an early retirement program for state employees to ensure the elimination of positions without massive layoffs.
- Freeze state government operation budgets at this year's level.
- Reduce unnecessary paperwork by eliminating requirement for completing forms which are no longer needed.

### II. Local Government

- Restore the over \$40 million in state aid affecting property taxes.
- Provide over \$20 million in additional property tax relief by taking the next step in court reorganization.
- Impose a statewide freeze on property tax budgets of local governments.
- Provide incentives for local governments to restructure and downsize, including a charter authority for all counties.

## ECONOMIC DEVELOPMENT

The problems in agriculture require Iowa to diversify its economy and to create additional off-farm jobs. Our cities and our rural communities must join together in an economic development strategy which will make Iowa second to none in job creation in the Midwest. In addition to restructuring our economic development efforts, this program provides for an economic development strategy which will create jobs for the future. It includes three parts: 1) improving Iowa's economic climate for job creation; 2) helping small and existing industries and businesses; and 3) marketing and promoting Iowa. Lottery funds should be immediately reauthorized to fund these economic development initiatives.

- I. Improving Iowa's Economic Climate for Job Creation: Iowa has made substantial strides as the result of the bipartisan effort last year to eliminate major impediments to job creation in our state. Nevertheless, we must continue to build on this momentum to create an economic climate in Iowa which will be conducive to job creation. The following initiatives will improve Iowa's economic climate so we will not have to take a back seat to any state in the region when it comes to incentives to create new jobs.

- A. Unemployment/Workers Comp

- Unemployment Compensation

Iowa's unemployment compensation costs are not competitive. They are the third highest in the Midwest region and tenth highest in the nation. Our taxable wage level is the highest in the region, seventh highest in the nation, while our maximum rate is second highest in the region and sixth highest in the nation. Without legislative action, unemployment compensation taxes will escalate \$33 to \$62 million over the next three years.

While considering other necessary reforms, immediate action should be taken to:

- set the maximum weekly benefit amount at \$164 effective July 1, 1986;

- eliminate dependency as a basis for payment of benefits;
- eliminate automatic increases in weekly benefit amount caused by increases in average weekly wage;
- make the one-week waiting period permanent;
- reduce taxable wages for 1987 from \$12,300 to \$10,700;
- eliminate the \$1,600 tax base increase provided under House File 637; and
- eliminate the automatic increases in taxable wages caused by increases in the average annual wage.

This program is both fair and balanced. It will rid Iowa's system of its most uncompetitive features while continuing to protect workers. And, it will allow the fund to continue to build reserves.

- Workers' Compensation

The maximum workers' compensation rate in Iowa is \$598.00 per week. This maximum rate is second only to the state of Alaska. Iowa's high maximum rate is a negative influence upon economic development. Action should be taken to reduce the maximum workers' compensation rate from 200 percent of the statewide average weekly wage to 100 percent. Action should also be taken to clarify the definition of employee and/or subcontractor under the workers' compensation law.

B. Encourage Local Development

- Economic Development Areas

Economic development areas should be created to allow local communities, rural areas, and the state to provide an economic development package that no other state in the Midwest can match. At the present time, eight of the states which compete with Iowa in the Midwest have so-called enterprise zones designed to provide targeted incentives to create new jobs. Iowa has no similar program. At the same time, Iowa has a great need to be able to create new jobs by providing a package of incentives to existing industry which may be interested in expanding and new industry interested in locating in our state. Governor Branstad's economic development

area proposal would authorize a special state and local partnership which could provide a package of economic incentives for new job creation which would be second to none in the Midwest.

These economic development areas would allow local communities and rural areas to provide additional property tax incentives on the remaining taxable machinery and equipment and real property in an economic development area. Incentive utility rates would also be provided.

For its part, the state would provide an additional corporate income tax credit for each new job created, exempt new building construction from the sales and use tax, provide for a special investment tax credit, and target all the existing grant, training and other incentive programs into these areas.

This will provide the state of Iowa with an unmatched job creating program which could be targeted to rural areas and other parts of the state in need of additional jobs. The Iowa Development Commission would, in cooperation with the city and county, administer the program.

- Bond Bank

The Iowa Finance Authority should be authorized to develop a bond bank to pool industrial development bonds from local communities. This will provide local communities with better interest rates for economic development initiatives and will focus funds for economic development projects throughout the state. A number of our competitor states have established similar bond banks and \$500,000 is recommended to secure up to \$10 million of economic development bonds to be issued through the bond bank.

- Community Economic Betterment Programs

Last year, the legislature wisely authorized the creation of the Community Economic Betterment Fund to provide grants to local communities to help businesses create new jobs. Unfortunately, the shortfall in lottery funds would greatly limit the effectiveness of this most important program.

Governor Branstad recommends that \$5 million be authorized for this Community Economic Betterment Fund this year and \$10 million next fiscal year. In addition, the statutory language authorizing the funds should be amended to allow for greater speed and flexibility in the use of the funds to make certain that Iowa does not lose the possibility of creating new jobs because of inflexible statutory restrictions.

C. Tort Liability

Skyrocketing insurance premiums, and in some cases, loss of coverage, are putting severe pressure on state and local government and many businesses in our state. We should not allow these skyrocketing costs to limit job creation in our state. Therefore, reasonable limitations should be placed in our tort liability statutes and the collateral source rule should be expanded to cover all tort liability judgements.

D. Research and Development Tax Credit

In 1983, Iowa authorized a state research and development tax credit to be implemented upon the expiration of the federal tax credit. That credit expires this year. Unfortunately, the state tax credit program which is designed to be put into place at this time was de-authorized by the legislature last session. Research and development efforts will be critical to the success of many new businesses and industries in the state. Indeed, a research and development tax credit will provide Iowa with an unique advantage in attracting research-related companies and jobs by developing research parks in our state. State law should be amended to continue the research and development tax credit regardless of the existence of the federal credit.

II. Helping Small and Existing Businesses: Over sixty percent of all new jobs are created by businesses in Iowa that employ twenty or fewer people. In addition, the large majority of the new jobs created in our state are provided by our existing industries. Actions must be taken to recognize the fact that, in a large part, the future of the economy in Iowa is dependent upon the

growth and development of our small and existing industries. The following program is designed to provide assistance to help create new small businesses and to assist those that are already here.

A. Assist Homegrown Businesses

Full funding is recommended for the state small business incubator program which has been a real success thus far. Funding is also recommended for the Iowa Main Street Program and the Federal Procurement Center which will provide assistance to Iowa businesses in obtaining federal contracts.

• Privatization Study

Many of Iowa's small businesses are interested in providing services and products to the state. A state policy designed to privatize state operations which can be more efficiently and effectively produced in the private sector makes sense. Therefore, Governor Branstad will be bringing together the appropriate state government agencies to review their operations and to determine which operations could be privatized in order to provide small business in Iowa with additional markets.

• Job Training

The federal tax bill presently halts the use of Iowa's unique job training program. While Congressional action is expected to delay the effective date of that section of the federal tax bill, the use of the \$1 million in lottery funds for community colleges should be expanded to include an interim training program.

B. Create New Technology-Based Businesses

• Technology Development Grants

Over \$3 million is recommended for each of the next two years to fund technology development grants to be matched on a one-to-one basis by private, university, or federal funds at our research universities. These grants will help turn the research at our universities into jobs for Iowans. These technology



development grants will be critical to the development of the research parks at our universities. The existing lottery funding formula would have provided only \$360,000 for this important effort; the lottery program should be amended quickly to provide these grants needed to create new jobs.

- Product Development Corporation

One million dollars in funding is recommended to be provided for fiscal year 1986 and fiscal year 1987 for the Product Development Corporation which is instrumental in helping nurture new businesses in our state.

- Telecommunications

Of all the critical components of our economy in this information age, telecommunications stands out the most. Growth projections for this industry are astounding. In the next year alone, the jobs in this industry will more than double. In 1985, Iowa saw substantial growth in job creation by telecommunications companies and projections are for an additional 1,200 jobs in the telecommunications industry in Iowa in 1986. Iowa has an opportunity to continue to build on this growth industry, since Iowa contains many unique advantages needed by these firms. These include our highly productive and well educated work force, our job training program, and our central location. Iowa should draw upon those advantages with a special marketing and development program to make our state the center of the telecommunications industry in the Midwest. Funding is recommended to begin that effort.

In addition, the property tax abatement law should be expanded to allow telecommunications offices to qualify for the abatement. The administrative rules relating to the application of the corporate income tax to these services should be carefully reviewed to make certain that we do not provide a penalty to these firms for doing business in Iowa.

- Agricultural Biotechnology Center

Iowa has the opportunity to be an agriculture biotechnology center. The promise of this leadership can be achieved if government, Iowa State University, industry, Iowa farm producers, the general

public join together to develop agricultural biotechnology. An investment in agricultural biotechnology could have immediate payoff by inducing at least two companies to move their biotechnology research efforts to Iowa. If Iowa acts now, it can be a leader in agricultural biotechnology which will pay huge dividends for the future of the state's economy. A \$3 million investment in agricultural biotechnology research for the next fiscal year has been recommended. These funds should be matched by private, university or federal funds. Iowa State University should sell WOI-TV in order to provide from \$20-40 million of additional long-term funds to build a Center of Excellence in areas such as agricultural biotechnology and telecommunications at the institution.

III. Marketing Iowa: In order for Iowa's economy to rebound, we must conduct a more aggressive marketing program to tell others of the unique advantages of Iowa. Our excellent educational system, our productive and high quality workers, our high quality of life, and our new economic incentives must be told to decision-makers throughout the nation and the world. In that way, we will be able to attract new businesses to locate here and help our existing industries expand through new markets.

A. Marketing Abroad

In 1985, there were 888 Iowa manufacturers exporting products to foreign countries. This represents a 67 percent increase over 1983. The same survey showed that 366 companies want to start exporting products for the first time. That is a 27 percent increase in interest in that two-year period. The challenge for Iowa is to create an environment that makes it economically feasible and profitable for these companies to export.

• Iowa Ambassador's Program

Iowa should establish an Iowa Ambassador's Program to attract private funds, which, in conjunction with an additional \$1 million commitment on the part of the state, would help market and promote the state of Iowa to the rest of the country. This Iowa Ambassador's program would be patterned after a similar effort in other states, including Wisconsin, to

forge a partnership between the private and public sector for a marketing strategy to help the entire state. It is anticipated that this marketing strategy would provide an emphasis on quality of Iowa products, Iowa workers, and Iowa's way of life.

- Export Finance Program

An Iowa export finance program should be developed to provide an interest buydown for export sales targeted to those small businesses who need assistance the most. It is anticipated, that with the Governor's recommendation, approximately \$20 million of additional international trade would be generated and at least 500 new jobs created.

- Japan Office

Most of the investment coming into the United States from Asia is from Japan. This is likely to continue for the foreseeable future. Japan is also our number one customer of agricultural products. There is both an opportunity to attract additional Japanese investment in Iowa and to create additional markets for Iowa products in Japan. The Governor is recommending that Iowa establish a Japanese office to provide the state with an ongoing presence in Japan to create new markets and to bring dollars back to Iowa. This office would give Iowa a unique ability to take advantage of the area of the world with the greatest potential future market for Iowa products - the Pacific Rim countries.

## B. Promoting at Home

- Tourism

At the present time, Iowa ranks 46th in the nation in tourism spending. At the same time, the small additional investment we made last year paid great dividends -- tourism is up 20 percent. We can do even more next year.

Governor Branstad is recommending an additional \$2 million investment in tourism in Iowa which would allow the state to move up substantially in the rankings in the state spending for tourism. The dollars spent on tourism provide an almost immediate return for the state in new jobs and economic activity.

• Recreation and Conservation

Governor Branstad is recommending that, despite lottery funding shortfalls, we maintain our commitment to fund conservation and recreation facilities. Two and one-half million dollars would be recommended for funding both this and next fiscal years for program that would allow for the acquisition of new recreation and conservation areas as well as to provide seed money for the development of new tourism facilities -- including welcome centers.

IV. Assistance to Agriculture: Agriculture in Iowa has been a long and stable base for our economy. However, over the last six years, it has been challenged by the most difficult times since the Great Depression of the 1930's. Farmers, farm families, and rural communities throughout the state are faced with very difficult economic times.

We must continue all of our efforts to secure appropriate federal assistance, include a federal debt restructuring package which will provide real assistance to farmers.

While it is clear that the problems of agriculture are largely the result of national and international policies, it is also clear that we in Iowa must take what action we can to provide assistance to this most important industry and to help develop it for the future. Therefore, Governor Branstad is proposing a five part plan to assist agriculture in Iowa in 1986.

A. Help Keep Farmers on the Farm

Iowa has approximately 110,000 farmers who produce food for the world. These farm families are one of our state's greatest assets. It is important for the state to make every effort it can, within existing resources, to ensure that the maximum number of these farmers are provided with the opportunities for assistance to continue to stay on the farm. Consequently, the state should take action to provide:

• Targeted Financial Assistance

Five million dollars should be allocated out of the lottery proceeds immediately to a farm investment authority to be used as seed money and for administrative expense to attract private funds and investments needed for a targeted financial assistance

program for needy farmers. This fund could also be used to guarantee emergency operating loans to farmers affected by a failed financial institution. This program may be able to be handled through the Iowa Housing Finance Authority and will be designed to provide lines of credit to farmers who for some reason do not receive assistance through existing federal or state programs but have a real chance of staying on the farm. This will be a limited program and, in order to be successful, it will require the attraction of a substantial amount of private investment from the commercial banking community.

- Linked Deposit Program

Establish a linked deposits program so that the idle funds of the state can be invested into banks at below market rates in order to provide funds necessary for some farmers to obtain financing at lower interest rates.

- Mediation Services

Presently, there is a lack of means to allow lenders and farmers to develop reasonable and peaceful solutions to financial problems. The lender may feel that the only recourse is to foreclose on the farmer. The farmer, in turn, may file bankruptcy or could resort to other unproductive means of resolving these financial problems. A mediation service, with a staff of well trained and experienced professionals, could be able to prevent the disputes and allow the farmer and lender to continue to work out financial alternatives. The Governor is recommending funding to begin a program immediately to train mediators in every county of the state to provide for a peaceful resolution of farm financial disputes.

- Rural Concern Hotline

Farmers need to know who to call to receive accurate and reliable information during these difficult times. The rural concern hotline has been a real success. Over the last year, over 8,000 farmers have requested and received assistance through the rural concern hotline. This assistance has ranged from ideas on farm management and finance to ways in which to cope with stress and personal problems. This toll-free hotline should be continued.

## B. Help Those Farmers Who are Forced off the Farm

While we have been doing all we can within our power and resources to help farmers hold onto their farms, it must be recognized that some have been and will continue to be forced off their farms. Not only are these farmers faced with heavy financial burdens, they must also find new careers. Certainly, our efforts to improve Iowa's economic climate will provide a real boost to create job opportunities in rural areas.

### • Retraining

State retraining programs should be expanded to train farmers in new skills and to help them pursue other career opportunities. Included in this training will be an emphasis on entrepreneurship development. Furthermore, it is expected this will be done in close cooperation and coordination with the dislocated worker program funded through the Job Training Partnership Act, the area community colleges, appropriate colleges and universities, and representatives of the business community. An additional \$500,000 is provided for this purpose.

### • Career Counseling

A counseling program service will be established to coincide with the retraining efforts directed at dislocated farmers. This service will focus on career counseling, and will also include personal counseling.

## C. Assisting Beginning Farmers

In 1986, we must build for the future of Iowa. In order to provide an opportunity for new farmers to enter into agriculture, an expanded beginning farmer program should be established. The current program does not allow for the purchase of used machinery or livestock. Therefore, \$500,000 will be allocated to an interest buydown program to be operated by the Iowa Family Farm Authority. These funds will be used by the Family Farm Authority to buy down interest rates of up to three percent for machinery or livestock loans of up to \$15,000 for farmers who meet the current eligibility requirements for the beginning farmer program.

#### D. Develop and Monitor for Farm Financial Trends

Some resources must be directed at examining and monitoring existing farm financial conditions in agriculture. In that way, we will be able to respond with appropriate policies to deal with the financial situation. The following programs are recommended to assist us in that regard:

- Financial Report

A monthly farm financial report will be conducted in cooperation with Iowa State University and the Iowa Crop and Livestock Reporting Service. At the present time, these financial surveys are done on an annual basis. But, with the rapid change in trends in farms and finances, monthly updates are needed.

- Farm Credit Ombudsman

A farm credit ombudsman should be established. A major concern and complaint among farmers is that there is lack of consistency in our agricultural lending system. An ombudsman that is jointly supported by the farm credit system, commercial banks, and the Farmers Home Administration would allow for a careful monitoring of problems and difficulties within these systems. It would also allow policy-makers to take appropriate action to resolve these difficulties if necessary. A farm credit ombudsman would allow for quick and rapid investigation and response to system-wide farm credit problems.

#### E. Agricultural Diversification

The current oversupply in Iowa of basic commodities - corn and soybeans -- indicate that a diversification of our current farm program is needed. We must create alternative crops and products from existing commodities. While there is a growing interest in this area, a real roadblock to crop diversification is the financing needed for new equipment and processing facilities.

- Equipment and Facilities

In conjunction with existing programs to develop new products and crops, Governor Branstad is recommending a special new \$500,000 program to help provide financing for pilot programs to purchase equipment and develop processing facilities for new crops and

products. Interest rate breaks on loans of up to \$50,000 would be provided. This program would provide a real boost for Iowa's agricultural diversification efforts.

• Livestock Industry

Additional incentives must also be provided for the livestock industry. Traditionally, the most practical alternative to marketing corn and soybeans has been the production of pork and beef. Although Iowa has faced stiff competition from western states in beef production, Iowa still has many competitive advantages in this area. However, just as incentives are provided to new industries that are located in the state, local governments should be given the authority to provide incentives of property tax abatement for capital improvements for livestock facilities. These are presently allowed for industrial expansions and livestock facilities should also be included in this authority.

F. Agricultural Lien Law Reform

The current agricultural lien law passed during the last legislative session has caused major problems for both farmers and agribusiness. This law must be revised to ensure that a major burden is not placed on purchases of agricultural commodities and so that farmers are not unduly restricted in their efforts to obtain financing.



## EDUCATIONAL EXCELLENCE

Iowa's educational system has a tradition of commitment to excellence as evidenced by high national ranking of Iowa's students on standardized tests. It is imperative that we maintain this national ranking. The following initiatives will help insure that a quality education is delivered in a most efficient and effective manner.

- I. Additional State Aid: Thirty-five million dollars of additional state aid to local schools is recommended from what was received in fiscal year 1986.
  
- II. Excellence Through Streamlining/Funds for the Classroom: All levels of government should be concerned with providing current services in a more efficient and effective manner.

- Incentive for Administrative Savings

To encourage school districts to review their administrative costs. State aid will reimburse local school districts dollar for dollar for specific administrative savings achieved in fiscal year 1987. These dollars must be used to improve educational programs.

- Remove Penalties/Provide Property Tax Incentives for School Sharing

Local school districts should not be discouraged from reorganizing because of potential loss of funds. Under the current law, local school districts that reorganize lose the funding incentive provided for sharing programs and instructors. This disincentive should be removed from the law.

Many local school districts do not reorganize to share programs because the local property taxes in one of the districts will increase. To allow local districts that wish to reorganize to do so, the law should be changed to reduce their uniform property tax levy from \$5.40 to \$5.00 per thousand of assessed valuation.

III. Excellence Through Attracting and Retaining Top Teachers: It is essential for a quality education to have the best possible instructors that are available. To help insure that Iowa retains high quality teachers, incentives must be provided to individuals to enter and stay in the teaching profession.

• Master Teacher

A new teacher career development structure is recommended. This structure is designed to provide additional support to teachers, to expand career opportunities for more experienced educators and encourage teacher accountability. This structure will allow teachers to advance professionally by attaining additional experience, professional development, so long as they have positive evaluations. Ultimately, qualified educators could reach a level where they would receive additional financial support with inservice and state funding. This will encourage teachers to remain in the profession.

• Beginning Teacher Incentive

National and state studies stress the importance of encouraging individuals of high caliber to enter the profession of teaching. To insure that our children continue to receive an excellent education, local school districts will receive state aid to fund a ten percent increase in beginning teacher's salaries for fiscal year 1987.

IV. Alternative Schooling: Modification should be made in state law to permit alternative schooling while at the same time insure that every child in the state of Iowa receives a good education. The recommendations made by the Governor's Task Force on Compulsory Education should be adopted.

V. School Award Program: Schools with Exemplary programs in certain subject areas should be recognized for their achievements. This would help provide additional incentives for schools to upgrade their programs and would establish models for other schools. The Department of Education will be responsible for implementing such a program.

## PUBLIC SAFETY

Iowa remains among the safest places in which to live, with only eleven states having a lower crime rate. Yet, any crime threatens our citizens. There are several areas in which we can work to achieve a higher level of public safety for all Iowans.

- I. Child Protection: The state of Iowa must continue to build on our past accomplishments to ensure protection of our children. Action to be taken should include:
  - prohibit the possession, of as well as purchase, of child pornography;
  - assist children who testify in a court of law; and
  - provide treatment for youthful sex offenders.
  
- II. Protecting Iowans: Measures must be taken to insure the safety of our citizens. We must be certain that our justice system makes the victim and the citizen our top concern. Areas which should be acted upon include:
  - protecting victims and ensuring their safety when they testify in a court of law and make testifying less traumatic by keeping the victim informed;
  - controlling the use of electronic weapons commonly referred to as "stun guns";
  - eliminate the arbitrary prison population cap. This ceiling on the number of prisoners which can be confined in the state's penal system is jeopardizing safety. Staying under the cap, rather than public safety, has become the driving force in making parole decisions. Presently there are 150-200 individuals incarcerated in our state penal institutions for convictions of drunk driving.
  
- III. Drunk Driving: Iowa should adopt uniform, nationally recognized standards for curbing drunk driving. Actions to be taken should include:
  - .10 per se blood alcohol content to be legally drunk;

- thirty day loss of license for first offense of drunk driving;
- prohibit deferred sentences for convictions of drunk driving; and
- provide a facility for individuals convicted of drunk driving. Approximately, 200 individuals are incarcerated in our state penal institutions for the conviction of drunk driving. It is recommended that these individuals be placed in a facility outside of our state penal institutions to receive treatment while working during their period of incarceration. These individuals will be required to give a percent of their earnings to the state to help defray the costs of incarceration.

## CARE FOR THE NEEDY AND THE ELDERLY

- I. Care for the Needy: In order to maintain existing human services programs to care for needy Iowans, the Governor is recommending a \$15 million supplemental appropriation to the Department of Human Services. This exception to the spending freeze is required to avoid cuts in service levels in existing programs. We should also explore ways to save Medicaid dollars while maintaining the services.
  
- II. Quality of Life for Older Iowans: Iowa has a responsibility to protect the quality of life for the people who built this state. Older Iowans are great assets to Iowa and action should be taken to help them be independent and self-reliant and to ensure their health and safety.
  - Iowa should start a comprehensive long-term care and community-based services program which includes: home-based care, case review to assess people's needs, and a long-term care commission to coordinate services.
  - We must ensure that visitation rights of grandparents are provided and protected.
  - We should study elderly abuse to determine the problem, find its causes, and protect its victims.
  - We must provide training and education to help the families of Iowans who have fallen victim to Alzheimer's Disease.

An additional \$1 million appropriation is recommended to begin these efforts.

## OTHER PRIORITIES

I. Protecting the Environment: Clean and plentiful groundwater supplies are critical to Iowa's municipalities and our rural population. The Iowa Geological Survey has pioneered research into the threats to this important Iowa resource. Protecting these precious groundwater supplies from further deterioration should be a high priority for Iowa. Iowa state agencies, in cooperation with federal, local, and university groups, are seeking solutions which are economically, socially and environmentally acceptable. These agencies have developed the Big Spring Basin Demonstration Project currently being conducted in northwest Clayton County. This project seeks to demonstrate agricultural techniques that protect groundwater supplies while making agriculture more profitable at the same time. So far, \$2.2 million has been pledged to this seven-year project, and \$4.4 million more from federal funds are being sought. The results of this study will help shape agricultural and environmental programs for the future.

II. Tax Amnesty: A tax amnesty program is proposed to increase compliance by current nonfilers, clear the accounts receivable of past due amounts, and provide an opportunity for taxpayers to become current on delinquent taxes. The program is designed to increase the state's tax enforcement and collection authority. Additional state revenues of \$5 million are expected from the program in fiscal year 1987.

### III. Corrective Legislation

- Substance Abuse

The 1984 General Assembly mandated that the state would totally fund the cost of care and maintenance of alcohol and drug abuse programs presently contracted through licensed community based treatment centers for the fiscal year 1985. The liquor mark-up was implemented to support the program. Due to legislative inaction, this funding was imposed back onto counties. The legislature should immediately act to correct this. The state should continue to provide the funding retroactive to the beginning of fiscal year 1986.

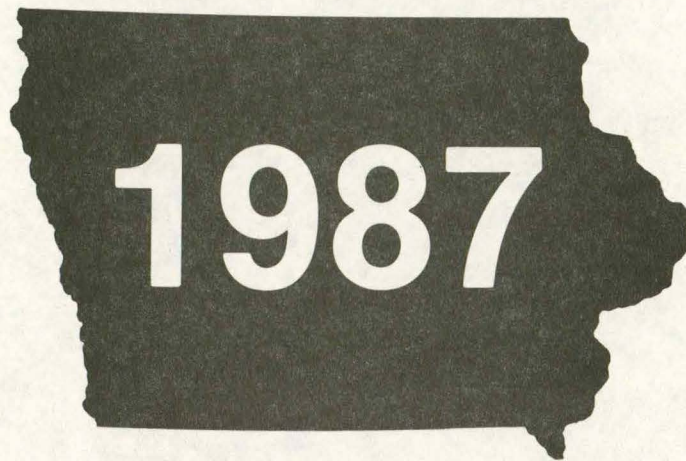
- Lottery Tickets

Presently, state liquor stores are permitted to sell lottery tickets while private businesses which sell alcohol are not. To ensure fairplay, these private businesses should be permitted to sell lottery tickets.





**Governor  
Terry E. Branstad's**



**Amended Budget**



# **GOVERNOR BRANSTAD'S LEGISLATIVE PRIORITIES 1986**

- **Restructuring & Downsizing Government**
- **Economic Development/Create Jobs**
- **Educational Excellence**
- **Public Safety**
- **Care for the Needy and Elderly**

# **RESTRUCTURE & DOWNSIZING GOVERNMENT**

- **State Government Streamlining**
  - **Restructuring & Downsizing**
  - **Freeze State Operating Budgets**
  - **Paperwork Reduction**
  
- **Local Government Streamlining**
  - **Restore State Aid to Offset Property Taxes**
  - **Statewide Property Tax Freeze**
  - **Incentives for Local Government Restructuring**

# **ECONOMIC DEVELOPMENT/CREATE JOBS**

- **Improve Business Climate**
  - **Unemployment/Workers Compensation**
  - **Encourage Local Development**
    - **Economic Development Areas**
    - **Bond Bank**
    - **Community Economic Betterment Fund**
  - **Tort Liability**
  - **Research and Development Credit**
  
- **Help Small and Existing Business**
  - **Assist Home Grown Businesses**
    - **Small Business Incubators**
    - **Main Street Iowa**
    - **Federal Procurement**
    - **Privatization Study**
  - **Create New Technology-Based Businesses**
    - **Technology Development Grants**
    - **Product Development Corporation Funding**
    - **Telecommunications Initiative**
    - **Ag Biotechnology Center**
  
- **Marketing Iowa**
  - **Marketing Abroad**
    - **Iowa Ambassadors**
    - **Export Finance Program**
    - **Japan Office**
  - **Promoting at Home**
    - **Funds for Tourism**
    - **Recreation and Tourism Grants**

# **AGRICULTURE**

- **Keeping Farmers on the Farm**
  - **Targeted Farm Financial Assistance**
  - **Linked Deposits Program**
  - **Mediation Services/Training**
  - **Rural Concern Hotline**
- **Helping Farmers Forced off the Farm**
  - **Farmer Retraining**
  - **Career Counseling**
- **Assisting Beginning Farmers**
- **Information**
  - **Farm Financial Survey**
  - **Farm Credit Ombudsman**
- **Agricultural Diversification**
  - **Equipment and Facilities Pilot Projects**
  - **Livestock Incentives**
- **Correct Agriculture Lien Law**

# **EDUCATIONAL EXCELLENCE**

- **\$35 Million Additional State Aid to Local Schools**
- **Excellence Through Streamlining/Funds for the Classroom**
  - **School Administrative Cost Reductions**
  - **Remove Penalties/Provide Property Tax Incentives for School Sharing**
- **Excellence Through Attracting and Retaining Top Teachers**
  - **Master Teacher Program**
  - **Beginning Teacher Salaries**
- **Alternative Schools**
- **School Excellence Awards**

# **PUBLIC SAFETY**

- **Child Protection**
- **Protecting lowans**
- **Drunk Driving**



# **CARE FOR THE NEEDY AND THE ELDERLY**

- **\$15 Million Supplemental to Maintain Human Services Programs**
- **Program for Older Iowans**
  - **Long Term Care Coordination**
  - **Home Based Care Review and Assessment**
  - **Elder Abuse Study**
  - **Education Program to Families of Alzheimer Victims**
  - **Grandparent Visitation Rights**

# **OTHER PRIORITIES**

- **Protecting the Environment**
- **Tax Amnesty**
- **Corrective Legislation**

# GOVERNOR'S AMENDED BUDGET

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STATE OF IOWA

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## General Fund Financial Summary (in Millions)

FISCAL YEAR JUNE 30

	1985	1986	1987
Beginning Balance	\$ 0.0	\$ 0.0	\$ 0.0
Receipts	2,235.5	2,339.8	2,423.4
Less:			
Refunds	194.5	209.2	208.4
Machinery & Equipment Set-Aside		35.0	44.0
Total Allowed for Refunds	\$ 194.5	\$ 244.2	\$ 252.4
Transfers	31.5	32.4	30.4
Accruals	12.5	2.7	3.6
Total Resources	<u>\$2,085.0</u>	<u>\$2,130.7</u>	<u>\$2,205.0</u>
Appropriations	\$2,110.9	\$2,206.8	\$2,202.2
Supplemental		15.0	11.0
Total Appropriations	<u>\$2,110.9</u>	<u>\$2,221.8</u>	<u>\$2,213.2</u>
Reversions:			
Regular	26.2	12.5	8.8
8:31 Reversions		80.7	
Total Estimated Reversions	<u>\$ 26.2</u>	<u>\$ 93.2</u>	<u>\$ 8.8</u>
Net Appropriations	<u>\$2,084.7</u>	<u>\$2,128.6</u>	<u>\$2,204.4</u>
Estimated General Fund Balance	.3	2.1	.6
Transfer to Economic Emergency Fund	<u>-3</u>	<u>-2.1</u>	<u>-6</u>
	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>

# GOVERNOR'S AMENDED BUDGET

87 87 87 87 87 STATE OF IOWA 87 87 87 87 87

## General Fund Receipts (in Millions)

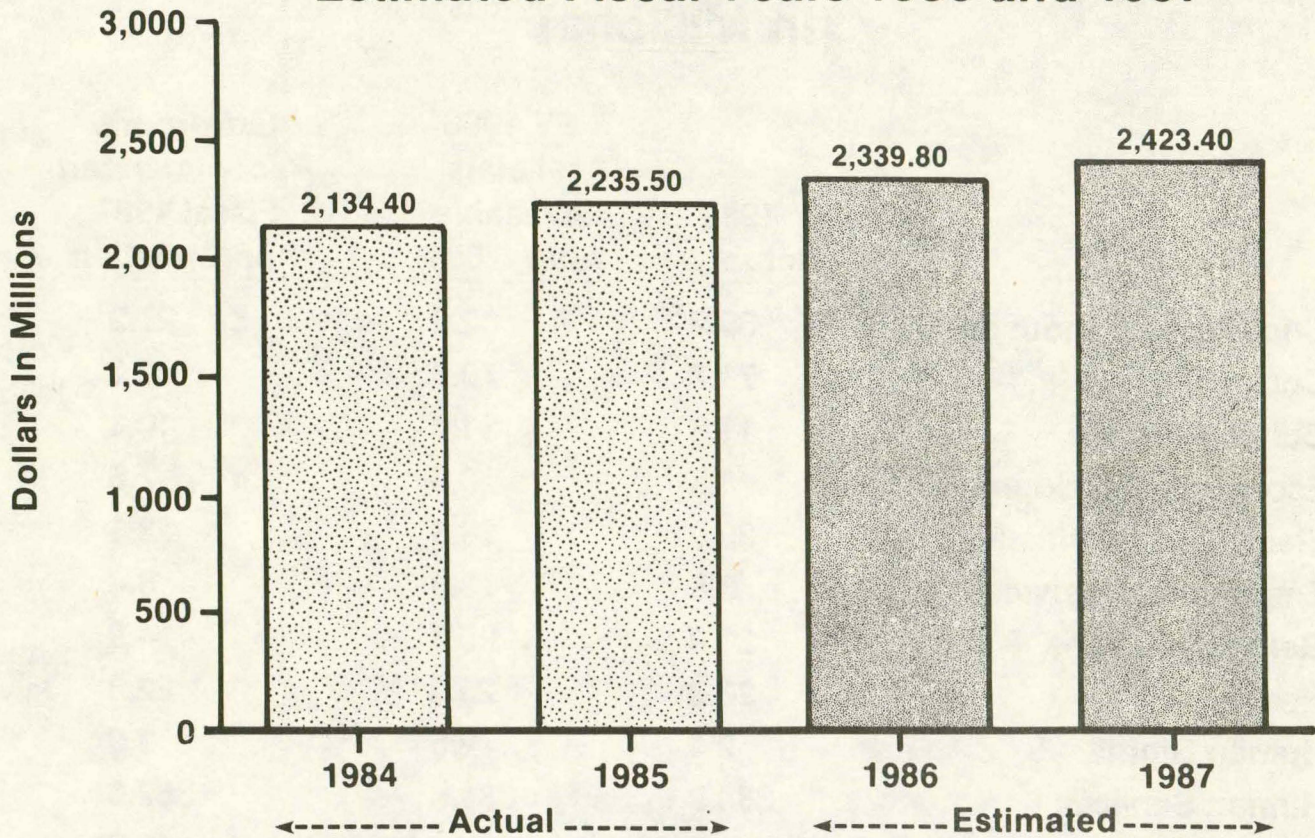
	Actual 1985	Estimated 1986	Estimated 1987
Personal Income Tax	\$ 977.8	\$1,027.0	\$1,066.0
Sales Tax	586.2	603.0	614.1
Use Tax	91.1	94.0	97.0
Corporation Income Tax	187.6	178.0	180.0
Inheritance Tax	58.3	61.0	59.0
Insurance Premium Tax	55.6	69.0	70.0
Cigarette & Tobacco Taxes	58.1	75.6	80.8
Beer & Liquor Taxes	16.3	16.5	16.5
Franchise Tax	9.4	7.0	7.5
Miscellaneous Taxes	.2	.2	.2
<b>Total Special Taxes</b>	<b>\$2,040.6</b>	<b>\$2,131.3</b>	<b>\$2,191.1</b>
County Reimbursements	41.4	45.0	46.4
Liquor Transfers:			
Profits	29.5	24.2	23.5
7% Gross Revenue	8.1	9.7	9.7
Interest	21.3	25.0	22.5
Fees	23.9	27.5	27.5
Miscellaneous Receipts	70.7	75.1	90.7
Pari-mutual Receipts		2.0	7.0
Tax Amnesty Collections			5.0
<b>Total Receipts</b>	<b>\$2,235.5</b>	<b>\$2,339.8</b>	<b>\$2,423.4</b>
Transfers	31.5	32.4	30.4
<b>Gross Receipts</b>	<b>\$2,267.0</b>	<b>\$2,372.2</b>	<b>\$2,453.8</b>
Less Refunds	194.5	209.2	208.4
<b>Net Receipts</b>	<b>\$2,072.5</b>	<b>\$2,163.0</b>	<b>\$2,245.4</b>

# GOVERNOR'S AMENDED BUDGET

87 87 87 87 87 STATE OF IOWA 87 87 87 87 87

## Total General Fund Receipts

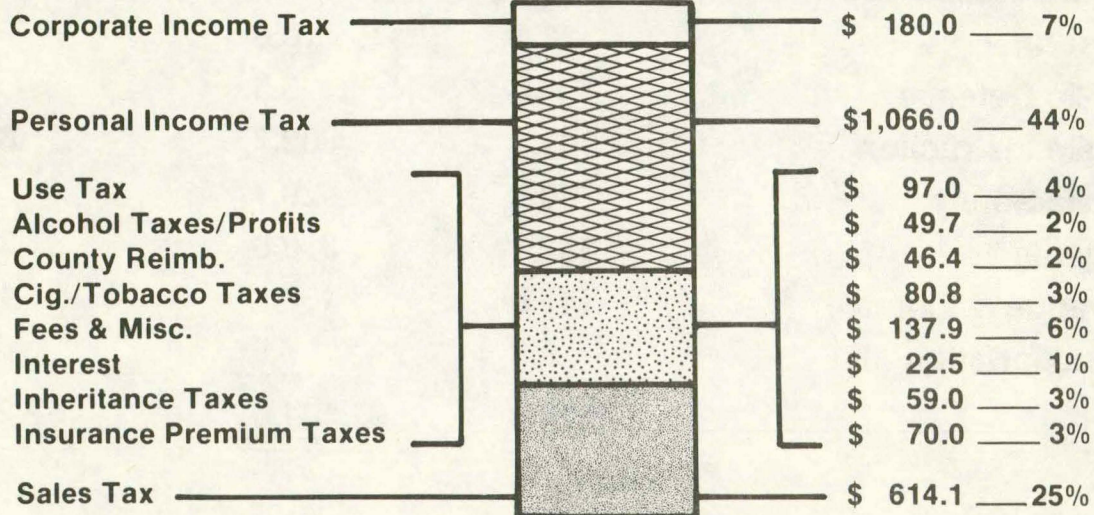
Actual Fiscal Years 1984 and 1985  
Estimated Fiscal Years 1986 and 1987



## Estimated General Fund Revenue Fiscal Year 1987

\$2,423.4

(In Millions)



# GOVERNOR'S AMENDED BUDGET

87 87 87 87 87 STATE OF IOWA 87 87 87 87 87

## Summary Fiscal Years 1985, 1986 and 1987 General Fund Appropriations (In Millions)

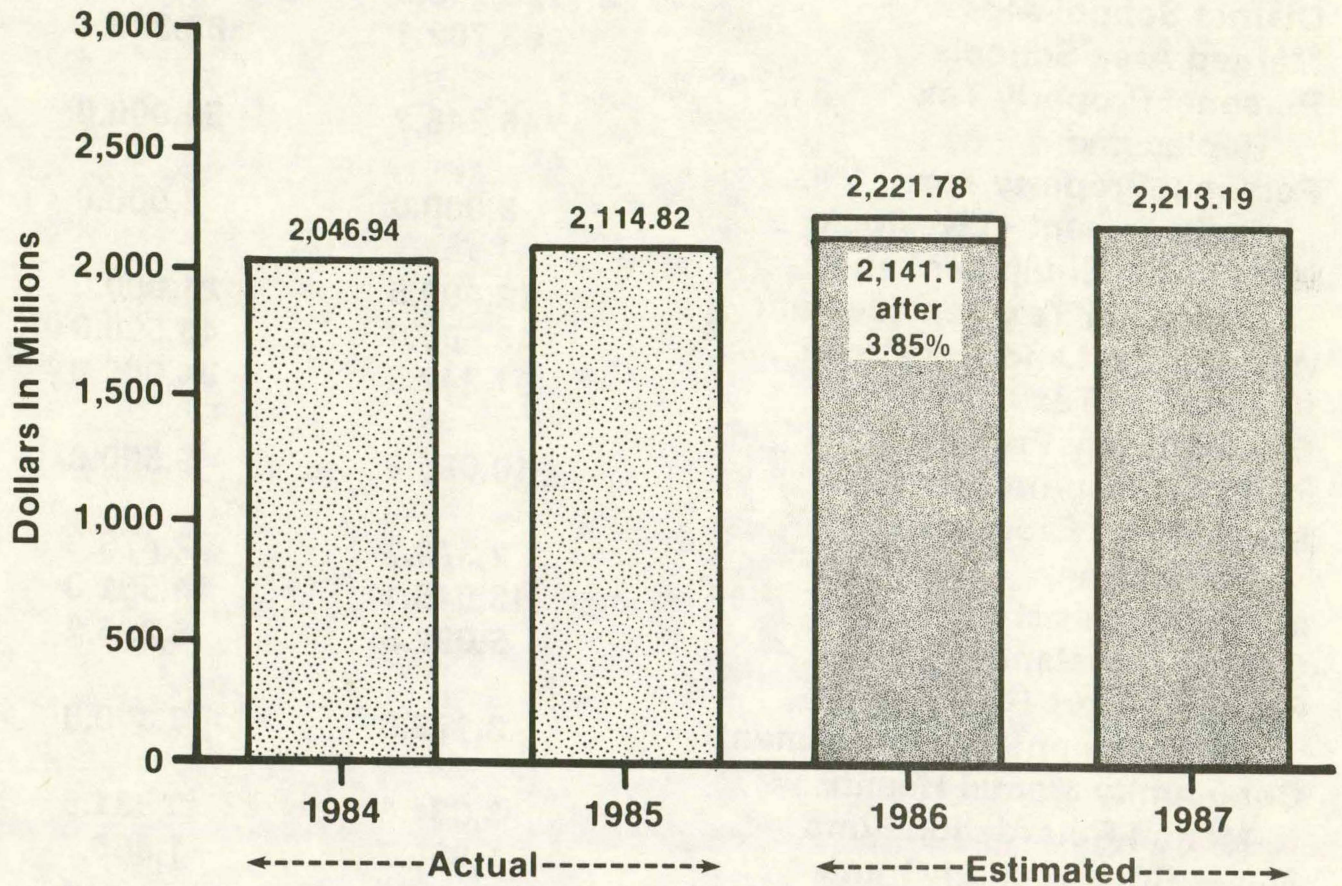
	FY 1985 Actual	FY 1986 Total Available After 3.85%	Governor's Recommended Fiscal 1987 Appropriation
Commerce & Industry	\$ 35.2	\$ 32.2	\$ 27.2
Corrections	71.7	70.6	70.2
Cultural Affairs	11.6	11.0	10.1
Economic Development	8.5	8.5	7.6
Elected State Officials	30.6	28.6	28.3
Employment Services	3.8	3.6	3.4
General Services	21.0	20.6	14.9
Health	26.3	25.3	22.8
Human Rights	2.4	2.5	2.9
Human Services	384.9	381.6	367.6
Inspector General	.1	.1	3.3
Judicial	23.2	31.5	51.6
Legislature	10.9	10.5	10.5
Management & Budget	114.6	170.0	216.2
Natural Resources	14.5	12.9	11.6
Personnel	11.1	10.6	12.5
Public Defense	4.0	3.5	3.3
Public Instruction	801.1	802.7	835.7
Public Safety	30.8	29.7	28.7
Regents	352.1	338.6	338.3
Revenue & Finance	147.8	138.8	142.2
Transportation	8.6	7.6	4.3
	<u>\$2,114.8</u>	<u>\$2,141.0</u>	<u>\$2,213.2</u>

# GOVERNOR'S AMENDED BUDGET

87 87 87 87 87 STATE OF IOWA 87 87 87 87 87

## General Fund Appropriations

Actual Fiscal Years 1984 and 1985  
Estimated Fiscal Years 1986 and 1987



# GOVERNOR'S AMENDED BUDGET

## STATE OF IOWA

### Financial Assistance To Local Governments (in Thousands)

	<u>FY 86</u>	<u>FY 87</u>
District School Aids	\$ 723,245.9	\$ 757,632.1
Merged Area Schools	63,702.1	63,343.4
Personal Property Tax Replacement	46,248.2	50,000.0
Personal Property Tax Replacement - Livestock	8,000.0	8,000.0
Machinery, Equipment and Computer Tax Replacement	12,499.5	21,000.0
Agricultural Land Tax Credit	43,500.0	43,500.0
Homestead Tax Credit	91,342.5	94,000.0
Extraordinary Property Tax Reimbursement	10,095.8	9,500.0
Moneys and Credits Tax Replacement	2,379.7	2,475.0
Municipal Assistance	13,945.1	14,502.3
County Assistance	5,092.6	5,295.2
Peace Officers Retirement Improvement Reimbursement	3,173.0	3,300.0
Community Mental Health/ Mental Retardation Fund	3,331.6	3,331.6
Sewer Construction Grants	1,865.7	1,865.7
Community Development Loan Fund	951.9	0.0
Regional Libraries	1,475.0	1,475.0
Substance Abuse Treatment Program	7,066.0	7,066.0
Public Transit Aid	1,765.4	0.0
Homemakers Service	7,033.7	7,033.7
Public Health Nurses	2,101.3	2,101.3
Court Reorganization	31,500.0	51,545.3
Miscellaneous Aids	564.6	251.4
<b>Total</b>	<b><u>\$1,080,879.6</u></b>	<b><u>\$1,147,218.0</u></b>

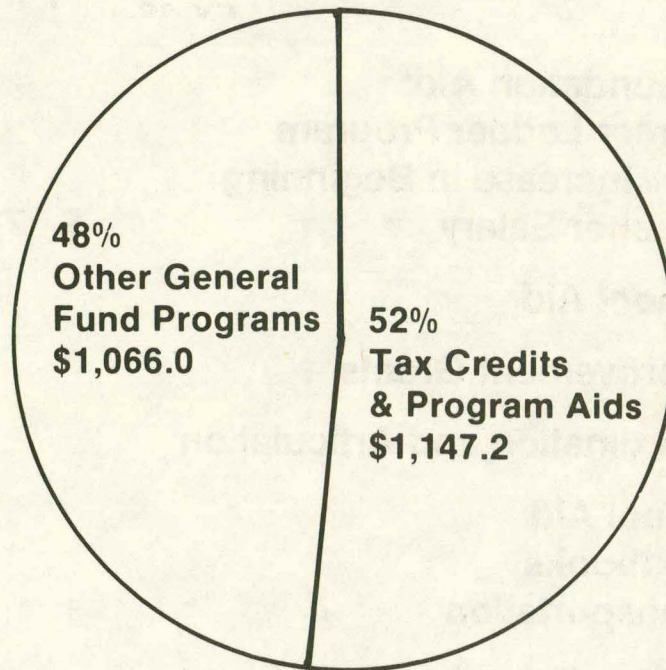


# GOVERNOR'S AMENDED BUDGET

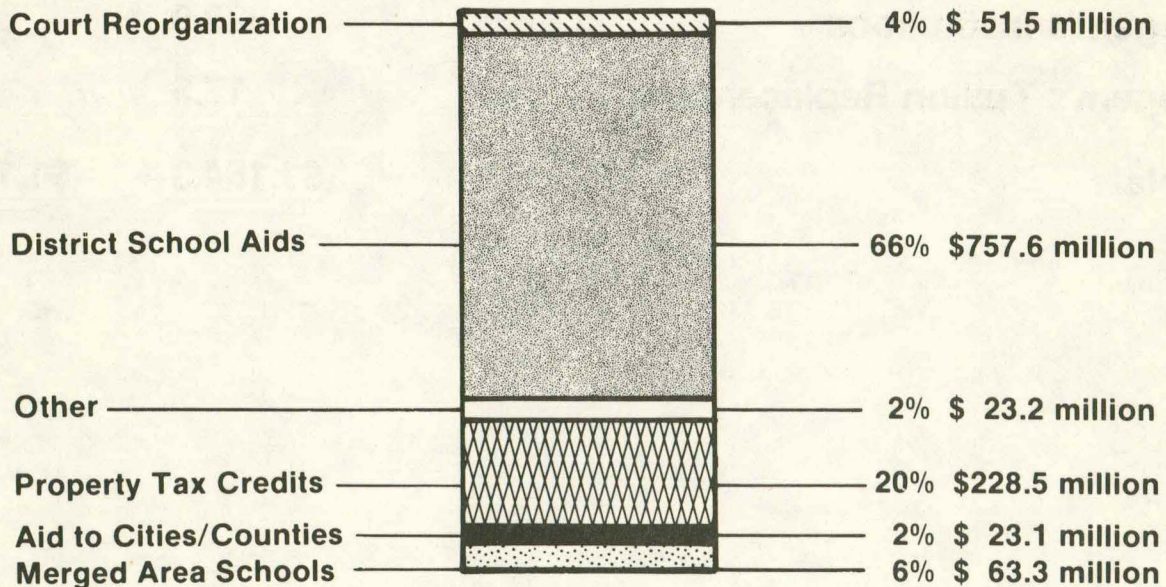
87 87 87 87 87 STATE OF IOWA 87 87 87 87

## Financial Assistance to Local Governments

### Governor's Recommendations (In Millions)



### Local Tax Credits and Program Aids \$1,147.2 Million



# GOVERNOR'S AMENDED BUDGET

87 87 87 87 87 STATE OF IOWA 87 87 87 87 87

## Educational Excellence (in Millions)

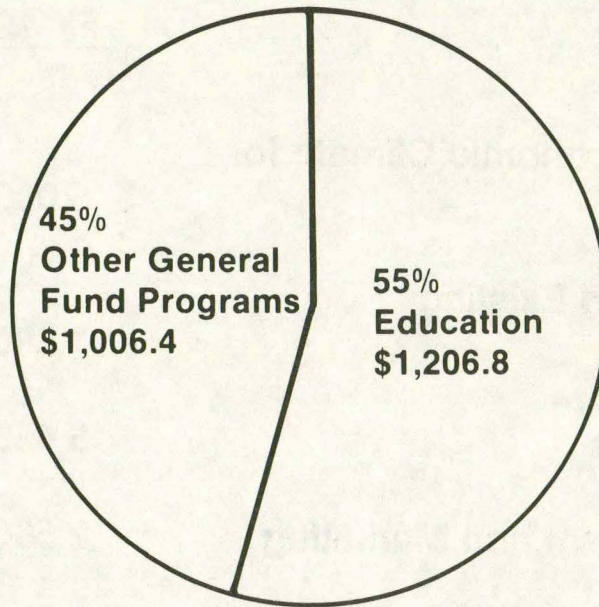
	<u>FY 86</u>	<u>FY 87</u>
<b>Local School Foundation Aid:</b>		
<b>Includes - Career Ladder Program</b>		
<b>- 10% Increase in Beginning</b>		
<b>Teacher Salary</b>	\$ 714.8	\$ 750.0
<b>Other Local School Aid</b>	8.5	7.6
<b>Educational Improvement Grants</b>	.1	.1
<b>Curriculum Coordination and Articulation</b>	.1	.1
<b>Non-Public School Aid</b>		
<b>Includes - Textbooks</b>		
<b>- Transportation</b>	6.4	6.4
<b>Aid to Merged Area Schools</b>	63.7	63.3
<b>Tuition Grants</b>	21.4	21.4
<b>State of Iowa Scholarship Program</b>	.3	.3
<b>Osteopathic Education</b>	.8	.8
<b>Regent's Institutions</b>	320.9	320.5
<b>Regent's Tuition Replacement</b>	17.3	17.3
<b>Total</b>	<u>\$1,154.3</u>	<u>\$1,187.8</u>

# GOVERNOR'S AMENDED BUDGET

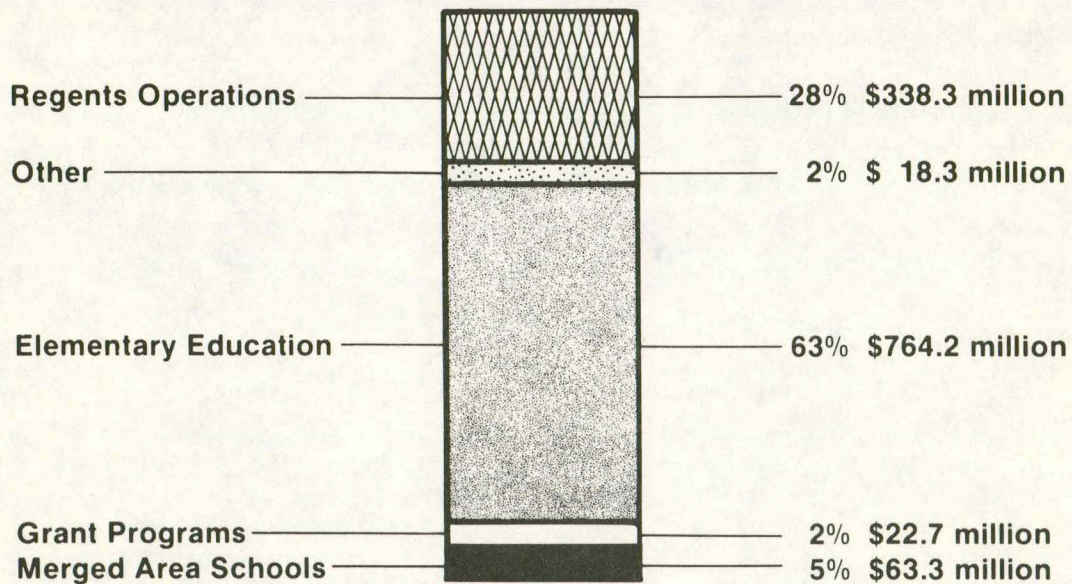
87 87 87 87 87 STATE OF IOWA 87 87 87 87 87

## Education Programs

Governor's Recommendations  
Fiscal Year 1987  
(In Millions)



### Appropriations For Education \$1,206.8 Million



# GOVERNOR'S AMENDED BUDGET

87 87 87 87 87 STATE OF IOWA 87 87 87 87 87

## Summary of Economic Development Proposals

	<u>FY 1986</u>	<u>FY 1987</u>
<b>Improving Our Economic Climate for Job Creation</b>	<b>\$ 5,000,000</b>	<b>\$10,500,000</b>
<b>Helping Small and Existing Businesses</b>	<b>7,590,000</b>	<b>8,065,000</b>
<b>Assisting Farmers</b>	<b>5,450,000</b>	<b>4,900,000</b>
<b>Recreation, Tourism and Marketing</b>	<b>2,500,000</b>	<b>3,800,000</b>
<b>Capitals</b>	<b><u>1,811,434</u></b>	<b><u>4,000,000</u></b>
<b>Total Economic Development</b>	<b><u>\$22,351,434</u></b>	<b><u>\$31,265,000</u></b>

# GOVERNOR'S AMENDED BUDGET

## STATE OF IOWA ECONOMIC DEVELOPMENT PROPOSALS

	<u>FY 1986</u>	<u>FY 1987</u>
<b>IMPROVING OUR ECONOMIC CLIMATE FOR JOB CREATION</b>		
Community Economic Betterment Finance Authority - Bond Bank	\$5,000,000	\$10,000,000 500,000
<b>Total</b>	<u>\$5,000,000</u>	<u>\$10,500,000</u>
<b>HELPING SMALL AND EXISTING BUSINESSES</b>		
Iowa Product Development Fund Business Incubators; Satellite Centers for Research; Marketing; Federal Procurement Offices; Tourism Marketing; Main Street Program.	\$1,000,000	\$ 1,000,000
Telecommunications Development	2,600,000	2,600,000
Foreign Trade Encouragement/ Japan Office	300,000	150,000
Technology Development Grants	3,690,000	3,015,000
Small Business Export Finance		1,000,000
<b>Total</b>	<u>\$7,590,000</u>	<u>\$ 8,065,000</u>
<b>ASSISTING FARMERS</b>		
Emergency Loan Fund for Farmers	\$5,000,000	\$
Dislocated Farmers Retraining		500,000
Farmers Hot Line	150,000	100,000
Beginning Farmers Program		500,000
Agriculture Diversification Pilot Projects		500,000
Agriculture Bio Tech Development		3,000,000
Value Added Research	200,000	200,000
Farm Mediation Services	100,000	100,000
<b>Total</b>	<u>\$5,450,000</u>	<u>\$ 4,900,000</u>

# GOVERNOR'S AMENDED BUDGET

## STATE OF IOWA ECONOMIC DEVELOPMENT PROPOSALS

(Continued)

STATE LIBRARY OF IOWA



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	<u>FY 1986</u>	<u>FY 1987</u>
<b>RECREATION TOURISM AND MARKETING</b>		
Iowa Ambassadors Marketing Program	\$	\$ 1,000,000
Land Acquisition of Natural Areas	500,000	
Expansion Development of Forests & Wildlife Areas	400,000	
County Conservation Board Grants	750,000	
Conservation & Tourism Facilities Acquisition	850,000	2,500,000
Community Cultural Grants		300,000
Total	<u>\$ 2,500,000</u>	<u>\$ 3,800,000</u>
<b>CAPITALS</b>		
Carroll Armory	\$ 243,035	\$
Cedar Rapids Armory (Sewer & Water)	234,335	
Cedar Rapids Armory (Addition)	264,064	
Telecommunications Study	70,000	
Merged Area Schools Equipment Replacement/Training	1,000,000	
General Services State Facilities		2,000,000
Comptroller for Allocation to Regents		2,000,000
Total	<u>\$ 1,811,434</u>	<u>\$ 4,000,000</u>
Total Economic Development	<u>\$22,351,434</u>	<u>\$31,265,000</u>