FISCAL UPDATE March 22, 1999

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Status of Appropriations Bills

| **Appropriations Subcommittee Bills** |
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| **Appropriations Subcommittee** |  | **LSB/File #** |  | **Status** |
| Admin./Regulation |  | SSB 1159 |  | Passed Joint Subcommittee on March 4. Bill starts in Senate. |
| Ag./Natural Resources |  | LSB 1129 |  | In Joint Subcommittee. Bill starts in House. |
| Economic Development |  | LSB 1130 |  | Passed Joint Subcommittee on March 16. Bill starts in House. |
| Education |  | LSB 1131 |  | In Joint Subcommittee. Bill starts in Senate. |
| Health/Human Rights |  | HF 737 |  | Passed House Appropriations on March 17. |
| Human Services |  | LSB 1133 |  | In Joint Subcommittee. Bill starts in House. |
| Justice System |  | LSB 1134  |  | In Joint Subcommittee. Bill starts in Senate. |
| Oversight & Comm. |  | LSB 1136 |  | In Joint Subcommittee. Bill starts in House. |
| Trans., Infrastruc- ture, & Caps. |  | SF 424 |  | Transportation Appropriations Bill passed Senate on March 17. In House Approps.Infrastructure Bill in Joint Subcommittee. Bill starts in House. |

| **Other Appropriations Bills** |
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| **Subject** |  | **File #** |  | **Status** |
| DOT Administration - Nonreversion |  | SF 76 |  | Passed Senate Approps. on Feb. 16. On Senate calendar. |
| Battle Flag Commission - $50,000 GF |  | SF 166 |  | Passed Senate Approps. on March 10. On Senate calendar.  |
| Teacher Mentoring - $300,000 GF  |  | SF 232 |  | Passed House Education on March 18. Referred to House Approps. |
| Fed. Block Grant  |  | SF 283 |  | Passed House Approps. on March 15. On House calendar.  |
| FY 1999 Supple- mental $2.9 mil GF |  | SF 430 |  | Passed Senate on March 16. |
| Embedded Chip Supplemental |  | SF 366 |  | Passed Senate on March 15. |
| Substance Abuse/Sexual Abuse (Meth Bill) $3.3 mil GF |  | SF 361 |  | Passed Senate on March 11.  |
| Oil Overcharge |  | HF 332 |  | Passed Senate Approps. on March 11. On Senate calendar. |
| Substance Abuse/ Sexual Abuse (Meth Bill) $3.3 mil GF |  | HF 514 |  | Passed House Approps. on March 3. House Calendar. |

STAFF CONTACT: Holly Lyons (Ext. 17845)

Economic Development Appropriations Subcommittee



**Bill Passed** On March 16, the Economic Development Appropriations Subcommittee passed a joint Subcommittee Bill. The Bill appropriates $42.1 million and 1,318.9 FTE positions, an increase of $427,000 (1.0%) and 12.8 FTE positions (1.0%) compared to estimated FY 1999.

**Economic Development** The Bill **a**ppropriates a total of $25.5 million from the General Fund and 186.0 FTE positions to the Department of Economic Development, an increase of $375,000 (1.5%) and 2.7 FTE positions (1.5%) compared to the estimated FY 1999 appropriation. Major changes include:

* An increase of $250,000 for the World Food Prize.
* An increase of $50,000 for Business Development to expand efforts to assist agriculture biotechnology.
* An increase of $100,000 to expand the Workforce Recruitment Initiative.
* An increase of $150,000 to fund a Center for New Iowans, if such a center is created by the 1999 General Assembly.
* A decrease of $700,000 for the Community Economic Development Account portion of the Strategic Investment Fund.
* An increase of $30,000 to administer the Enterprise Zone Program.
* An increase of $35,000 for City Development Board travel expenses.



* An increase of $125,000 for city development planning grants.
* An increase of $160,000 for the Community Development Program to replace reduced receipts from the Rural Community 2000 Fund, Community Development Loan Fund, and from federal funds.
* An increase of $95,000 and 1.0 FTE position for International Trade Operations for organic and value-added agriculture activities.
* An increase of $100,000 to fund the School-to-Career Refund standing appropriation. This is in lieu of the $500,000 FY 2000 standing in current law.

**Board of Regents** The Bill appropriates a total of $7.6 million from the General Fund and 74.3 FTE positions to seven Board of Regents programs, no change in funding and a decrease of 0.15 FTE position (0.2%) compared to the estimated FY 1999 appropriation.



**Workforce Development** The Bill appropriates a total of $8.1 million from the General Fund and 1,045.8 FTE positions to the Department of Workforce Development, an increase of $52,000 (0.6%) and 10.3 FTE positions (1.0%) compared to the estimated FY 1999 appropriation. The major changes include:

* An increase of $52,000 and 2.0 FTE positions for the Labor Services Division for additional Occupational Safety and Health inspectors.
* An increase of 8.0 FTE positions funded from the Administration Surcharge Fund for new account executive positions to work in selected regional offices.
* An increase of $100,000 from the Penalty and Interest Fund to allow mass electronic filing of unemployment insurance claims. This is a new appropriation.

**PER Board** The Bill appropriates $886,000 from the General Fund and 12.8 FTE positions to the Public Employment Relations (PER) Board, no change compared to the estimated FY 1999 appropriation.

**NOBA**

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

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Health and Human Rights Appropriations Bill passes House Appropriations

**HF 737 - Health/Human Rts.**  The Health and Human Rights Appropriations Bill, HF 737 (formerly LSB 1132), was amended and passed by the House Appropriations Committee on March 17. The Bill makes appropriations to the Department for the Blind, Civil Rights Commission, Department of Elder Affairs, Governor’s Alliance on Substance Abuse, Department of Public Health, Department of Human Rights, Commission of Veterans Affairs, and the Iowa Veterans Home. The Bill appropriates $91.5 million and 1,445.9 FTE positions, an increase of $1.2 million (1.3%) and 102.7 FTE positions (7.5%) compared to estimated FY 1999.



**Changes by Approps. Comm.** Changes made to the Bill by the House Appropriations Committee include:

* Restoring language which was in SF 2280 (1998 Health and Human Rights Appropriations Act) requiring 0.3% of the gross sum wagered at pari-mutuel tracks to be deposited into the Gambling Treatment Fund.



* Amending the Code of Iowa to provide for the existence of a Division Administrator for the Persons with Disabilities Division within the Department of Human Rights.
* Adding a required report by the Department of Public Health regarding subgrantee compliance with requested cooperation among local agencies.
* Reducing new funding for the Impaired Practitioner Program from $58,000 to $13,000 and eliminating the new FTE position.
* Adding $45,000 and 1.0 FTE position to support the activities of the Dental Hygiene Panel of the Board of Dental Examiners.

**NOBA**

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

STAFF CONTACT: Valerie Thacker (Ext. 15270) Jennifer Dean (Ext. 14613)

Oversight and Communications Appropriations Subcommittee

**Oversight & Commun. Sub.** On March 16, the Oversight and Communications Appropriations Subcommittee hosted a second meeting of the work group involved in planning for the creation of a new Information Technology Department. The mission of the new department as formulated during the meeting is “to foster the development and application of information technology to improve the lives of Iowans”.

**New Department** The proposed new department may include the following entities within State government:



 **New Department**

1. Information Technology Services Division of the Department of General Services
2. Iowa Communications Network
3. Iowa Public Television

**Draft Principles** Representatives of the three entities involved met on March 17 and have provided the Subcommittee with a set of proposed guiding principles for the new department. The draft principles are:

1. Provide high quality services as defined by the customers.
2. Provide equitable access and service to customers.
3. Deliver customer-driven integrated technology solutions in the most cost effective manner.
4. Provide services that are good for Iowa and all Iowans.
5. Insure standards are established and supported to meet the needs of the customer, enhance efficiency, and maintain maximum flexibility for the customer.
6. Develop and deliver services based on the customer’s present and future needs.

**Next Meeting** The Subcommittee plans to review these principles and schedule another meeting of the work group to continue formulation of the new department.

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

Transportation Appropriations Bill Passes the Senate



**SF 424 - Transportation** The Transportation Appropriations Bill, SF 424, passed the Senate on March 16. The Bill appropriates a total of $259.8 million and 3,840.0 FTE positions, an increase of $5.7 million (2.2%) and a decrease of 30.5 (0.8%) FTE positions compared to estimated FY 1999. The following table shows the appropriations in SF 424 by funding source.

**NOBA**

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

STAFF CONTACT: David Reynolds (Ext. 16934)

House Ways and Means Passes HF 738 - Small Business Guaranty Fee Tax Credit

**Small Business Guaranty** On March 17, the House Ways and Means Committee amended and passed HF 738, which establishes a small business guaranty fee tax credit. The tax credit is equal to the amount of the guaranty fee paid by a small business as part of a Small Business Administration guaranteed loan (usually between 2.0% to 3.9% of the loan value). The value of the credit may not exceed 2.0% of the first $100,000 of guaranteed financing. The credit, if not fully utilized by the business in the first year, may be carried forward up to four years, but cannot reduce the tax liability of the business below zero.



**Fiscal Impact** The fiscal effect of HF 738 is a reduction in State General Fund revenues of approximately $116,000 in FY 2000, $347,000 in FY 2001, $693,000 in FY 2002, and $1.2 million in FY 2003.

STAFF CONTACT: Larry Sigel (Ext. 14611)

Senate Ways and Means Passes SF 457 - Amending Provisions of the Educational Savings Plan Trust

**Education Savings Plan Trust** Senate File 457 amends certain provisions relating to the Educational Savings Plan Trust, which was passed by the 1998 General Assembly. The Bill removes the $200,000 limitation on the amount of funds which can be transferred from the Unclaimed Property Trust Fund for administration and operation costs. The Bill also changes the minimum trust contribution per year from $300 to $50, and increases the maximum age of enrollees from 17 years to 18 years.



**Fiscal Impact** According to the Office of the Treasurer of State, it is expected that additional administration expenses in the amount of approximately $300,000 will be required. Because all funds from the Unclaimed Property Trust Fund are transferred to the General Fund, this Bill will reduce General Fund receipts by $300,000 annually in FY 1999 and FY 2000.

STAFF CONTACT: Larry Sigel (Ext. 14611)

English Language Assistance Bill – SF 449 Passes Senate

**English Language Asst.** Senate File 449 passed the Senate on March 17. The Bill establishes public policy involving the use of the English language and assistance to legal immigrants and foreign nationals. The Bill provides for the creation of a Center for New Iowans which would provide immigration counseling, technical assistance, and referral services to persons who are legal immigrants or foreign nationals who want to work and reside or temporarily stay in this State. The Bill provides for a repeal of the Center as of July 1, 2004.

**Fiscal Impact** The FY 2000 fiscal impact of the Bill is $246,000. The Economic Development Appropriations Subcommittee has included $150,000 in the FY 2000 Appropriations Bill to fund this proposal.

STAFF CONTACT: Jennifer Dean (Ext. 14613)

BLock Grant and Federal Funds Bill – Sf 283 Passes House APpropriations



**Federal Funds** The Block Grant and Federal Funds Bill, SF 283, passed the House Appropriations Committee on March 15. The Bill appropriates $135.0 million of federal block grant funds, a decrease of $1.8 million (1.3%) compared to FY 1999. In addition, the Bill provides the mechanism for State agencies to receive $2.333 billion in federal and nonstate funds and provides procedures if federal funds are more or less than anticipated.

STAFF CONTACT: Jennifer Dean (Ext. 14613) Valerie Thacker (Ext. 15270)

Methamphetamine Penalties bill – hF 573 passes house

**HF 573 - Meth Penalties** House File 573 passed the House on March 16. The Bill changes the penalties applicable to the possession, manufacture, or delivery of methamphetamine and other controlled substances. The Bill also provides for the reopening of certain sentences and for restrictions on bail.

**Correctional Impact** The projected correctional impact of this Bill would be six inmates in FY 2000, based on data from Criminal and Juvenile Justice Planning. The combined fiscal impact for the Public Defender’s Office, the Department of Correction’s prison systems, and the County Attorney’s Office will be approximately $60,000. The fiscal impact on community-based correctional facilities and county jails can not be determined due to insufficient information.

STAFF CONTACT: Jennifer Dean (Ext. 14613)

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