

FISCAL UPDATE

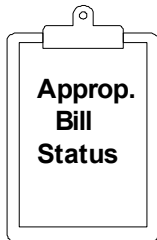
Legislative Fiscal Bureau

March 24, 2003

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STATUS OF APPROPRIATIONS BILLS



Appropriations Subcommittee Bills			
Appropriations Subcommittee		LSB/File #	Status
Admin./Regulation		HF 655	Passed House Appropriations on March 19.
Ag./Natural Resources		SF 425	Passed Senate Appropriations on March 19.
Economic Development		LSB 1121JA	Passed Economic Development Subcommittee on March 20.
Education		LSB 1122JA	Passed Education Subcommittee on March 19.
Health & Human Services			Starts in the House.
Justice System		LSB 1125JA	Passed Joint Justice System Appropriations Subcommittee on March 20.
Judicial Branch		LSB 1126JA	Passed Joint Justice System Appropriations Subcommittee on March 19.
Infrastructure			Starts in the Senate.
Transportation		HF 652	Passed House Appropriations on March 19.

Other Appropriations Bills			
Block Grant and Federal Funds Bill		HF 472	Passed by the House March 18.
Property Tax Replacement Supplemental		SF 202	Passed the Senate on February 26.
Breast Cancer Awareness License Plates		SF 127	Signed by the Governor on March 12.

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Other Appropriations Bills (cont.)			
Animal Biotechnology Commercialization Fund		HF 453	Passed the House on March 17.
Enhanced Tobacco Enforcement		SF 375	Passed Senate Appropriations on March 19.
Fire Fighters License Plates		HF 656	Passed House Appropriations on March 19.
Tobacco Settlement Trust Fund Bill			Starts in the House.
Non-Medicaid Supplemental Act		SF 36	Signed by the Governor on February 17.
Private Water Supply		HF 429 SF 237	HF 429 passed House Appropriations on March 3. SF 237 passed Ways and Means on March 19.
Healthy Iowans Tobacco Trust Fund Bill			Starts in the House.
Salary Bill			Starts in the House.
Standings Bill			Starts in the House.

CONTACT: Mary Shipman (Ext. 14617) Holly Lyons (Ext. 17845)

ADMINISTRATION AND REGULATION APPROPRIATIONS BILL – HOUSE FILE 655 PASSES HOUSE APPROPRIATIONS COMMITTEE

Admin. & Regulation Bill



On March 19, the House Appropriations Committee passed HF 655 (FY 2004 Administration and Regulation Appropriations Bill). The Bill appropriates \$86.7 million from the General Fund and 1,923.9 FTE positions for FY 2004. This is an increase of \$7.2 million and a decrease of 2.1 FTE positions compared to the FY 2003 estimated net appropriation. The Bill also appropriates a total of \$23.7 million in non-General funds.

The Committee passed one amendment and eliminated 14.0 new FTE positions to the Department of Inspections and Appeals for increased regulation in the adult day care and assisted living areas. The Department was requesting the positions and funding from the Senior Living Trust Fund.

Additionally, the Bill provides contingent appropriations for the creation of the proposed Department of Administrative Services. The new Department would be appropriated \$16.8 million from the General Fund and 445.0 FTE positions and would consolidate the Departments of Personnel, General Services, and Information Technology, the accounting functions of the Department of Revenue and Finance, and related revolving funds.

Bill Summary



The Notes on Bills and Amendments (NOBA) for HF 655 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Ron Robinson (Ext. 16256) Sam Leto (Ext. 16764) Doug Wulf (Ext. 13250)

AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS BILL – SF 425 PASSES SENATE APPROPRIATIONS COMMITTEE

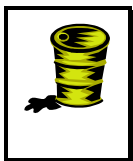
Ag/Natural Resources

The Agriculture and Natural Resources Appropriations Bill, SF 425, was passed by the Senate Appropriations Committee on March 19. The Bill appropriates \$32.5 million and 1,551.3 FTE positions. This is a General Fund increase of \$594,000 (1.9%) and 4.0 FTE positions (0.3%) compared to the FY 2003 estimated net appropriation.

Senate Appropriations

Major changes to the Bill as amended by the Senate Appropriations Committee include:

- Increases the General Fund appropriation by \$50,000 to the Department of Agriculture and Land Stewardship for administration of the Senior Farmer Market Nutrition Program.
- Increases the appropriation from the Unassigned Revenue Fund (Underground Storage Tank Fund) from \$75,000 to \$200,000 to the Department of Natural Resources (DNR).
- Allows the DNR to use unappropriated funds from the Fish and Game Protection Fund for payment of conservation officer retirement benefits for FY 2004.
- Appropriates \$125,000 from the Energy Conservation Trust (Oil Overcharge Fund) for the following:
 - Appropriates \$50,000 to the Department of Human Rights for energy conservation programs for low-income persons.
 - Appropriates \$50,000 to the DNR for the State Energy Program.
 - Appropriates \$25,000 to the DNR for administration of the Oil Overcharge Program.



Amended Bill

The amended Bill includes the following:

General Fund Appropriations include:

- Appropriates \$17.0 million and 472.1 FTE positions to the Department of Agriculture and Land Stewardship. This is an increase of \$280,000 and no change in FTE positions compared to the FY 2003 estimated net appropriation:
 - An increase of \$249,000 to replace the FY 2003 salary adjustment with a General Fund appropriation.
 - A decrease of \$19,000 for the elimination of the Feed Grain Verification Pilot Program.
 - An increase of \$50,000 for the Senior Farmer Market Nutrition Program.
- Appropriates \$15.5 million and 1,079.1 FTE positions to the Department of Natural Resources. This is an increase of \$314,000 and 4.0 FTE positions compared to the FY 2003 estimated net appropriation:
 - An increase of \$314,000 to replace the FY 2003 salary adjustment with a General Fund appropriation.

- An increase of 4.0 FTE positions for the federal Clean Water Act State Revolving Loan Fund. The positions will be paid with federal funds.

Non-General Fund Appropriations include:

- \$29.3 million to the Department of Natural Resources from the Fish and Game Protection Fund. This is an increase of \$100,000 compared to the FY 2003 estimated net appropriation to match federal funds for non-game wildlife research.
- \$1.4 million from the Boat Registration Fees Fund to the Fish and Game Protection Fund. This is no change in funding compared to the FY 2003 estimated net appropriation.
- \$200,000 from the Unassigned Revenue Fund (Underground Storage Tank Fund) to the DNR for administration of underground storage tank activities. This is an increase of \$125,000 compared to the FY 2003 estimated net appropriation.

Bill Summary



The Notes on Bills and Amendments (NOBA) for SF 425 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Debra Kozel (Ext. 16767)

**ECONOMIC DEVELOPMENT APPROPRIATIONS BILL – LSB
1121JA PASSES SUBCOMMITTEE**

Economic Development

The Economic Development Appropriations Subcommittee passed LSB 1121JA (FY 2004 Economic Development Appropriations Bill) on March 20. The Bill appropriates \$22.3 million and 433.7 FTE positions. This is a General Fund decrease of \$2.7 million (10.6%) and 5.0 FTE positions (0.4%) compared to the FY 2003 estimated net appropriation. The Bill includes the following:

General Fund

Appropriates a total of \$13.6 million from the General Fund and 154.5 FTE positions to the Department of Economic Development, a decrease of \$2.9 million (17.6%) and an increase of 1.0 (0.7%) FTE position compared to the FY 2003 estimated net appropriation.

Board of Regents

Appropriates a total of \$3.0 million from the General Fund and 67.3 FTE positions to the Board of Regents, an increase of \$139,000 (4.8%) and a decrease of 6.4 (8.7%) FTE positions compared to the FY 2003 estimated net appropriation.

Workforce Development

Appropriates a total of \$4.8 million from the General Fund and 202.0 FTE positions to the Iowa Workforce Development, an increase of \$33,000 (0.7%) and an increase of 0.4 (0.2%) FTE position compared to the FY 2003 estimated net appropriation.

Public Employment

Appropriates \$869,000 from the General Fund and 10.0 FTE positions to the Public Employment Relations Board, an increase of \$73,000 (9.2%) and no change in FTE positions compared to the FY 2003 estimated net 2003 appropriation.

More Information

More information is available from the LFB or on the web site:
<http://staffweb.legis.state.ia.us/lfb/>

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EDUCATION APPROPRIATIONS BILL – LSB 1122JA PASSES SUBCOMMITTEE

Subcommittee Bill

The Education Appropriations Subcommittee met March 19 and approved LSB1122JA, the FY 2004 Education Appropriations Bill. The Bill appropriates a total of \$894.3 million from the General Fund and 17,252.2 FTE positions to the College Student Aid Commission, the Department for the Blind, the Departments of Cultural Affairs and Education, and the Board of Regents. This is an increase of \$42.9 million and a decrease of 9,239.9 FTE positions compared to the FY 2003 estimated net appropriation.

Highlights of the Bill include:

Student Aid Commission

Appropriates a total of \$52.8 million from the General Fund and 4.2 FTE positions to the College Student Aid Commission. This is an increase of \$303,000 and a decrease of 0.5 FTE position compared to the FY 2003 estimated net appropriation. The change includes:

- An increase of \$300,000 for the Tuition Grant Program.
- An increase of \$3,000 to replace the FY 2003 salary adjustment with a General Fund appropriation.

Dept. for the Blind

Appropriates a total of \$1.5 million from the General Fund and 106.5 FTE positions to the Department for the Blind. This is an increase of \$14,000 and no change in FTE positions compared to the FY 2003 estimated net appropriation. The increase replaces the FY 2003 salary adjustment with a General Fund appropriation.

Cultural Affairs

Appropriates a total of \$5.0 million from the General Fund and 71.5 FTE positions to the Department of Cultural Affairs. This is an increase of \$72,000 and a decrease of 1.8 FTE positions compared to the FY 2003 estimated net appropriation. The increase replaces the FY 2003 salary adjustment with a General Fund appropriation. The decrease in FTE positions is for staff reallocation.

Dept. of Education

Appropriates a total of \$226.7 million from the General Fund and 504.6 FTE positions to the Department of Education. This is an increase of \$30.3 million and a decrease of 14.0 FTE positions compared to the FY 2003 estimated net appropriation. The major changes include:

- An increase of \$28.2 million in the General Fund appropriation for the Student Achievement and Teacher Quality Program. This is an increase of \$4.3 million compared to total FY 2003 funding for the Program, which was comprised of \$16.1 million from the General Fund and \$23.9 million from non-General Fund sources. The Bill allocates the FY 2004 appropriation as follows:
 - \$700,000 to National Board Certification awards.
 - \$4.2 million for the Beginning Teacher Mentoring and Induction Programs.

- \$1.0 million for the Evaluator Training Program.
- \$375,000 for the Career Development Program, which includes \$75,000 for the Ambassador to Education Program (Teacher of the Year).
- An increase of \$1.8 million for community college general aid.
- An increase of \$244,000 to replace the FY 2003 salary adjustment with a General Fund appropriation.

Board of Regents

Appropriates a total of \$608.3 million from the General Fund and 16,565.4 FTE positions to the Board of Regents. This is an increase of \$12.2 million and a decrease of 32.7 FTE positions compared to the FY 2003 estimated net appropriation. The change includes:

- \$13.3 million for Tuition Replacement. This appropriation is used to pay the debt service on academic revenue bonds. This item was funded from tobacco funds for FY 2003.
- A decrease of \$1.1 million for the Board of Regents Office. This eliminates State funding for the Office. The Bill requires the three State universities to bear the cost to operate the Office.

Comm. Empowerment

The Bill includes intent language directing the Empowerment Office in the Department of Management to implement a four-year phase-in of the distribution formula approved by the Iowa Empowerment Board. The formula allocates funding to the 58 Community Empowerment Areas as follows:

- 45.0% based on percent of population age 0-5 and 185.0% of poverty level or less.
- 35.0% based on percent of population age 0-5.
- 20.0% distributed equally among the areas.

The four-year phase-in allows no area's FY 2004 or FY 2005 allocation to fall below 75.0% of its FY 2003 allocation. In FY 2006 and FY 2007, allocations cannot fall below 50.0% of its FY 2003 allocation. The full formula will take effect in FY 2008.

More Information

More information is available from the LFB or on the web site:
<http://staffweb.legis.state.ia.us/lfb/>.

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**JUDICIAL BRANCH APPROPRIATIONS BILL – LSB 1126JA
PASSES JUSTICE SYSTEM APPROPRIATIONS
SUBCOMMITTEE**

Judicial Branch Bill

The Judicial Branch Appropriations Bill passed the Joint Justice System Appropriations Subcommittee on March 19. The Bill appropriates a total of \$115.4 million to the Judicial Branch. Of this amount, \$113.4 million was appropriated for the Judicial Branch operating budget and \$2.0 million was appropriated for Judicial Retirement.

More Information

More information is available from the LFB or on the web site:
<http://staffweb.legis.state.ia.us/lfb/>.

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JUSTICE SYSTEM APPROPRIATIONS BILL – LSB 1125JA PASSES JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE

Subcommittee Bill

The Justice System Appropriations Subcommittee passed LSB 1125JA, the Justice System Appropriations Bill, on March 20. The Bill appropriates \$367.6 million for FY 2004 as follows:

- Department of Justice - \$10.0 million for the Office of the Attorney General and the Office of the Consumer Advocate. This is an increase of \$167,000 compared to the FY 2003 estimated net appropriation to fund FY 2003 salary adjustment from the General Fund in FY 2004.
- Civil Rights Commission - \$807,000, a decrease of \$79,000 compared to the FY 2003 estimated net appropriation.
- Department of Corrections (DOC) - \$251.4 million, an increase of \$8.6 million compared to the FY 2003 estimated net appropriation. The increased funding includes:
 - An increase of \$4.0 million to fund FY 2003 salary adjustment from the General Fund in FY 2004.
 - An increase of \$1.0 million for the inmate education program.
 - An increase of \$1.0 million for the Community-Based Corrections (CBC) District Departments to partially fund the FY 2003 salary adjustment shortfall.
 - An increase of \$2.1 million to annualize the operating costs of the new 200-bed Clinical Care Unit at Fort Madison.
 - An increase of \$500,000 for sewer and water needs at Fort Madison and Oakdale.
 - A decrease of \$657,000 at Fort Madison, Anamosa, and Mount Pleasant prisons to reflect the savings associated with installing a perimeter security fence.
 - An increase of \$700,000 to restore the FY 2003 furlough reduction in the Fourth, Fifth, Sixth, and Seventh CBC District Departments.
- Iowa Communications Network (ICN) - \$500,000, a decrease of \$502,000 compared to the FY 2003 estimated net appropriation.
- Office of the State Public Defender - \$36.2 million, an increase of \$360,000 compared to the FY 2003 estimated net appropriation. The change includes:
 - An increase of \$230,000 to fund FY 2003 salary adjustment from the General Fund in FY 2004.
 - An increase of \$716,000 to fully fund all currently authorized FTE positions in the Office.

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- A decrease of \$586,000 to the Indigent Defense allocation to reflect the savings associated with filling all currently authorized FTE positions in the Office.
 - Iowa Law Enforcement Academy (ILEA) - \$1.0 million, an increase of \$27,000 to fund FY 2003 salary adjustment from the General Fund in FY 2004.
 - Board of Parole - \$1.0 million, an increase of \$53,000 as follows:
 - An increase of \$5,000 to fund FY 2003 salary adjustment from the General Fund in FY 2004.
 - An increase of \$48,000 to fully fund a currently authorized Administrative Law Judge and add a part-time clerk.
 - Department of Public Defense - \$6.1 million, an increase of \$101,000 compared to the FY 2003 estimated net appropriation.
 - Department of Public Safety - \$60.6 million, an increase of \$918,000 compared to the FY 2003 estimated net appropriation. Major changes include:
 - An increase of \$364,000 for the Division of Criminal Investigation.
 - An increase of \$98,000 for the Division of Narcotics Enforcement.
 - A decrease of \$109,000 for the Fire Marshal's Office.
 - An increase of \$603,000 for the Iowa State Patrol.
 - A decrease of \$56,000 for the Department of Public Safety Sick Leave Payout Fund.

More Information

More information is available from the LFB or on the web site:
<http://staffweb.legis.state.ia.us/lfb/>.

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**DEPARTMENT OF TRANSPORTATION APPROPRIATIONS
BILL – HF 652 PASSES HOUSE TRANSPORTATION
SUBCOMMITTEE AND HOUSE APPROPRIATIONS
COMMITTEE**

Transportation Bill

House File 652 (FY 2004 Department of Transportation (DOT) Appropriations Bill) was passed by the House Transportation Subcommittee on March 18 and by the House Appropriations Committee on March 19. The Bill appropriates a total of \$267.0 million to the DOT, which includes \$43.5 million from the Road Use Tax Fund, \$223.4 million from the Primary Road Fund, and 3,442.0 FTE positions. This is a decrease of \$1.7 million (0.6%) and 16.0 FTE positions (0.5%) compared to the estimated net FY 2003 appropriation. Total appropriations by fund are listed in the following table.

DEPARTMENT OF TRANSPORTATION

(Dollars in Millions)

	Estimated FY 2003	Proposed Legis. Action FY 2004	Change	Percent Change
Primary Road Fund	\$ 224.8	\$ 223.4	\$ -1.4	-0.6%
Road Use Tax Fund	43.9	43.5	-0.4	-0.9%
Total	\$ 268.7	\$ 267.0	\$ -1.7	-0.6%

* Totals may not add due to rounding.

Highlights of HF 652 include:

- Appropriates \$170.8 million and 2,485.0 FTE positions from the Primary Road Fund for the Highways Division.
- Appropriates \$37.3 million and 270.0 FTE positions from the Road Use Tax Fund and the Primary Road Fund for the Operations and Finance Division.
- Appropriates \$29.9 million and 508.0 FTE positions from the Road Use Tax Fund and the Primary Road Fund for the Motor Vehicles Division.
- Appropriates \$8.9 million and 142.0 FTE positions from the Road Use Tax Fund and the Primary Road Fund for the Planning Division.
- Appropriates \$5.0 million from the Road Use Tax Fund to rewrite the Vehicle Registration System.
- Appropriates \$3.7 million and 37.0 FTE positions from the Road Use Tax Fund and the Primary Road Fund for the Administrative Services Division.
- Appropriates \$2.8 million from the Road Use Tax Fund for the Driver's License Digitized Imaging System lease.
- Appropriates \$2.0 million from the Primary Road Fund for costs associated with the replacement of maintenance garages at various locations throughout the State. This is a new appropriation for FY 2004.
- Appropriates \$200,000 from the Primary Road Fund for surface repair at two scale sites near Missouri Valley. This is a new appropriation for FY 2004.

Facility ImprovementsHouse File 652 also includes the following change to the Code of Iowa:

- Permits moneys appropriated for scale facility improvements in Clarke and Worth Counties be extended to other scale facilities throughout the State. The Bill also extends the period for which the appropriation may be used.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

**BLOCK GRANT AND FEDERAL FUNDS APPROPRIATIONS
BILL – HF 472 HOUSE AMENDS AND PASSES****Block Grant Bill**

The House amended and approved HF 472 (FY 2004 Block Grant and Federal Funds Appropriations Bill) on March 18. The Bill provides the mechanism for the State to receive an estimated \$164.2 million in federal

block grant funds and an estimated \$3.1 billion in federal categorical and non-State funds in Federal Fiscal Year (FFY) 2004.

Bill Summary



The Notes on Bills and Amendments (NOBA) for HF 472 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

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**ANIMAL BIOTECHNOLOGY COMMERCIALIZATION
APPROPRIATIONS BILL – HF 453 PASSES THE HOUSE**

Animal Biotechnology

The House passed HF 453 (FY 2004 Animal Biotechnology Commercialization Appropriations Bill) on March 17. The Bill creates the Animal Biotechnology Commercialization Fund and appropriates \$33.0 million, which includes \$23.0 million from tax-exempt bond proceeds of the Restricted Capital Fund and \$10.0 million from the Rebuild Iowa Infrastructure Fund (RIIF) over three fiscal years. The appropriations are summarized below:

- Appropriates \$15.0 million for the construction of animal product purification facilities. The appropriation includes: \$5.0 million for FY 2003 and \$5.0 million for FY 2004 from the Restricted Capital Fund in the form of grants, and \$5.0 million in loans from the RIIF. The Bill requires the appropriations to be matched with \$10.0 million in non-State funds.
- Appropriates \$5.0 million in FY 2005 from the RIIF for loans to construct biotechnology-related facilities that implement life science enterprise plans.
- Appropriates \$3.0 million in FY 2004 to the Board of Regents for the construction of an animal biotechnology commercial pharmaceutical research center at Iowa State University.
- Appropriates \$10.0 million in FY 2005 for the construction of commercial animal biodefense pharmaceutical production and processing facilities.

The Bill also prohibits the appropriated funds from being used to purchase agricultural land.

STAFF CONTACT: David Reynolds (Ext. 16934)

**DEPARTMENT OF TRANSPORTATION OMNIBUS BILL – SF
97 FINAL ACTION**

DOT Omnibus

Senate File 97 (FY 2004 Department of Transportation Omnibus Bill), as amended by the House, passed the Senate on March 17. The estimated fiscal impact of the Bill is as follows:

General Aviation

The General Aviation Fund will receive annual payments of \$14,000 in loan repayments over a ten-year period. The total amount of the loans is \$140,000 and a 3.0% interest rate will be applied to the amount loaned. The total amount, including interest, to be repaid and deposited in the Fund over the ten-year period is \$156,000.

Fiscal Impact

The estimated fiscal impact of SF 97 is an increase in revenue of \$50,000 to the Road Use Tax Fund and \$750,000 to the counties' General Fund.



Of the \$9.9 million in revenues generated from the one-time surcharge fee for driver's licenses, approximately \$9.0 million will be expended on upgrading the driver's license issuance and records system, and approximately \$800,000 will be retained by the counties. Excess funds will be deposited into the Road Use Tax Fund. An additional \$500,000 will be needed each year for system maintenance. The \$500,000 will be taken from the Motor Vehicle Division's base budget.

Driver's License Study

Costs associated with the county driver's license issuance study will be absorbed by the Department of Transportation and County Treasurer's Association. No additional staff will be needed.

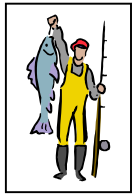
Sent to Governor

Senate File 97 will now be sent to the Governor.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

FISHING LICENSES – SF 348 PASSES SENATE

Fishing Licenses



Senate File 348 (FY 2004 Fishing Licenses) passed the Senate on March 20. The Bill makes the following changes that impact the Fish and Wildlife Trust Fund:

- Increases the resident fishing license fee and creates a one-day resident fishing license.
- Creates a one-day and three-day nonresident fishing license.
- Combines the fishing habitat fee with the fishing license fee to eliminate one transaction fee.
- Specifies that \$3.00 from the sale of each resident and nonresident annual and seven-day fishing license fee be used for fish habitat development.

Fiscal Impact

The estimated fiscal impact of SF 348 is an increase in revenue of \$1.3 million to the Fish and Wildlife Trust Fund for FY 2004 and \$763,000 for FY 2005.

More Information

The fiscal note on SF 348 is available on the LFB web site at <http://staffweb.legis.state.ia.us/lfb/fiscalnotes>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

FIRE FIGHTER LICENSE PLATES BILL – HF 656 PASSES HOUSE APPROPRIATIONS COMMITTEE

Fire Fighter Plate



House File 656 (FY 2004 Fire Fighter License Plates Bill) was passed by the House Appropriations Committee on March 19. The Bill provides the following:

- Requires that fees charged for the issuance of special fire fighter license plates be transferred from the State Treasurer to the Fire Service Training Bureau of the Division of Fire Protection of the Department of Public Safety. The funds will be used to offset costs for fire fighter training.
- Specifies that the special plates fees will not revert to the General Fund.

- Specifies that retired fire fighters, as well as current fire fighters, are eligible to receive the special plates.

Fiscal Impact

The estimated fiscal impact of HF 656 is an increase in revenue of \$28,000 annually to the Fire Service Training Bureau of the Department of Public Safety, and a decrease in revenue of \$28,000 annually to the Road Use Tax Fund.

Bill Summary

A copy of the Notes on Bills and Amendments (NOBA) is available from the LFB or on the web site: <http://staffweb.legis.state.ia.us/lfb/>.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

**PRIVATE WATER SUPPLY SYSTEM ACCOUNT – SF 237
PASSES SENATE WAYS AND MEANS COMMITTEE**

Private Well Account

Senate File 237 (FY 2004 Private Water Supply System Account Bill) passed the Senate Ways and Means Committee on March 19. The Bill creates a new Private Water Supply System Account in the Water Quality Protection Fund. Fees from private well construction permits and private well contractor certification will be deposited into this Account. Funds will be used by the Department of Natural Resources for training sanitarians, private well contractor training, and administrative costs related to private well programs. Fees collected are estimated to be approximately \$118,000 per year.

More Information

More information is available from the LFB or on the web site: <http://staffweb.legis.state.ia.us/lfb/>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

FALSE USE OF CREDIT CARDS – HF 504 PASSES HOUSE

Credit Card Fraud



House File 504 passed the House on March 20. The Bill relates to the criminal offense of fraudulent use of a credit card and sets the limits on the value of property illegally obtained. The Bill permits separate acts to be combined into one scheme, if one person, or multiple people at different locations, commit the illegal acts. The Bill makes illegal possession of a scanning device or reencoder a new crime and creates a graduated system of penalties for illegal use of this equipment.

There may be ten offenders convicted as Class D felons annually that would have been aggravated misdemeanors under current law. All ten offenders would have been sentenced to prison under current law. However, under the proposed legislation, the offenders may be sentenced as Class D felons and their length of stay in prison may be longer than under current law. The prison population may increase by five offenders annually. There may be offenders currently convicted as Class D felons that may be convicted as Class C felons under the Bill. There is no readily available information with which to predict how many additional Class C felony convictions may occur under this provision. The imprisonment rate for credit card fraud may increase under HF 504, as may the average length of stay in prison for certain offenders.

Correctional Impact The correctional impact of creating a new crime cannot be estimated due to a lack of data. However, creating a new offense and imposing a Class C or D felony as the penalty may increase court caseloads, and increase demand for prison, Community-Based Corrections (CBC), and county jail resources. Felony convictions, imprisonment rates, and prison length of stay may increase under this provision.

Fiscal Impact The estimated fiscal impact of HF 504 to the General Fund is expected to be minimal. Due to insufficient information, the fiscal impact of creating a new offense under HF 504 cannot be determined. However, the State's cost for one Class D felony conviction ranges from \$1,600 to \$8,300. The State's cost for one Class C felony conviction ranges from \$1,700 to \$11,000. These costs will be incurred over multiple years while the offender is being supervised in a State prison or the local community.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

NO CONTACT ORDERS – HF 404 PASSES THE HOUSE

Victim Protection The House passed HF 404 (FY 2004 No Contact Orders) on March 18. The Bill authorizes a sentencing court to protect victims of any public offense, their immediate family members, people residing with the victim, and any witnesses to the offense if the court finds that the presence of, or contact with the defendant poses a threat. The no-contact order is available at the time of sentencing. People who violate no-contact orders are subject to summary contempt proceedings.

There is no readily available data with which to estimate the correctional impact of HF 404. To the extent no-contact orders that are issued under the Bills' provisions are subsequently violated, there may be an impact on county jails. That impact is expected to be minimal.

Fiscal Impact Due to insufficient information, the fiscal impact cannot be determined. The State's cost for issuing a no-contact order, and providing counsel for the defendant upon violating the order, is approximately \$366, including the costs of court staff time and indigent defense. The average cost for a county jail for holding no-contact violators is approximately \$640 per offender.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

UNCLAIMED DEMUTUALIZATION PROCEEDS AND UNPAID WAGES – SF 236 PASSES SENATE

Unclaimed Proceeds The Senate passed SF 236 on March 17. The Bill changes the time periods that unclaimed demutualization proceeds held by an insurance company and unpaid wages reported to the Treasurer of State pursuant to Chapter 556, Code of Iowa, are presumed abandoned.

The Bill specifies that unclaimed insurance company demutualization proceeds are deemed abandoned the earlier of two years after the first distribution date or two years after the last contact date with the policyholder. The period for presuming the abandonment of unpaid wages is changed from the current three years to one year.

The estimated fiscal impact of SF 236 to the General Fund is an increase in revenues of approximately \$26.7 million in FY 2004 and \$12.2 million in FY 2005. The following chart reflects a breakdown of the two areas.

Demutalization Proceeds
(in millions)

<u>Type of Property</u>	<u>FY 2004</u>	<u>FY 2005</u>
Demutalization	\$ 24.5	\$ 24.5
Unpaid Wages	2.2	2.2
Total	<u>\$ 26.7</u>	<u>\$ 12.2</u>

More Information

More information is available from the LFB or on the web site:
<http://staffweb.legis.state.ia.us/lfb/>.

STAFF CONTACT: Sam Leto (Ext. 16764)

**CONTRABAND POSSESSION IN DETENTION FACILITIES –
SF 298 PASSES SENATE**

Contraband Possession

The Senate passed SF 298 (FY 2004 Contraband in Detention Facilities) on March 18. The Bill expands the definition of the criminal offense of possessing contraband in correctional institutions to include possessing such contraband in a secure facility for the detention or custody of juveniles, a detention facility, or a jail.

During FY 2004, there may be 24 new Class D felony convictions under this Bill and 47 during FY 2005. All of these offenders may be sentenced to prison. The prison population may increase by 24 offenders in FY 2004, and by 59 offenders in FY 2005 and subsequent years. There may be 35 new parole admissions in FY 2005, and 59 new parole admissions each year thereafter.

Fiscal Impact

The estimated fiscal impact of SF 298 to the State General Fund is an increase in expenditures ranging from \$134,000 to \$159,000 in FY 2004, depending on the use of jury trials. The estimated range of increased expenditures in FY 2005 is from \$337,000 to \$386,000. These costs include increased expenditures for the Judicial Branch, the Indigent Defense Program, the Department of Corrections' Institutions, and Community-Based Corrections.

More Information

More information is available from the LFB or on the web site:
<http://staffweb.legis.state.ia.us/lfb/>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

GOVERNMENT OVERSIGHT COMMITTEE MEETINGS

Government Oversight

The Government Oversight Committee met on March 18 and 19.



On March 18, the Committee discussed the following:

- The status of bills that will come to the Committee for review and approval.
- The subject areas to be reviewed during the interim meetings of the Committee.
- An outline for possible consolidation of advocacy, research, funding, and disability service agencies to improve efficiencies and effectiveness.
- The dates and times for Committee meetings for the current legislative session.

On March 19, the Committee heard a presentation from Kathy Mabie, Department of Management (DOM), on the proposed creation of an Office of Grants Management within the DOM. The Office would assist State agencies in:

- Identifying grant opportunities.
- Coordinating intra- and interdepartmental applications.
- Advocating for support of grant applications by the Iowa Congressional delegation in securing federal grants.
- Tracking the process and providing reports on grant efforts.

Bill Passage

The Committee then discussed the companion bills for the creation of the Office of Grants Management, Senate Study Bill 1133 and House Study Bill 298. The Committee unanimously passed both bills.

More Information

Copies of agendas, minutes, and selected materials distributed to Subcommittee members are available on the Legislative Fiscal Bureau (LFB) web site at:

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

STAFF CONTACT: Sam Leto (Ext. 16764) Douglas Wulf (Ext. 13250)

GOVERNOR APPOINTS NEW DIRECTOR FOR THE DEPARTMENT OF PUBLIC HEALTH

New Director

On March 11, the Governor appointed Mary Hansen as the new Director of the Department of Public Health. Ms. Hansen will begin work with the Department on March 28. Her appointment is subject to confirmation by the State Senate.

Ms. Hansen has experience in the fields of nursing and public health administration. She earned a Bachelor of Science Degree in Nursing from Creighton University, and completed her Masters of Science Degree in Nursing at Texas Women's University. She earned a Ph.D. in Higher Education from Iowa State University and has earned a Certificate from the Harvard University Executive Program in Health Policy and Management, and a Certificate from the George Mason University Health Policy Institute Health Policy Workshop.

Ms. Hansen is currently employed by Drake University as an Associate Professor of Nursing. She served on Senator Harkin's Health Advisory

Committee, is a charter member of the National Health Policy Council, and has served as the past Director of the Drake Center for Health Issues.

Director's Salary

Ms. Hansen's salary will be paid from the General Fund and has been set by the Governor at \$118,000 per year.

STAFF CONTACT: Lisa Burk (Ext. 17942) Jennifer Vermeer (Ext. 14611) Sue Lerdal (Ext. 17794)

BOARD OF CORRECTIONS MEETING - MARCH 2003

Correction Board Meeting

The Board of Corrections met March 14 at the Corrections Training Center in West Des Moines. Interim Director John Baldwin informed the Board that the prison population had reached 8,559 inmates, 125.6% of current designed capacity. He updated the Board on several proposals for additional corrections beds, such as the potential for using vacant space on the Mental Health Institutes' campuses. Mr. Baldwin reviewed several sentencing proposals:

- Reduce the sentencing disparity between crack and powder cocaine. This proposal will increase the prison population, but enhances the perceived fairness within the criminal justice system.
- Repeal the determinate Class D felony option. This proposal is not retroactive.
- Repeal the waivable mandatory minimum term for certain Class C offenses related to illegal drug activity.
- Reduce the Super B felony from 50 years to 35 years.
- Require inmates serving an 85.0% sentence to serve at least 50.0% of the sentence in prison, with a mandatory parole.

Board Chair Suellen Overton announced the Governor is appointing Gary Maynard from South Carolina as the new Director of the Department of Corrections (DOC). She stated the new Director had a strong background in the corrections field. Ms. Overton thanked John Baldwin for his leadership and service while acting as the Interim Director.

Warden Jim McKinney and his staff presented information concerning the Leader Dog Program at the North Central Correctional Facility at Rockwell City. The prison worked with the Lion's Club to establish a program for inmates to train and socialize pups for future use as guide dogs for the blind. The Leader Dog Program is based in Rochester, Michigan, and the program at Rockwell City is funded through donations.

Larry Grund, Director of Information Technology for the Department of Public Safety (DPS), reviewed data sharing technology with the Board. Currently, the DPS shares information with local law enforcement and is working with other governmental agencies to share data.

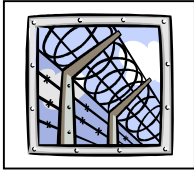
Grant Awarded

Deputy Director Jeanette Bucklew updated the Board regarding the Offender Re-entry Grant, a \$2.0 million award for three years. The award focuses on improving services for offenders returning to Polk County from prison. Polk County was selected because it is the leading county of prison commitments in the State. The process involves developing a local community-based

coalition to provide services to these offenders, to prevent them from committing crimes in the future.

Community-Based Corrections (CBC) District Director Linda Murken provided information on the local task forces that have been active in the Second Judicial District. The task forces were formed in response to the growing number of offenders with mental health needs. The task forces have improved communication and services within and between local agencies that provide offenders with a variety of services.

Releasing Inmates



Assistant Director Lowell Brandt updated the Board on the process for releasing inmates. The DOC recently implemented a Staff Initiated Review (SIR) process, where inmates are identified as potential early release candidates for the Board of Parole to review. The process was used last summer and has been reinstated due to the high prison population. Inmates eligible for review are those who are technical violators who have no violence related to their current crime. They also must have no registered victims, and not be serving a mandatory minimum term. Both the DOC and the Board of Parole perform risk assessments prior to parole or work release being granted.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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