FISCAL UPDATE March 29, 1999

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COLLECTIVE BARGAINING SETTLEMENT - AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES (AFSCME)

**Initial Settlement** The State of Iowa and the AFSCME labor union have come to an initial arbitrated settlement agreement over wages and benefits for FY 2000 and FY 2001. The agreement was reached after convening a mediation proceeding in accordance with the independent impasse agreement of the State and AFSCME.

**Agreement** The agreement calls for a pay plan proposal which provides for the expenditure of a set amount over the two-year period. The combination of across-the-board increases and a new eight step pay plan which totals the set dollar amount is still being negotiated. A final decision is expected by April 17, 1999.

The agreement calls for the following changes in benefits:

* Health Insurance – Employer will pay 70% of Plan 3 Plus coverage for calendar year 2000. The Employer will pay 70% of the premium increase for calendar year 2001.
* Employer will match employee deferred compensation contributions at the rate of $1 for each $2 contributed by the employee, with a maximum annual match of $300.
* A new provision is added establishing a pretax medical spending account through which employees may have eligible medical expenses reimbursed.

**Estimated Cost** The estimated cost of this proposal is still being determined. The LFB will continue to update the members of the General Assembly as additional information on other bargaining units becomes available.

STAFF CONTACT: Glen Dickinson (Ext. 14616)

House Ways and Means Committee Passes HF 744 - Income Tax Reductions

**HF 744 – Inc. Tax Changes** On March 22, the House Ways and Means Committee passed HF 744, which makes three changes to income taxation. The changes include:

1. Increasing the dependent credit from $40 to $70.
2. Increasing the personal credit from $40 to $70.
3. Increasing the pension income exclusion from $5,000 / $10,000 to $6,000 / $12,000 for single and joint filers, respectively.



**Fiscal Impact** All provisions of HF 744 are retroactive to tax years beginning on or after January 1, 1999. The General Fund decreases from the current year are as follows (dollar amounts in millions):



STAFF CONTACT: Larry Sigel (Ext. 14611)

House Ways and Means Committee Passes HF 748 - Internet Access Charges Sales Tax Exemption

**HF 748 – Internet Service** On March 24, the House Ways and Means Committee passed HF 748 (formerly HSB 22), which exempts access charges for internet service from sales tax. Currently, access charges from internet service providers subject to sales tax are taxable for sales tax purposes. Over the past three years, an issue has arisen over the sales tax liability for firms which do not have a physical or economic presence in the State. Some national providers of internet services neither charge nor remit sales tax, while other providers do. The Bill would exempt all internet service providers from charging sales tax. The General Fund fiscal impact of exempting all internet service charges from the sales tax is estimated to be between $5.5 million and $6.0 million annually.



STAFF CONTACT: Larry Sigel (Ext. 14611)

House Ways and Means Committee Passes HF 749 - Vehicle Wash Inputs Sales Tax Exemption

**HF 749 – Sales Tax Exemp.** On March 24, the House Ways and Means Committee passed HF 749 (formerly HSB 105), which would exempt inputs (soap, wax, water, etc.) used in a vehicle wash or wax facility from sales tax. Currently, inputs used by a wash and wax facility are taxable at the time of purchase, as well as the final sale to consumers being taxable. The Bill would exempt the inputs of a vehicle wash or wax facility from sales tax, but would retain the taxability of the charge to consumers for the service.

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**Fiscal Impact** The General Fund fiscal effect of exempting the inputs of both self-service and automatic vehicle washes from sales and use tax would be a reduction in revenue of approximately $542,000 each year.

STAFF CONTACT: Larry Sigel (Ext. 14611)

Senate Ways and Means Committee Passes SF 291 - Veteran’s Benefits



**SF 291 – Vet’s Benefits** Senate File 291, as amended by the Senate Ways and Means Committee, makes three primary changes to veteran’s benefits. First, it adds Lebanon or Grenada service from August 24, 1982, through July 31, 1984, and Panama service from December 20, 1989, through January 31, 1990, to the qualifying definition of “veteran” for preferences and tax credits. Additionally, it adds to the definition of veteran those members of the Iowa National Guard with 20 or more years of service after 1973. According to representatives of the Commission on Veterans Affairs, adding these two periods and the National Guard provision results in an additional 2,250 individuals being eligible for the Military Service Tax Credit. The Bill also adds bonus compensation of up to $500 for members of the merchant marines who served during World War II.

**Military Service Tax Credit** Additionally, the Bill increases the State reimbursement for the Military Service Tax Credit from $6.75 per $1,000 of taxable valuation to $6.92 per $1,000 of taxable valuation. This increases the State cost of the credit by approximately $97,000, which fully reimburses the counties for adding the two specific periods of military service.

STAFF CONTACT: Larry Sigel (Ext. 14611)

Status of Appropriations Bills

| **Appropriations Subcommittee Bills** | | | | |
| --- | --- | --- | --- | --- |
| **Appropriations Subcommittee** |  | **LSB/File #** |  | **Status** |
| Admin./Regulation |  | SF 460 |  | Passed Senate on March 25. |
| Ag./Natural Resources |  | HF 746 |  | Passed House Approps. on March 25. |
| Economic Development |  | HF 745 |  | Passed House Approps. on March 22. |
| Education |  | LSB 1131 |  | In Joint Subcommittee. Bill starts in Senate. |
| Health/Human Rights |  | HF 737 |  | Passed House on March 25. |
| 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** | | | | |
| --- | --- | --- | --- | --- |
| **Subject** |  | **File #** |  | **Status** |
| DOT Administration - Nonreversion |  | SF 76 |  | Passed Senate on March 23. |
| 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 on March 22. Ready to be enrolled and sent to the Governor. |
| FY 1999 Supple- mental $2.9 mil GF |  | SF 430 |  | Passed Senate on March 16. In House Approps. |
| Embedded Chip Supplemental |  | SF 366 |  | Passed Senate on March 15. In House Approps. |
| Substance Abuse/Sexual Abuse (Meth Bill) $3.3 mil GF |  | SF 361 (substituted for HF 514) |  | Passed Senate on March 22. Ready to be enrolled and sent to the Governor. |
| National Guard Tuition Assistance |  | SF 461 |  | Passed Senate Approps. on March 25. On Senate calendar. |
| Oil Overcharge |  | HF 332 |  | Passed Senate on March 23. Ready to be enrolled and sent to the Governor. |
| Early Intervention (Education Agreement) |  | HF 743 |  | Passed House on March 24. In Senate Education Committee. |

STAFF CONTACT: Holly Lyons (Ext. 17845)

ADMINISTRATION and Regulation Appropriations Bill – SF 460 Passes Senate



**SF 460 – Admin./Reg.** The Administration and Regulation Appropriations Bill, SF 460 (formerly SSB 1159), was amended and passed by the Senate on March 25. The Bill makes appropriations to the Office of the Auditor, Department of Commerce, Ethics and Campaign Disclosure, Department of General Services, Office of the Governor, Department of Inspections and Appeals, Department of Management, Department of Personnel, Department of Revenue and Finance, Office of the Secretary of State, and the Office of the Treasurer. The Bill appropriates $88.7 million and 1,908.6 FTE positions, an increase of $596,000 (0.7%) and 12.4 (0.7%) FTE positions compared to estimated FY 1999.

**Changes By Senate** Changes made to the Bill by the Senate include:



1. Reduces the total amount of FTE positions by 17 by eliminating positions that have been vacant for at least 26 consecutive pay periods as of February 1, 1999.
2. Increases the appropriation to the Office of the Governor’s General Office Division by $25,000 to be used for technology upgrades.
3. Increases the appropriation to the Department of Management for the State Strategic Plan from $100,000 to $130,000.
4. Adds language that requires the Alcoholic Beverages Division of the Department of Commerce not to expend $100,000 of civil penalties during FY 1999. Specifies that this money should revert to the General Fund at the end of FY 1999 and then be used to fund $30,000 of the appropriation to the State Strategic Plan, $25,000 for carpet and drapes for the Treasurer of State, and $45,000 for technology upgrades for the Office of the Governor.
5. Eliminates language that requires the Department of Management to eliminate an FTE position from the table of organization from the departments within the Administration and Regulation Appropriations Subcommittee if the FTE position is vacant on October 1, 1999, and has remained vacant for one year or more.
6. Eliminates language that permits the Director of the Department of Inspections and Appeals to issue a written notice of violation to a health care facility and requiring the notice be personally delivered or be delivered by certified mail and provide full details of the violation.
7. Eliminates language that permits the Director of the Department of Inspections and Appeals to issue a written citation within five days of the determination that the violation was not corrected within the time allowed, or the health facility violates the same provision in a like manner.
8. Eliminates language that permits issuance of written notice instead of a citation.
9. Eliminates language that specifies that a written notice shall not be given if a citation could not be given.

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

STAFF CONTACT: Shawn Snyder (Ext. 16765) Ron Robinson (Ext. 16256)

Agriculture and Natural Resources Appropriations Bill - HF 746 Passes House appropriations Committee

**HF 746 – Ag./Natl. Res.** The Agriculture and Natural Resources Appropriations Bill, HF 746, was amended and passed by the House Appropriations Committee on March 25. The Bill appropriates $43.4 million and 1,473.4 FTE positions, an increase of $1.4 million (3.17%) and 21.2 (1.46%) FTE positions compared to estimated FY 1999.

Retirement



**House Approps. Action** The House Appropriations Committee eliminated $126,000 and 6.0 vacant but funded positions in the Department of Agriculture and eliminated 3.05 vacant but funded positions in the Department of Natural Resources. Other major changes due to House Appropriations Committee amendments include:

1. Appropriated $50,000 to the Department of Public Safety to train volunteer fire fighters and emergency response personnel on handling agriculture chemical emergencies.
2. An increase of $200,000 from the Marine Fuel Tax receipts for payment of retirement benefits to the State Park Rangers.
3. Specifies that the Department of Natural Resources must hold a public hearing within a 60-day period prior to the sale of timber grown in a State park or preserve that is 10,000 board feet or more, or has an estimated value of $5,000 or more.

**Compared to FY 1999** The Bill, as amended, contains the following major changes compared to estimated FY 1999 appropriation:

1. Increases the appropriation to the Administrative Division in the Department of Agriculture and Land Stewardship by $198,000 and 4.1 FTE positions.
2. Decreases the appropriation to the Regulatory Division in the Department of Agriculture and Land Stewardship by $71,000 and 2.5 FTE positions.
3. Decreases the appropriation to the Laboratory Division in the Department of Agriculture and Land Stewardship by $131,000 and 4.1 FTE positions.
4. Decreases the appropriation to the Soil Conservation Division in the Department of Agriculture and Land Stewardship by $15,000 and an increase of 18.7 FTE positions.
5. Increases the appropriation to the Farmer’s Market Coupon Program by $41,000 and 1.0 FTE position.
6. Decreases the appropriation to the Administrative Services in the Department of Natural Resources by $104,000. This is due to a decrease to the Division’s base budget.



1. Increases the appropriation to the Environmental Protection Division in the Department of Natural Resources by $1.2 million and 5.0 FTE positions.
2. Allocates $300,000 from the Water Quality Protection Fund to the Department of Natural Resources for the study and testing of municipal lagoons.
3. An increase of $75,000 and a decrease of 0.6 FTE position in the Fish and Wildlife Division.
4. An increase of $200,000 to the Marine Fuel Tax for payment of retirement benefits to the State Park Rangers.
5. Appropriates $50,000 to the United States Department of Agriculture Animal and Plant Health Inspection Services for control of wild animals, which includes white-tail deer.
6. Appropriates $50,000 from the General Fund to Iowa State University for research on Johne’s disease.

**NOBA**

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

STAFF CONTACT: Sherry Weikum (Ext. 17846) Deb Kozel (Ext. 16767)

Economic Development Appropriations Bill - HF 745 Passes House Appropriations Committee

**HF 745 – Econ. Develop.** On March 22, the House Appropriations Committee amended a FY 2000 appropriations Bill proposed by the Economic Development Appropriations Subcommittee. The Bill, HF 745, as amended appropriates $41.9 million from the General Fund and 1,315.4 FTE positions to the Department of Workforce Development, Department of Economic Development, Public Employment Relations Board, and several programs at Board of Regents institutions. This is an increase of $298,000 (0.7%) and 9.3 (0.7%) FTE positions compared to the estimated FY 1999 appropriations. Changes made to the Bill proposed by the Subcommittee include:



1. A General Fund decrease of $129,000 and 3.5 FTE to eliminate positions funded at least in part by the General Fund that have remained vacant for 12 months or longer.
2. The addition of Code of Iowa language requiring economic development assistance available through any State agency to be awarded without discrimination based on race, sex, religious, or other factors.

**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- HF 737 Passes House



**HF 737 – Health/Hum. Rts.** The Health and Human Rights Appropriations Bill, HF 737, was passed by the House on March 25. 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.

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

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

final action on Block Grant and Federal Funds Bill – SF 283



**SF 283 – Block Grant Bill** On March 22, the House passed SF 283 (Federal Block Grant Bill). The Bill appropriates $135.0 million of federal block grant funds, a decrease of $1.8 million (1.3%) compared to FY 1999. The Bill appropriates:

* $11.9 million to the Department of Public Health for the Substance Abuse Block Grant.
* $2.7 million to the Department of Human Services for the Community Mental Health Services Block Grant.
* $7.0 million to the Department of Public Health for the Maternal and Child Health Services Block Grant.
* $2.1 million to the Department of Public Health for the Preventive Health and Health Services Block Grant.



* $5.9 million to the Office of the Governor for the Drug Enforcement and Abuse Prevention Coordinator for the Drug Control and System Improvement Block Grant.
* $1.6 million to the Office of the Governor for the Drug Enforcement and Abuse Prevention Coordinator for the Stop Violence Against Women Block Grant.
* $322,000 to the Office of the Governor for the Drug Enforcement and Abuse Prevention Coordinator for the Local Law Enforcement Grant Program.
* $514,000 to the Office of the Governor for the Drug Enforcement and Abuse Prevention Coordinator for the Residential Substance Abuse Treatment for State Prisoners Formula Grant.
* $5.4 million to the Department of Human Rights for the Community Services Block Grant.
* $29.9 million to the Department of Economic Development for the Community Development Block Grant.
* $20.0 million to the Department of Human Rights for the Low-Income Home Energy Assistance Block Grant.
* $20.4 million to the Department of Human Services for the Social Services Block Grant.
* $27.1 million to the Department of Human Services for the Child Care and Development Block Grant.

**Federal Funds** Senate File 283 also provides the mechanism for State agencies to receive $2.333 billion in federal and nonstate funds based upon the purposes set forth in the grants, receipts, or conditions accompanying the funds, unless otherwise provided by law.

**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)

Oil Overcharge Bill -- HF 332 Passes Senate



**Oil Overcharge – HF 332** The Senate passed HF 332 (Oil Overcharge Appropriations Bill) on March 23. The Bill appropriates petroleum overcharge funds for FY 2000 to the Department of Human Rights and the Department of Natural Resources. The Bill:

1. Appropriates $560,000 to the Department of Human Rights for qualifying energy conservation programs for low-income housing. This is a decrease of $140,000 compared to the FY 1999 appropriation.
2. Appropriates $90,000 to the Department of Natural Resources for energy conservation and extension purposes. This is a decrease of $25,000 compared to the FY 1999 appropriation.
3. Appropriates $175,000 to the Department of Natural Resources for administrative functions. This is a decrease of $25,000 compared to the FY 1999 appropriation.

**To the Governor** The Bill will go to the Governor for his signature.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Early Intervention and School Improvement Technology Bill – HF 743 passes house

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**HF 743 – Early Intervention** OnMarch 24, the House passed House File 743 providing $90.0 million in State assistance for the purpose of aiding school districts in reducing class size for kindergarten through third grade and improving student achievement in basic skills, especially reading. Also, the Bill provides $60.0 million for two additional years of school technology investment and staff development activities. Annual appropriations and allocation procedures specified in the Bill are:

1. For FY 2000, funding for early intervention programs for grades K-3 totals $10.0 million to be allocated to school districts, 50% based on the number of pupils in those grades qualifying for free or reduced price meals, and 50% based on grades K-3 enrollment.
2. For FY 2001, funding for early intervention programs for grades K-3 totals $20.0 million to be allocated to school districts, 50% based on the number of pupils in those grades qualifying for free or reduced price meals, and 50% based on grades K-3 enrollment.
3. For FY 2002 and FY 2003, funding each year for early intervention programs for grades K-3 totals $30.0 million to be allocated to school districts, one-third based on the number of pupils in those grades qualifying for free or reduced price meals, and two-thirds based on grades K-3 enrollment. In addition, $30.0 million per year is provided for school technology investment, to be allocated based on K-12 enrollment for school districts, the Iowa School for the Deaf, the Iowa Braille and Sight Saving School, Price Lab School, the Iowa Juvenile Home, and the State Training School. However, each school district and State school is guaranteed a minimum allocation of $10,000. In addition, $20,000 is allocated off-the-top to four special State schools administered by the Department of Human Services, and $150,000 is allocated to the Area Education Agencies.

**Estimated By District** Estimates of funding distributions by school district may be obtained from the Legislative Fiscal Bureau.

STAFF CONTACT: Mike Lipsman (Ext. 17799)

Victim COMPENSATION Fund – HF 222 passes Senate

**HF 222–Victim Comp. Fund** The Victim Compensation Fund Bill, HF 222, passed the Senate on March 22. The Bill amends the Victim Compensation program to allow the Department of Justice to waive the two-year time limitation for crime victims to apply for compensation, if good cause is shown. This Bill also raises the limitation on reimbursable medical expenses from $10,500 to $15,000. Federal and State criminal penalties fund the Victim Compensation program.



**Fiscal Impact** The fiscal impact is an increase of $50,000 to allow the Department to provide waivers for good cause and $300,000 relating to increased costs for medical benefits. The total increased cost to the Victim Compensation Fund would be $350,000 annually.

STAFF CONTACT: Christina Schaefer (Ext. 16301)

ELUDE LAW ENFORCEMENT BILL - HF 209 PASSES HOUSE

**HF 209 – Elude Law Enforc.** The Elude Law Enforcement Bill, HF 209, passed the House on February 23. The Bill changes the penalty for eluding or attempting to elude a pursuing law enforcement vehicle to a serious misdemeanor. If the driver exceeds the speed limit by 25 miles per hour while eluding law enforcement, the offense is an aggravated misdemeanor. If the driver exceeds the speed limit by 25 miles per hour while eluding law enforcement, and is intoxicated, commits a drug offense, injures another person, causes property damage in excess of $1,000, or commits five or more moving violations, the offense is a Class D felony.

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**Correctional Impact** The Bill will increase admissions to the Department of Corrections programs and decrease the admissions to county jails.



**Fiscal Impact** The Bill will result in increased costs to the General Fund and to counties:



STAFF CONTACT: Christina Schaefer (Ext. 16301)

final action on Methamphetamine Bill - SF 361

**SF 361 – Meth Bill** Senate File 361 passed the House on March 22. The Bill appropriates a total of $3.3 million from the General Fund and $30,000 in other fund dollars to be used in Iowa’s fight against methamphetamine. The Bill appropriates the following amounts:



1. $505,000 and 6.0 FTE positions to the Division of Narcotics Enforcement for six narcotics enforcement agents.
2. $81,000 and 2.0 FTE positions to the Division of Criminal Investigation for two criminalists to work primarily on methamphetamine testing.
3. $980,000 and 13.0 FTE positions for the establishment of a clandestine methamphetamine laboratory emergency response team within the Department of Public Safety.
4. $100,000 for the establishment of a youth leadership model program.



1. $60,000 on a reimbursement basis from moneys received by the Governor’s Alliance on Substance Abuse from the federal Edward Byrne Memorial State and Local Law Enforcement Assistance Program to the Department of Corrections to establish two additional drug court pilot projects.
2. $62,000 to the Department of Human Services for the State Training School at Eldora for substance abuse and for sexual predator treatment.
3. $1.5 million to the Department of Public Health for additional methamphetamine treatment.
4. $30,000 to the Department of Public Health for the development of a model Substance Abuse Prevention Program.
5. $20,000 for the planning and holding of a youth leadership conference on mentoring to train volunteer mentors who will help reduce substance abuse in schools.
6. $30,000 from the Health Insurance Surplus Account to the Department of Personnel for a Labor Management Substance Abuse Education Program.
7. $50,000 to the Department of Education for communities to participate in the Strengthening Families Program.

**NOBA**

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

STAFF CONTACT: Jennifer Dean (Ext. 14613) Christina Schaefer (Ext. 16301)

Methamphetamine Penalties bill – hF 573 passes SENATE

**HF 573 – Meth Penalties** House File 573 passed the Senate on March 25. 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 cannot be determined due to insufficient information.

STAFF CONTACT: Jennifer Dean (Ext. 14613)

Mandatory minimum Fines – HF 501 passes house



**HF 501 – Mandatory Fines** House File 501 passed the House on March 25. The Bill imposes a mandatory minimum fine of $2,000 for Class C felonies and $1,000 for Class D felonies. Currently, fines are not mandatory, but imposed fines must be at least $500. Based on information provided by the Justice Data Warehouse Pilot Project, administered by the Criminal and Juvenile Justice Planning Division, Department of Human Rights, the new fines are projected to generate General Fund revenues of $791,000 in FY 2000 and $1.6 million per year thereafter.

**House Amendment** The Bill was amended on the House Floor to change the penalties for the crime of willful injury. The change is being evaluated and a correctional impact statement will be provided.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Christina Schaefer (Ext. 16301)

Lottery Revenues and Expenditures Through February



**FY 1999 Lottery Revenues** Through February, FY 1999 Lottery game revenues increased $7.7 million from the FY 1998 level. Lottery prize expenses increased $4.6 million, operating expenses increased $1.0 million, and transfers to other State funds increased $2.4 million. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

| **STATE LOTTERY**  **July Through February**  **(Dollars in millions)** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | FY 1998 |  | FY 1999 |  | Inc./  Decr. |  | % Inc. |
| Fiscal Year Beginning Balance |  | $ 3.4 |  | $ 3.1 |  | $ -0.3 |  |  |
|  |  |  |  |  |  |  |  |  |
| Game Revenues |  | 105.1 |  | 112.8 |  | 7.7 |  | 7.4 |
| Interest |  | 0.5 |  | 0.5 |  | -0.1 |  | -13.2 |
| Total Revenue |  | $ 105.6 |  | $ 113.3 |  | $ 7.7 |  | 7.3 |
|  |  |  |  |  |  |  |  |  |
| Prize Expense |  | $ 61.4 |  | $ 65.9 |  | $ 4.6 |  | 7.5 |
| Operating Expense |  | 23.3 |  | 24.3 |  | 1.0 |  | 4.2 |
| Transfer of Profits |  | 21.1 |  | 23.6 |  | 2.4 |  | 11.5 |
| Total Expense |  | $ 105.8 |  | $ 113.8 |  | $ 8.0 |  | 7.5 |
|  |  |  |  |  |  |  |  |  |
| February Ending Balance |  | $ 3.2 |  | $ 2.6 |  | $ -0.6 |  |  |

**FY Sales** Fiscal year sales through February, compared to the same time period of FY 1998, were as follows:

1. Instant ticket sales decreased $2.0 million (3.5%).



1. Iowa Lotto/Supercash/Pick 3 sales decreased $2.6 million (52.2%).
2. Multi-State Powerball sales increased $11.6 million (58.2%).
3. Multi-State Daily Millions/Cash 4 Life sales decreased $604,000 (17.8%).
4. Daily Game sales decreased $288,000 (8.8%).
5. Pull-tab sales increased $1.7 million (10.6%).

**February Sales** Total Lottery sales for February were less than February 1998 by $1.5 million (10.7%). February 1999 sales for all games were below February 1998.



**REC Projections** The December Revenue Estimating Conference (REC) projected FY 1999 Lottery profits will total $35.5 million. Of this amount, $33.9 million is to be transferred to the State General Fund and three-tenths of one percent of gross Lottery sales transferred to the Gambler’s Assistance Fund (approximately $530,000). Actual profit transfer for FY 1998 was $34.7 million. Through February 1999, Lottery profits are $2.1 million above FY 1998 for the same time period, while FY 1999 estimated profits need to exceed FY 1998 by $800,000 to meet the REC estimate.

**Lottery Expenditures** The following chart shows the annual percent of Lottery revenue expended on prizes, administration, profit transfers to other State funds, and sales tax. The FY 1999 figure is through February and the previous year’s figures are year-end.

**Sales Tax Paid** In addition to the amount transferred to the State as profits, the Lottery has transferred $5.6 million in sales tax during FY 1999.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

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**Website**