

# FISCAL UPDATE

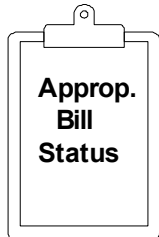
April 14, 2003

Legislative Fiscal Bureau

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

## STATUS OF APPROPRIATIONS BILLS



Appropriations Subcommittee Bills		
Appropriations Subcommittee	LSB/File#	Status
Admin./Regulation	HF 655	Passed Senate on April 8.
Ag./Natural Resources	SF 425	Passed House on April 7.
Economic Development	SF 433	Passed House on April 9.
Education	HF 662	Passed Senate on April 10.
Health/Human Services	HF 667	Passed House on April 10.
Judicial Branch	SF 435	Passed House on April 9.
Justice System	SF 439	Passed Senate on April 8.
Infrastructure		Starts in the Senate.
Transportation	HF 652	Passed Senate on April 8.

Other Appropriations Bills		
Block Grant and Federal Funds Bill	HF 472	Sent to Governor on April 10.
Animal Biotechnology Commercialization Fund	HF 453	Passed House on March 17.
Enhanced Tobacco Enforcement	SF 375	Passed Senate on March 26.
Property Tax Replacement Supplemental	SF 202	Passed Senate on February 26.
REAP License Plates	SF 380	Passed Senate on April 1.
Wine Gallonage Tax	HF 651	Passed House Appropriations Committee on April 10.
Fire Fighter License Plates	HF 656	Passed Senate Appropriations Committee on April 1.
Electrical & Mech. Amusement Devices	HF 594	Passed Senate State Government Committee on April 9.

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<b>Other Appropriations Bills (cont.)</b>			
Environment First Fund		SF 436	Passed House on April 1.
Nonpublic School State Aid FY 2005		SF 440	Passed Senate Appropriations on April 9.
Adult Day Serves		HF 672	Passed House Appropriations on April 8.
Elder Group Homes and Assisted Living		HF 675	Passed House Appropriations on April 8.
Homestead Tax Credit		HF 1	Passed House Appropriations on January 15.
Property Tax Credits Reimbursement		HF 32	Passed House on January 27.
Private Water Supply		SF 237	Sent to the Governor on April 10.
Breast Cancer Awareness License Plates		SF 127	Signed by the Governor on March 12.
Non-Medicaid Supplemental Act		SF 36	Signed by the Governor on February 17.
Healthy Iowans Tobacco Trust Fund Bill			Starts in the House.
Salary Bill			Starts in the Senate.
Standings Bill			Starts in the Senate.

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**ADMINISTRATION AND REGULATION APPROPRIATIONS BILL– HF 655 PASSES SENATE**

**Admin. & Regulation Bill**



On April 8, the Senate amended and 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 General Fund appropriation. Salary adjustment funding of \$1.4 million was provided from non-General Fund sources for FY 2003. Of this salary adjustment total, \$1.3 million has been included in the General Fund appropriations for FY 2004. The Bill also appropriates a total of \$23.7 million in other funds.

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

**Senate Amendment**

Senate Amendment H-1294 to HF 655 makes the following changes:

- Increases the appropriation to the Professional Licensing and Regulation Division in the Department of Commerce \$86,000.
- Eliminates the requirement that \$30.00 from each real estate license be paid into the Iowa Real Estate Education Fund each year and restores the requirement that 40.0% of the fees per year for each real estate salesperson’s license and

25.0% of the fees per year from each broker's license be deposited into the Fund.

- For one year, revokes the permission that allows the Professional Licensing Division of the Department of Commerce to retain 85.0% of any fee increase implemented by the Real Estate Commission on or after April 1, 2002.

**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/index.jsp>.

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**AGRICULTURE AND NATURAL RESOURCES  
APPROPRIATIONS BILL – SF 425 PASSES HOUSE**

**Ag./Natural Resources**

The House passed SF 425 (FY 2004 Agriculture and Natural Resources Appropriations Bill) on April 7. The Bill appropriates \$32.5 million and 1,551.3 FTE positions from the General Fund for FY 2004. 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 General Fund appropriation. Salary adjustment funding of \$563,000 was provided from non-General Fund sources for FY 2003 and has been included in the General Fund appropriations for FY 2004.

**Dept. of Agriculture**



The Bill 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 General Fund appropriation for:

- An increase of \$249,000 to replace the non-General Fund FY 2003 salary adjustment with a General Fund appropriation. This is a decrease of \$249,000 in other funds for FY 2004 compared to the FY 2003 estimated net appropriation for the elimination of one-time salary funding.
- 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.

**Dept. of Natural Resources**

The Bill appropriates \$15.5 million and 1,079.1 FTE positions to the Department of Natural Resources (DNR). This is an increase of \$314,000 and 4.0 FTE positions compared to the FY 2003 estimated net General Fund appropriation for:

- An increase of \$314,000 to replace the non-General Fund FY 2003 salary adjustment with a General Fund appropriation. This is a decrease of \$314,000 in other funds for FY 2004 compared to the FY 2003 estimated net appropriation for the elimination of one-time salary funding.
- 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**

Other non-General Fund appropriations in the Bill include:

- \$29.3 million to the DNR 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.

A motion was filed to reconsider the vote on the Bill.

**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/index.jsp>.

**NOBA**

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**ECONOMIC DEVELOPMENT APPROPRIATIONS BILL –  
SF 433 PASSES HOUSE**

**Senate Amendment**

Senate File 433 (FY 2004 Economic Development Appropriations Bill) was amended and passed the House on April 9. The House amendment, S-3183, requires an allocation of \$550,000 for Small Business Development Centers and requires the Centers to be located equally throughout the different regions of the State. The amendment allows Iowa State University to allocate the moneys to the Small Business Development Centers in any manner necessary to achieve this purpose.

The Bill appropriates \$22.3 million and 433.7 FTE positions from the General Fund. 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 General Fund appropriation. Salary adjustment funding of \$289,000 was provided from non-General Fund sources for FY 2003. This has been included in the General Fund appropriations for FY 2004.

**Economic Development**

The Bill appropriates \$13.6 million from the General Fund and 154.5 FTE positions to the Department of Economic Development, a decrease of \$2.9 million (17.5%) and an increase of 1.0 (0.7%) FTE position compared to the FY 2003 estimated net General Fund appropriation.

**Board of Regents**

The Bill appropriates \$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 General Fund appropriation.

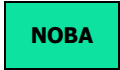
**Workforce Development**

The Bill appropriates \$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 General Fund appropriation.

**Public Employment**

The Bill 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 General Fund appropriation.

**Bill Summary**



The Notes on Bills and Amendments (NOBA) for SF 433 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>.

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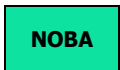
**EDUCATION APPROPRIATIONS BILL – HF 662 PASSES SENATE**

**Education Bill**

House File 662 (FY 2004 Education Appropriations Bill) passed the Senate Appropriations Committee on April 9 and the Senate on April 10. A motion was filed in the Senate to reconsider the vote on the Bill.

The Bill appropriates a total of \$919.4 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 \$68.0 million and a decrease of 48.9 FTE positions compared to the FY 2003 estimated net General Fund appropriation. Salary adjustment funding of \$25.2 million was provided from non-General Fund sources for FY 2003 and has been included in the General Fund appropriations for FY 2004.

**Bill Summary**



The Notes on Bills and Amendments (NOBA) for HF 662 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>.

STAFF CONTACT: Mary Shipman (Ext. 14617) Robin Madison (Ext. 15270)

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**HEALTH AND HUMAN SERVICES APPROPRIATIONS BILL – HF 667 PASSES HOUSE**

**Health & Human Services**



On April 10, the House approved HF 667 (FY 2004 Health and Human Services Appropriations Bill). The Bill appropriates \$772.4 million from the General Fund and 6,626.4 FTE positions to the Departments of Elder Affairs, Public Health, Human Services, and the Commission on Veterans Affairs and the Veterans Home for FY 2004. This is a decrease of \$11.7 million and an increase of 172.1 FTE positions compared to the FY 2003 estimated net General Fund appropriations.

In addition, the Bill appropriates \$161.6 million from the Senior Living Trust Fund to the Departments of Elder Affairs, Human Services, and Inspections and Appeals, an increase of \$76.1 million compared to the FY 2003 estimated net appropriation. The Bill also appropriates \$15.0 million from the Hospital Trust Fund, an increase of \$3.0 million compared to the FY 2003 estimated net appropriation. The majority of the increase is for the increased cost of the Medical Assistance Program (Medicaid).

The Bill appropriates \$146.7 million of federal Temporary Assistance to Needy Families (TANF) funds, an increase of \$1.6 million compared to the FY 2003 estimated net appropriation.

The House added the following to the Bill compared to the previous action by the House Appropriations Committee:

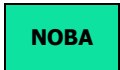
- An increase of \$300,000 from the Senior Living Trust Fund to the Department of Elder Affairs for increased services to seniors.
- An increase of 3.3 FTE positions to the Department of Public Health. Funding for the FTE positions is already included in the appropriation.
- A decrease of \$2.9 million due to the elimination of contingency language related to HF 568 (FY 2004 Elder Group Homes Bill).
- An increase of 28.5 FTE positions for Field Operations.
- An increase of \$85,000 from Temporary Assistance to Needy Families funding for the Marriage Initiative Grant Fund.
- An increase of \$58.0 million for the FY 2003 supplemental appropriation for the Medical Assistance Program (Medicaid) due to higher than projected enrollment and expenditures. The supplemental includes \$41.5 million from the General Fund, \$9.5 million from the Senior Living Trust Fund, and \$7.0 million from the Hospital Trust Fund.

**More Information**

Spreadsheets that compare the changes to the FY 2003 estimated net appropriations and to the FY 2004 Governor's recommendations for the General Fund, Senior Living Trust Fund, and the Temporary Assistance to Needy Families (TANF) funds are available on the LFB web site at: [http://staffweb.legis.state.ia.us/lfb/subcom/human\\_serv/human\\_serv.htm](http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/human_serv.htm).

**Bill Summary**

The Notes on Bills and Amendments (NOBA) is available on the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>.



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**JUDICIAL BRANCH APPROPRIATIONS BILL – SF 435  
PASSES HOUSE**

**Judicial Bill**

Senate File 435 (FY 2004 Judicial Branch Appropriations Bill) passed the House on April 9. 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. This is an increase of \$4.2 million compared to the FY 2003 estimated net General Fund appropriation. Salary adjustment funding of \$4.0 million was provided from non-General Fund sources for FY 2003 and has been included in the General Fund appropriations for FY 2004. The remaining \$200,000 increase is to fund heating and cooling expenses in the new Judicial Branch Building.

Bill Summary

The Notes on Bills and Amendments (NOBA) for SF 435 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>.

NOBA

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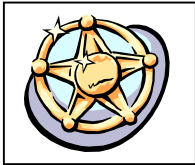
**JUSTICE SYSTEM APPROPRIATIONS BILL – SF 439  
PASSES SENATE**

Subcommittee Bill



The Senate passed SF 439 (FY 2004 Justice System Appropriations Bill) on April 8. 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 General Fund 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 General Fund appropriation.
- Department of Corrections (DOC) - \$251.4 million, an increase of \$8.6 million compared to the FY 2003 estimated net General Fund appropriation. The increase 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 General Fund appropriation.
- Office of the State Public Defender - \$36.2 million, an increase of \$360,000 compared to the FY 2003 estimated net General Fund appropriation. The change includes:
  - An increase of \$230,000 to replace the non-General Fund FY 2003 salary adjustment with a General Fund appropriation in FY 2004.
  - An increase of \$716,000 to fully fund all currently authorized FTE positions in the Office.



- 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 replace the non-General Fund FY 2003 salary adjustment with a General Fund appropriation 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 \$900,000 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.

**Bill Summary**

The Notes on Bills and Amendments (NOBA) for SF 439 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>

STAFF CONTACT: Beth Lenstra (Ext. 16301) Jennifer Dean (Ext. 17846)

**DEPARTMENT OF TRANSPORTATION APPROPRIATIONS  
 BILL – HF 652 FINAL ACTION**

**Transportation Bill**



House File 652 (FY 2004 Department of Transportation Appropriations Bill) passed the Senate on April 8. The Bill appropriates \$267.0 million to the Department of Transportation (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 FY 2003 estimated net appropriation. 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%
<b>Total</b>	<b>\$ 268.7</b>	<b>\$ 267.0</b>	<b>\$ -1.7</b>	<b>-0.6%</b>

\* Totals may not add due to rounding.



House File 652 will now be sent to the Governor.

**Bill Summary**



The Notes on Bills and Amendments (NOBA) for HF 652 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>.

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**GOVERNMENT OVERSIGHT COMMITTEE MEETINGS**

**Oversight Meetings**

The House State Government Committee met on April 9 and passed House Study Bill 310 (FY 2004 Veterans Trust Fund Bill). The Bill creates a Veterans Trust Fund under the control of the Commission of Veterans Affairs.

The Senate State Government Committee met on April 10 and passed Senate Study Bill 1195 (FY 2004 Vicious Dog, Civil and Criminal Penalties Bill). The Bill modifies the Code of Iowa provisions for the regulation of dogs and vicious dogs.

**More Information**

More information can be obtained from the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/>.

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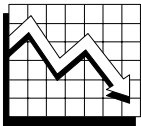
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**REVENUE ESTIMATING CONFERENCE MEETING**

**REC Meeting**

The Revenue Estimating Conference (REC) met April 9 to review the FY 2003 and FY 2004 General Fund revenue estimates set December 6, 2002.

**FY 2003 Estimate**



The REC set the FY 2003 Total Tax and other Receipts at \$5.034 billion or 0.5% increase and left the Net General Fund Receipts estimate almost unchanged at \$4.520 billion, a decrease of \$161.8 million (- 3.5%) compared to actual FY 2002. The new estimate is \$300,000 lower than the December estimate. The changes include a modest decrease in projected personal income tax receipts and increases in sales, use, corporate, inheritance, and insurance premium tax revenue. Total taxes and other receipts were increased \$9.1million and transfers \$2.0 million. Those increases were offset by an \$11.4 million increase in projected tax refund payments.

**FY 2004 Estimate**

The REC set the FY 2004 Total Tax and other Receipts at \$5.119 billion or 1.7% increase and changed Net General Fund Receipts estimate by \$2.7 million. The estimate is now \$4.529 billion. This is an increase of \$8.4 million (0.2%) compared to the revised FY 2003 estimate. Generally, the REC projected modest increases in personal income, sales, use, corporate, and insurance tax and decreases in inheritance and cigarette taxes. Decreases in transfers from other funds will erase most of the projected tax receipt gains. There were no Legislative revenue changes enacted since the December REC. Therefore, all changes to the FY 2003 estimate were due to Conference assumptions concerning the economy and General Fund receipt patterns.

**Gambling Revenue Estimates**



The Conference did not revise the estimate for gambling receipts deposited to other funds for FY 2003 or for FY 2004. The estimate for both years is \$121.3 million. Gambling proceeds to the General Fund are statutorily capped at \$60.0

million, with the excess deposited to the Rebuild Iowa Infrastructure Fund, Vision Iowa Fund, and School Infrastructure Fund.

**Estimates by Source**

The spreadsheet below shows the estimates for the two years and the changes to the FY 2003 estimate by general area (dollars in millions).

**Revenue Estimating Conference Projections**

	<u>December FY 2003 Estimate</u>	<u>April FY 2003 Estimate</u>	<u>REC Estimate Increase (Decrease)</u>	<u>December FY 2004 Estimate</u>	<u>April FY 2004 Estimate</u>	<u>REC Estimate Increase (Decrease)</u>
Income Tax	\$2,444.4	\$2,411.4	\$-33.0	\$2,529.4	\$2,497.5	\$-31.9
Sales Tax	1,449.2	1,457.2	8.0	1,449.2	1,465.0	15.8
Use Tax	240.8	243.3	2.5	240.8	245.0	4.2
Corporate Tax	226.2	236.2	10.0	241.2	238.0	-3.2
Other Taxes	364.0	381.0	17.0	352.7	375.8	23.1
Total Taxes & Other Receipts	\$4,724.6	\$4,729.1	\$4.5	\$4,813.3	\$4,821.3	\$8.0
Other Receipts	\$300.4	\$305.0	\$4.6	\$293.5	\$297.4	\$3.9
Total Tax & Other Receipts	\$5,025.0	\$5,034.1	\$9.1	\$5,106.8	\$5,118.7	\$11.9
Transfers	\$127.4	\$129.4	\$2.0	\$42.0	\$47.8	\$5.8
Accruals	6.0	6.0	0.0	12.0	12.0	0.0
Refunds	-638.0	-649.4	-11.4	-635.0	-650.0	-15.0
Total Adjustments	\$-504.6	\$-514.0	\$-9.4	\$-581.0	\$-590.2	\$-9.2
Net General Fund Receipts	<u>\$4,520.4</u>	<u>\$4,520.1</u>	<u>\$-0.3</u>	<u>\$4,525.8</u>	<u>\$4,528.5</u>	<u>\$2.7</u>

**More Information**

A more detailed version of this spreadsheet is available at this web address:  
<http://staffweb.legis.state.ia.us/lfb/qre/qre.htm>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

**NO-CONTACT ORDERS – HF 404 PASSES SENATE**

**No-Contact Orders**



The Senate passed HF 404 (FY 2004 No-Contact Orders Bill) on April 10. 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 that violate no-contact orders are subject to summary contempt proceedings. The Senate added language that clarifies who may file an affidavit to request an extension of the no-contact order.

**Correctional Impact**

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

**Fiscal Impact**

Due to insufficient information, the fiscal impact of HF 404 cannot be determined. The State's cost for issuing a no-contact order and providing counsel for the defendant upon being accused of 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.

**More Information**

The Fiscal Note for HF 404 can be obtained from the LFB web site at:  
<http://staffweb.legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

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## **BLOCK GRANT AND FEDERAL FUNDS APPROPRIATIONS BILL PASSES SENATE - HF 472 FINAL ACTION**

**Block Grant Bill**

On April 7, the Senate approved HF 472 (FY 2004 Block Grant and Federal Funds Appropriations Bill). The Bill provides the mechanism for the State to receive an estimated \$164.2 million in federal block grants and an estimated \$3.127 billion in federal categorical and non-State funds in Federal Fiscal Year 2004.

**Bill Summary**


The Bill will be sent to the Governor. 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/index.jsp>.

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

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## **UNAUTHORIZED COMPUTER ACCESS – HF 505 PASSES SENATE**

**Unauthorized Access**

The Senate passed HF 505 (FY 2004 Unauthorized Computer Access, Rural Water District Bill) on April 10. The Bill amends Section 716.6B, Code of Iowa, to add the offense of unauthorized access to the computerized operational or support data of a rural water district or municipal utility as an aggravated misdemeanor.

**Correctional Impact**

There is no readily available information with which to predict how many additional convictions will occur under HF 505. The correctional impact is expected to be minimal.

**Fiscal Impact**

Due to insufficient information, the fiscal impact of HF 505 cannot be determined. The State's cost for one aggravated misdemeanor conviction ranges from \$76 to \$4,600.

**More Information**

The Fiscal Note for HF 505 can be obtained from the LFB web site at:  
<http://staffweb.legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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## **BIRTH DEFECTS REGISTRY BILL - HF 541 PASSES HOUSE**

**Birth Defects Registry**

On April 10, the House approved HF 541 (FY 2004 Birth Defects Registry Bill), which increases the registration fee for a birth certificate from \$10.00 to \$15.00 for FY 2004 and FY 2005. Ten dollars of each fee will continue to fund primary and secondary child abuse prevention programs, and \$5.00 will provide funding for the Birth Defects Institute Central Registry.

Effective July 1, 2005, HF 541 increases the registration fee for a birth certificate from \$15.00 to \$20.00. Ten dollars will continue to fund the

primary and secondary child abuse prevention programs, and \$10.00 will fund the Birth Defects Institute Central Registry.

House File 541 is expected to increase revenues generated by birth certificate registration fees by \$120,000 in FY 2004 and in FY 2005. In FY 2006, these revenues are expected to increase by \$240,000. The additional revenues generated will provide funding to the Birth Defects Institute Central Registry.

**More Information**

The Fiscal Note for HF 541 is available on the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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**WINE GALLONAGE TAX REVENUE – HF 651 PASSES  
HOUSE APPROPRIATIONS**

**Wine Gallonage Tax**

The House Appropriations Committee passed House File 651 (FY 2004 Wine Gallonage Tax Revenue) on April 10. The Bill specifies an annual allocation from the wine gallonage tax to the Grape and Wine Development Fund when there is an increase in taxes over the previous fiscal year. Under current law, there is an allocation when the wine gallonage tax exceeds the Revenue Estimating Conference's wine gallonage tax estimate.



The Bill creates a Class B and Class C native retail wine permit at an annual fee of \$25. The Class B native retail wine permit is for off-premises consumption and allows gift shops or other tourist-related businesses to sell only Iowa wine. The Class C native retail wine permit allows businesses to sell Iowa wine for on-premises or off-premises consumption and allows an Iowa winery to obtain one Class C native retail wine permit for on-premises consumption. The Bill specifies the application process for a Class B or Class C native retail wine permit is the same as the application process for other types of wine permits.

**Fiscal Impact**

The annual allocation from the wholesale wine gallonage taxes to the Grape and Wine Development Fund will not exceed \$75,000 per year. Funds will be used to promote the Iowa grape-growing and winemaking industry. The Bill specifies the deposit of funds from the wine gallonage tax into the Grape and Wine Development Fund is retroactive to July 1, 2002, if there is an increase over the previous year.

**Bill Summary**

The Notes on Bills and Amendments (NOBA) for HF 651 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>

STAFF CONTACT: Debra Kozel (Ext. 16767)

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**UNCLAIMED DEMUTUALIZATION PROCEEDS – SF 236  
PASSES HOUSE COMMERCE, REGULATION AND LABOR  
COMMITTEE**

**Proceeds**

The House Commerce, Regulation, and Labor Committee passed SF 236 (FY 2004 Abandonment and Demutualization Proceeds Bill) on April 7. The Bill changes the time periods that unclaimed demutualization proceeds held

by an insurance company and unpaid wages reported to the Treasurer of State are presumed abandoned.

The Bill specifies 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 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.

**Abandonment & Demutalization Proceeds  
(in millions)**

Type of Property	FY 2004	FY 2005
Demutalization	\$ 24.5	\$ 10.0
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)

**PRIVATE WATER SUPPLY SYSTEM ACCOUNT BILL –  
SF 237 FINAL ACTION**

**Private Well Account**



The House passed SF 237 (FY 2004 Private Water Supply System Account Bill) on April 8, which was the companion bill to HF 255. 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 DNR for training sanitarians and administrative costs related to private well programs. Fees collected are estimated to be approximately \$118,000 per year.

**Bill Summary**

The Bill was sent to the Governor. 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/noba.index>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

**CRIMINAL SURCHARGE FOR THE DIVISION OF CRIMINAL  
INVESTIGATION BILL – SF 399 PASSED SENATE**

**Criminal Surcharge**

Senate File 399 (FY 2004 Criminal Surcharge for the Division of Criminal Investigation Bill) passed the Senate on April 7. The Bill increases the criminal surcharge from 30.0% to 32.0%. The revenue increase in this Bill will go to the Department of Public Safety in a non-reversionary revolving

fund that will pay for lab equipment in the Division of Criminal Investigation (DCI) crime lab.

**Fiscal Impact**

The revenue generated is estimated to be \$257,000 in FY 2004, \$600,000 in FY 2005, \$774,000 in FY 2006, and \$800,000 annually in FY 2007 and subsequent years. The estimated cost for repair, replacement, and updating of lab equipment for five years is \$4.4 million. The first-year equipment expense is estimated to be \$768,000. The second and subsequent year ongoing expenses are estimated to be \$918,000 annually. The estimated revenues generated in SF 399 are not sufficient to cover all the Department's equipment replacement and repair costs over the five-year period. The Department will include the difference in their operating budget.

**More Information**

The Fiscal Note for SF 399 is available on the LFB web site at:  
<http://staffweb.legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

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STAFF CONTACT: Jennifer Dean (Ext. 17846)

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**SENTENCING REFORM – SF 422 PASSES SENATE**

**Sentencing Reform**

The Senate passed SF 422 (FY 2004 Sentencing Reform Bill) on April 8. The Bill does the following:

- Lowers the penalty for certain Class B felony offenses from 50 years to 35 years in prison.
- Repeals the waivable mandatory minimum term for certain drug offenses.
- Provides criminal sentencing options for crack and powder cocaine.
- Modifies sex offender residency requirements and modifies the sex offender registry.
- Repeals the determinate Class D sentencing option for certain offenses.
- Provides for the reopening of a judgment and sentence for certain crimes referred to as 85.0% sentences where, under current law, an offender must serve 85.0% of the sentence in prison.

Iowa's convictions, incarceration rate, and number of admissions to prison will not change under this Bill. However, the length of stay in prison for offenders who committed offenses not involving threats or violence will decrease.

The repeal of certain mandatory minimum terms will not be applied retroactively to offenders currently serving such terms. An estimated 277 offenders annually will serve an average length of stay in prison similar to drug offenders who have not been sentenced to serve this mandatory minimum term. The section that lowers the penalty to certain Class B felonies will have no significant correctional or fiscal impact over the next five years.

**Sex Offenders**

The sections that modify sex offender registry requirements are expected to have no significant correctional or fiscal impact. The sections relating to the sex offender registry maintained by the Department of Public Safety (DPS) will have no significant correctional impact. The Bill provides that the

Department of Human Services, Department of Corrections (DOC), DPS, and juvenile court officers are not required to perform a risk assessment for purposes of dissemination of information on the sex offender registry. The Bill requires the sex offender registry information to be disseminated in the same manner for each offender regardless of the risk assessment of the offender.

The DOC, the DHS, and juvenile court officers will continue to perform risk assessments because the information gained through that process is used to determine supervision requirements. There is no fiscal impact on these agencies for these provisions. The DPS will accrue savings in time and staffing related to the administration of the sex offender registry. The changes in SF 422 may permit the DPS to eliminate the backlog of cases that are waiting to be entered on the sex offender registry.

The Bill provides that 85.0% sentences may be reopened once the offender serves 70.0% of the time in prison. County attorneys may file a motion with the court to reopen the sentence for offenders currently in prison. The Board of Parole may grant a conditional release from prison for those offenders sentenced after July 1, 2003, when they have served 70.0% of the sentence in prison. Offenders released under this Bill are required to be released to work release.

There will be cost reductions for the Indigent Defense Program associated with redefining certain Class B, non-person offenses. These savings will be offset by the increased number of cases tried at a higher felony level due to the powder cocaine provisions in SF 422.

There are no operating cost savings to the State prison system under this Bill. Rather, the sentencing options are a cost avoidance mechanism.

### Correctional Impact

The provisions in SF 422 that relate to powder cocaine increase the prison incarceration rate for these offenses. On an annual basis, 17 offenders convicted as Class C felons under current law will become Class B felons under this Bill. The table below illustrates the correctional impact:

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
COCAINE POSSESSION	5	15	25	31	31
SENTENCE REOPENINGS	-5	-21	-21	-21	-29
REPEAL DETERMINATED	0	0	-22	-22	-22
REPEAL MANDATORY MINIMUM	0	-118	-125	-130	-135
<b>TOTAL</b>	<b>0</b>	<b>-124</b>	<b>-143</b>	<b>-142</b>	<b>-155</b>

The number of estimated releases under sentence reopenings stabilizes in FY 2005 because prison terms for certain Class C offenders will begin to expire. Offenders released from prison due to expiration of sentence are not supervised in the community after their release.

### Fiscal Impact

The estimated net fiscal impact of SF 422 to the State General Fund is an increase in expenditures of \$15,000 during FY 2004 and an increase in

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expenditures of \$76,000 in FY 2005. These cost estimates relate to the sentence reopening process. If no sentences are reopened, the fiscal impact of the other sentencing options is estimated to be minimal.

**More Information**

The Fiscal Note for SF 422 can be obtained by visiting the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

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STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**NONPUBLIC SCHOOL STATE AID IN FY 2005 – SF 440  
PASSES SENATE APPROPRIATIONS**

**Nonpublic School Aid**

The Senate Appropriations Committee passed SF 440 (FY 2004 Nonpublic School State Aid FY 2005 Bill) on April 9. The Bill creates an allowable growth factor for the standing General Fund appropriation for nonpublic school student transportation and for the General Fund appropriation for nonpublic school textbook costs. Beginning in FY 2005, the previous year's appropriations for these items will be increased by the percentage set for School Foundation Aid allowable growth for that fiscal year.

The FY 2004 appropriations are expected to be \$7.8 million for nonpublic school student transportation and \$579,000 for nonpublic school textbooks. The FY 2005 allowable growth is set at 2.0%, yielding an FY 2005 increase of \$156,000 for transportation and \$12,000 for textbooks.

**Bill Summary**

The Notes on Bills and Amendments (NOBA) for SF 440 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>.

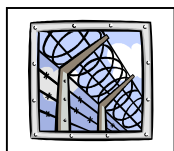
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STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

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**APRIL BOARD OF CORRECTIONS MEETING**

**Board of Corrections**



The Board of Corrections met April 4 at the Newton Minimum Security Facility. Warden Mapes welcomed the Board and guests to the facility. Director Gary Maynard stated he has been on the job two weeks and two days and has visited all nine prisons and three Community-Based Corrections (CBC) District Departments. He met with approximately 1,000 employees and found staff to be committed and professional. He said the Department is about public safety, staff, and offenders. The Department has a strong obligation to protect the public, keep the public and employees informed, and assist offenders to become law-abiding. Mr. Maynard stated there are 48 employees who have been called to serve in the armed forces, and the Department's thoughts and prayers are with them.

**Golden Dome Awards**

Director Maynard recognized two employees for being nominated for the Governor's Golden Dome Award Program: Julie Hoymann, Correctional Officer from the Newton Correctional Facility, and Jill Dursky, Treatment Services Director from the Iowa Correctional Institution for Women.

**Legislative Update**

Legislative liaison Mary Chavez updated the Board on recent legislative action. The Department's policy bill, SF 360 (FY 2004 Corrections Omnibus Bill), has been referred to the Senate Ways and Means Committee, and the



sentencing reform bills, HF 598 and SF 422 (FY 2004 Sentencing Reform Bill), is pending.

**Mental Health Re-entry**

Dan Craig, First CBC District Department Director, and Gary Hinzman, Sixth CBC District Director, introduced their staff who discussed Mental Health Re-entry Programs available in Cedar Rapids and Waterloo. Most of the offenders in these programs have dual diagnoses, usually mental illness combined with drug abuse. The Programs include Accountability Boards composed of private sector providers, private citizens, and public sector employees. The Boards serve as a support network for the offenders and assist the offenders in becoming linked to their local communities.

**Next Meeting**

The Board of Corrections will hold its May meeting in Ottumwa May 2.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**APRIL COUNCIL ON HUMAN SERVICES MEETING**

**Human Services Council**

The Council on Human Services met April 9 and conducted the following business:

Approved the following administrative rules:

- Expansion of eligibility for refugee services due to the federal Trafficking Victims Protection Act of 2000. Fiscal information provided by the Department of Human Services does not specify the fiscal impact, of which all would be from federal funds.
- Revisions to contested case proceedings for the Family Investment Program. Fiscal information provided by the DHS indicates there should be no fiscal impact and the changes are taking place due to Executive Order 8, updating all administrative rules.
- Revisions to child support policies. Fiscal information provided by the DHS indicates that changing the distribution of the child support process will save funds but does not identify the savings. Previous press releases from the DHS indicate an estimated savings of \$35,000 per month.



Placed the following administrative rules on notice for action at future meetings:

- Changes in the paperwork for Medicaid prior authorization and for submitting claims due to compliance with the federal Health Insurance Portability and Accountability Act (HIPAA). Fiscal information provided by the Department indicates a total cost of \$6,500, with half being State and half federal funds.
- Changes to the nursing facility accountability measures used for rate reimbursements. Fiscal information from the Department indicates that costs are not anticipated.
- Changes to the reimbursement methodology for acute hospital services. An unidentified fiscal impact is referred to in the event of not changing the administrative rules.
- Exclusion of adoption subsidy from financial criteria to meet for the childcare subsidy. The Department does not provide financial information to determine its estimate of the change not having a fiscal impact.

Received an update upon the recommendations of the Governor's consultant for changes in child welfare results and funding.

Received an FY 2003 budget update and an update on the FY 2004 proposed legislative action.

**More Information**

Explanations of HF 667 (FY 2004 Health and Human Services Appropriations Bill) and spreadsheets are available on the web site at: [http://staffweb.legis.state.ia.us/lfb/subcom/human\\_serv/human\\_serv.htm](http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/human_serv.htm)

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

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**SENIOR LIVING COORDINATING UNIT - 2002 ANNUAL REPORT RECEIVED**

**Sr. Living Report**

On April 3, the Legislative Fiscal Bureau received a copy of the 2002 Annual Report of the Senior Living Coordinating Unit. The report is required by Section 231.58(g), Code of Iowa, and includes activities of the Senior Living Coordinating Unit from the previous year.

The report outlines accomplishments that include details regarding the following initiatives that are funded with appropriations from the Senior Living Trust Fund:

- Disbursement of nursing facility conversion grants.
- Case-mix nursing facility reimbursement system.
- Home and community-based rent subsidy program.
- Home and community-based services provided by the Department of Elder Affairs.
- Long-term care initiatives and proposed initiatives for FY 2003.

**More Information**

Copies of the report are available upon request from the LFB.

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

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