

# FISCAL UPDATE

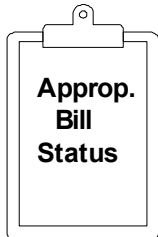
April 21, 2003

Legislative Fiscal Bureau

(515)-281-5279 FAX 281-8451

<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 Senate on April 17.
Education	HF 662	Passed Senate on April 10.
Health/Human Services	HF 667	Passed Senate Appropriations Committee on April 16.
Judicial Branch	SF 435	Senate did not concur with House amendment on April 17.
Justice System	SF 439	Passed Senate on April 17.
Infrastructure		Starts in the Senate.
Transportation	HF 652	Sent to Governor on April 14.

Other Appropriations Bills		
Homestead Tax Credit	HF 1	Passed House Appropriations Committee on January 15.
Property Tax Credits Reimbursement	HF 32	Passed House on January 27.
Animal Biotechnology Commercialization Fund	HF 453	Passed House on March 17.
Block Grant and Federal Funds Bill	HF 472	Signed by Governor on April 14.
Electrical & Mech. Amusement Devices	HF 594	Passed Senate on April 17.
Wine Gallonage Tax	HF 651	Passed House Appropriations Committee on April 10.

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<b>Other Appropriations Bills (cont.)</b>			
Fire Fighter License Plates		HF 656	Passed Senate on April 15.
Adult Day Services		HF 672	Passed House Appropriations Committee on April 8.
Elder Group Homes and Assisted Living		HF 675	Passed House Appropriations Committee on April 8.
Revenue Estimating Conference Responsibilities		HF 684	Passed House Appropriations Committee on April 16.
Healthy Iowans Tobacco Trust Fund Bill		HF 685	Passed House Appropriations Committee on April 16.
Non-Medicaid Supplemental Act		SF 36	Signed by the Governor on February 17.
Breast Cancer Awareness License Plates		SF 127	Signed by the Governor on March 12.
Property Tax Replacement Supplemental		SF 202	Passed Senate on February 26.
Private Water Supply		SF 237	Signed by Governor on April 14.
Enhanced Tobacco Enforcement		SF 375	Passed House Appropriations Committee on April 16.
REAP License Plates		SF 380	Passed Senate on April 1.
Environment First Fund		SF 436	Signed by Governor on April 11.
Great Enterprise Management System		SF 438	Passed Senate on April 7.
Nonpublic School State Aid FY 2005		SF 440	Passed Senate on April 14.
Standings/Salary Bill			Starts in the Senate.

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

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

**Economic Development**

The Senate concurred with the House amendment and passed Senate File 433 (FY 2004 Economic Development Appropriations Bill) April 17. 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.

- Dept. of Economic Develop.** 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.
- PERB** 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.

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

**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>.



STAFF CONTACT: Russell Trimble (Ext. 14613)

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

**Health & Human Services**



On April 16, the Senate Appropriations Committee 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.

**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

NOBA

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>.

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

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**JUDICIAL BRANCH APPROPRIATIONS BILL – SF 435  
SENATE ACTION**

Judicial Bill

The Senate did not concur with the House amendment (S-3184) to Senate File 435 (FY 2004 Judicial Branch Appropriations Bill) on April 17. 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.

The Bill returns to the House for reconsideration.

Bill Summary

NOBA

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>.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

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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) 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) - \$251.2 million, an increase of \$8.5 million compared to the FY 2003 estimated net General Fund appropriation.
- 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.
- 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 compared to the FY 2003 estimated net General Fund appropriation.
- Department of Public Defense - \$6.1 million, an increase of \$101,000 compared to the FY 2003 estimated net appropriation.
- Department of Public Safety - \$60.7 million, an increase of \$1.0 million compared to the FY 2003 estimated net appropriation.

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

**Bill Summary**

NOBA

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)

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**.08 BLOOD-ALCOHOL CONTENT BILL – HF 65 FINAL ACTION**

**Blood-Alcohol Content**

House File 65 (FY 2004 .08 Blood-Alcohol Content Bill) passed the Senate on April 15. The Bill changes the limit for blood-alcohol concentration while driving a motor vehicle from 0.10% to 0.08%.

**State/Local Impact**

Due to the correctional impact, the estimated net fiscal impact of HF 65 to the State General Fund is an increase in expenditures of \$257,000 during FY 2004, and an increase in expenditures of \$523,000 during FY 2005. The net fiscal impact of HF 65 to local governments is an increase in expenditures estimated to be between \$64,000 and \$108,000 in FY 2004 and each year thereafter.

**Federal Funds Impact**

If Iowa enacts HF 65 by July 15, 2003, and begins enforcement by September 30, 2003, the State will receive an estimated \$1.4 million to \$2.1 million in one-time federal incentive funds. No State matching funds are required for the incentive grant. The incentive funds can be used for any projects eligible for assistance under Chapter 23, United States Code, which includes highway construction and traffic safety projects. The Governor is recommending that \$1.2 million of the incentive go to the State Patrol.

House File 65 was sent to the Governor.

**More Information**

The Fiscal Note for HF 65 can be found on the LFB web site: <http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

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**IDENTITY THEFT BILL – HF 170 PASSES SENATE**

**Identity Theft**

House File 170 (FY 2004 Identity Theft Bill) passed the Senate on April 14. The Bill changes the definition of identity theft to mean fraudulent use or attempt to use identification information of another person with the intent to obtain credit, property, or other benefit. The Bill also expands the definition to include the intent to obtain any benefit from the identity theft.

**Correctional Impact**

There were 116 offenders convicted for identity theft in FY 2002. While the Bill will result in more convictions, there is no available data to estimate the number of additional convictions. To the extent that additional convictions occur, there will be a correctional impact on prisons, jails, and Community-Based Corrections (CBC).

**More Information**

The Fiscal Note for HF 170 can be found on the LFB web site:  
<http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

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STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**GOVERNOR SIGNS FEDERAL FUNDS APPROPRIATIONS ACT - HF 472**

**Block Grant Bill**

On April 14, the Governor signed HF 472 (FY 2004 Block Grant and Federal Funds Appropriations Act). The Act 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.

**More Information**

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>.

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

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**ELECTRICAL AND MECHANICAL AMUSEMENT DEVICES BILL - HF 594 PASSES SENATE**

**Amusement Devices**



House File 594 (FY 2004 Electrical and Mechanical Amusement Devices Bill) was amended and passed by the Senate on April 17. The amendment:

- Requires an annual registration fee of \$2,500 for manufacturers and distributors of electrical and mechanical amusement devices. The fee will be deposited into a special fund for use by the Department of Inspections and Appeals (DIA) and the Department of Public Safety (DPS) for administration and enforcement purposes. This is estimated to generate \$118,000 annually.
- Requires owners of electrical and mechanical amusement devices to obtain a registration tag for each device owned.
- Requires the purchase or lease of a device is from a manufacturer, manufacturers' representative, or distributor that has registered with the DIA.
- Specifies the requirements for an organization wanting to obtain up to four devices.

**Bill Highlights**

Significant actions in the Bill include:

- Requires licensure and an annual fee of \$25 for all electrical and mechanical amusement devices.
- Requires prizes awarded be redeemed on the premises where the devices are located and only for merchandise sold in the normal course of business.
- Authorizes the DIA to revoke registrations of amusement devices and specifies the procedures and reasons for revocation.

- Reduces the penalty for violations of the provisions from a Class D felony to a simple misdemeanor.
- Requires licensing fees generated be deposited in a special fund and appropriated to the DIA and DPS during FY 2004 and FY 2005 for administration and enforcement purposes.
- Requires the DIA to submit a written report to the General Assembly by December 31, 2004, outlining revenues and expenses related to the implementation of this Bill.

The amended Bill will be sent back to the House.

#### Bill Summary

NOBA

The Notes on Bills and Amendments (NOBA) for HF 594 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>

STAFF CONTACT: Douglas Wulf (Ext. 13250)

### FIRE FIGHTER LICENSE PLATE BILL – HF 656 FINAL ACTION

#### Fire Fighter Plates



House File 656 (FY 2004 Fire Fighter License Plate Bill) passed the Senate on April 15. The Bill provides the following:

- Creates a Paul Ryan Memorial Fire Fighter Safety Training Fund in the State Treasury under the control of the DPS. Fees charged for the issuance of special fire fighter license plates will be transferred from the State Treasurer to the Paul Ryan Memorial Fund. The funds will be used by the Fire Service Training Bureau 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.

The estimated fiscal impact of HF 656 is an increase in revenue of \$28,000 annually to the Paul Ryan Memorial Fire Fighter Safety Training Fund, and a decrease in revenue of \$28,000 annually to the Road Use Tax Fund.

House File 656 was sent to the Governor.

#### Bill Summary

The Notes on Bills and Amendments (NOBA) for HF 656 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

### HEALTHY IOWANS TOBACCO TRUST – HF 685 PASSES HOUSE APPROPRIATIONS COMMITTEE

#### Tobacco Bill

The House Appropriations Committee passed HF 685 (FY 2004 Healthy Iowans Tobacco Trust Bill) on April 16. The Bill appropriates \$61.2 million from the Healthy Iowans Tobacco Trust for various programs. This is a decrease of \$2.6 million compared to the FY 2003 estimated net appropriation. The significant changes include:

- An increase of \$400,000 for a Substance Abuse Prevention Program. This is a new appropriation for FY 2004.
- A decrease of \$390,000 for the Healthy Iowans 2010 Program. This includes a decrease of \$194,000 in the allocation for the Trauma System and a decrease of \$147,000 in the allocation for Environmental Epidemiology.
- A decrease of \$2.0 million for the Medical Assistance Supplement. This decrease will be offset by a \$2.0 million increase in separate legislation.
- An increase of \$250,000 for a Value-Based Program at the Newton Correctional Facility. This is a new appropriation for FY 2004.
- An increase of \$1.0 million for the Empowerment Program.
- The Bill assumes a transfer from the Endowment of \$3.0 million. This is a decrease of \$2.6 million compared to FY 2003 and will be addressed in separate legislation.

**Bill Summary**



The Notes on Bills and Amendments (NOBA) for HF 685 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

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**ABANDONED PROPERTY PASSES HOUSE – SF 180 FINAL ACTION**

**Abandoned Property**

The House passed SF 180 (FY 2004 Abandoned Property and Property Presumed to be Abandoned Bill) on April 17. The Bill changes procedures followed by the Treasurer of State for handling property abandoned or presumed abandoned.

The Bill specifies that holders of property abandoned or presumed to be abandoned, with a value of \$25 and above, must be reported to the Treasurer of State. Failure by the holder to report this property may result in a fee. Additionally, the Treasurer of State must attempt to find the owner of such property valued at \$50 and above.

The Bill also changes the holding period for liquidation of securities without a fair market value option from three years to one year. There is also new language that indemnifies the Treasurer of State when property is delivered and has no commercial value. In this case, the property can be destroyed or disposed of at any time without liability.

**Fiscal Impact**

Senate File 180 is expected to increase General Fund revenues by approximately \$3.7 million in FY 2004 and \$4.0 million in FY 2004.

**More Information**

The Fiscal Note for SF 180 can be found on the LFB web site: <http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Sam Leto (Ext. 16764)

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**SEXUAL EXPLOITATION OF MINORS – SF 221 FINAL ACTION**

**Exploitation of Minors**

The House passed SF 221 (FY 2004 Sexual Exploitation of Minors Bill) on April 16. The Bill changes the definition of the criminal offense of sexual exploitation of a minor by making it unlawful to solicit or attempt to cause a minor to engage in a prohibited sexual act or simulated prohibited sexual act.

The correctional impact of SF 221 cannot be determined. However, the proposed changes involve adults soliciting minors over the Internet, which would be subject to a Class C felony and could potentially have a substantial fiscal impact, particularly on prisons.

**Fiscal Impact**

The estimated fiscal impact of SF 221 cannot be determined due to insufficient information. However, the cost to send one offender to prison each year for a Class C felony has the following fiscal impact:

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2008</u>
Dept. Of Corrections - Prisons	\$ 2,000	\$ 8,000	\$ 16,000
Indigent Defense	1,000	1,000	1,000
Judicial Branch	1,000	1,000	1,000
Community-Based Corrections	0	0	1,000
<b>Total</b>	<u><u>\$ 4,000</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 19,000</u></u>

The Bill was sent to the Governor.

**Fiscal Note**

The Fiscal Note for SF 221 can be found on the LFB web site:  
<http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

**UNCLAIMED DEMUTUALIZATION PROCEEDS – SF 236 FINAL ACTION**

**Unclaimed Proceeds**

The House passed SF 236 (FY 2004 Abandonment and Demutualization Proceeds Bill) on April 15. 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**

The Bill was sent to the Governor. 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)

**GOVERNOR SIGNS PRIVATE WATER SUPPLY SYSTEM ACCOUNT ACT – SF 237**

**Private Well Account**



The Governor signed SF 237 (FY 2004 Private Water Supply System Account Act) on April 14. The Act 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 and used for training sanitarians and administrative costs related to private well programs. Fees collected are estimated to be approximately \$118,000 per year.

**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/noba.index>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

**LAW ENFORCEMENT ACADEMY TRAINING – SF 352 PASSES HOUSE**

**Law Enforcement Training**

The House passed SF 352 (FY 2004 Law Enforcement Training Bill) on April 17. The Bill relates to law enforcement training of an individual who is not a certified law enforcement officer but who intends to become a law enforcement officer through a short course of study if that individual is sponsored by a law enforcement agency that either intends to hire or has hired the individual as a law enforcement officer.

Currently, there are six locations in Iowa where law enforcement officers can become certified: the Iowa Law Enforcement Academy, Cedar Rapids, Des Moines, the DPS, Western Iowa Technical Community College, and Hawkeye Technical Community College. Hawkeye Technical Community College and Western Iowa Technical Community College are approved to conduct a short course of study. In FY 2002, Hawkeye had 27 individuals attend the short course and in FY 2003, there were 11.

An individual completing the short course has 18 months to be hired by a law enforcement agency. The Iowa Law Enforcement Academy estimated the need to hire between 1.0 and 3.0 additional FTE positions with a cost ranging

between \$39,000 and \$153,000. The Bill allows the Academy to charge fees to offset their expenditures. Additional expenditures could increase at the community colleges, depending on the number of individuals that choose to take a short course. The Bill allows the community colleges to charge fees to offset their expenditures.

**More Information**

The Fiscal Note for SF 352 can be found on the LFB web site:  
<http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

**TOBACCO ENFORCEMENT – SF 375 PASSES HOUSE APPROPRIATIONS****Tobacco Bill**

Senate File 375 (FY 2004 Enhanced Tobacco Enforcement Bill) passed the House Appropriations Committee on April 16. The Bill requires tobacco product manufacturers that sell cigarettes in Iowa to annually certify to the Department of Revenue and Finance and the Attorney General that the manufacturer is either a participating member of the Tobacco Master Settlement Agreement or that the manufacturer is in full compliance of Chapter 453C, Code of Iowa. The Bill regulates tobacco product manufacturers that do not participate in the Master Settlement Agreement in Iowa in the same manner as manufacturers that are participants in the Master Settlement Agreement.

The Bill requires the Department of Revenue and Finance to develop and publish on the Department's web site a directory listing all tobacco product manufacturers that have submitted accurate certification information confirming compliance with Chapter 453C, Code of Iowa. The Bill requires the Department to develop and publish the directory no later than 90 days after the effective date of the Bill.

**Fiscal Impact**

The Bill appropriates \$50,000 from the General Fund for FY 2004 and establishes a standing appropriation of \$25,000 from the General Fund beginning in FY 2005 to the Department of Revenue and Finance for enforcement of the Bill.

The Bill also appropriates \$646,000 from the Restricted Capital Fund for FY 2003 to the Office of the Treasurer of State to fully fund the FY 2003 attorney litigation fees as required under the Master Settlement Agreement.

**Bill Summary**

The Notes on Bills and Amendments (NOBA) for SF 375 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>.



NOBA

STAFF CONTACT: David Reynolds (Ext. 16934)

**SCHOOL INFRASTRUCTURE LOCAL OPTION SALES TAX – SF 445 PASSES SENATE****School Infrastructure**

The Senate amended and passed SF 445 (FY 2004 School Infrastructure Local Option Sales Tax Bill) on April 16. The Bill amends the current school infrastructure local option sales and services tax (SILO) by creating a shared financing program. After April 1, 2003, SILO taxes would be deposited in the

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Secure an Advanced Vision for Education Fund. A guaranteed per pupil amount is established by estimating the total revenue that would be generated by a 1.0% sales tax in all counties divided by the number of Iowa students. If the per pupil amount generated by the sales tax in a county is less than the guarantee, the county would receive a supplemental from the Secure an Advanced Vision for Education Fund to make up the difference. School districts in counties with the tax in place prior to April 1, 2003, would receive the greater of the amount they would receive under current law or that amount plus the supplemental, bringing them up to the guarantee. School districts in counties implementing the tax after April 1, 2003, would receive the guarantee amount or the pro rata share plus the supplemental. If the revenues in the Fund are insufficient to meet the supplemental costs, the available funds will be distributed proportionately to the number of students. The Bill also expands the permitted use of SILO tax revenues to include debt service and sunsets SILO taxes as of December 31, 2022.

To date, 35 counties have implemented or voted to implement a school infrastructure local option sales and services tax (SILO). Based on current sales tax data, if all 64 remaining counties were to implement the SILO tax, schools would receive an estimated \$100.9 million for infrastructure and debt service. The guaranteed school infrastructure amount is projected to be \$575 per pupil. Of the 99 counties, 83 would fall below the guaranteed school infrastructure amount and would be eligible for the supplemental. Supplemental costs would be approximately \$55.2 million. Of the 16 counties generating revenues in excess of the guarantee, 11 already have a SILO tax and would keep the excess. The five remaining counties could generate excess revenues of up to \$15.9 million that would be used for the supplemental costs, leaving a \$39.3 million shortfall. With a pro rata adjustment, the supplemental would be \$62 per student, instead of the average supplemental cost of \$214 per student needed to bring all up to the guaranteed school infrastructure amount.

**Fiscal Impact**

There is no appropriation or obligation to the State General Fund in the Bill.

**More Information**

The Fiscal Note for SF 445 can be found on the LFB web site:  
<http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

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STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

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**ROAD JURISDICTION AND FUNDING APPROPRIATIONS  
BILL – SF 451 PASSES SENATE APPROPRIATIONS  
COMMITTEE**

**Road Jurisdiction**

Senate File 451 (FY 2004 Road Jurisdiction and Funding Appropriations Bill) was passed by the Senate Appropriations Committee on April 16. The Bill transfers the jurisdiction of certain roads and the transfer of funds with those roads. Specifically, the Bill provides the following:

- Effective FY 2004, the jurisdiction and control of approximately 700 miles of primary (State) roads would be transferred to cities and counties. Only primary roads that are classified as Local Service Roads will be transferred.
- From FY 2004 to FY 2013, 1.8% (approximately \$7.6 million) of Primary Road Fund moneys will be transferred annually to a Transfer of Jurisdiction Fund created under the Bill. The allocation would be distributed as follows:

- 75.0% (approximately \$5.7 million) to counties and cities that assume jurisdiction of primary roads.
- 22.5% (approximately \$1.7 million) to the Secondary Road Fund of all counties.
- 2.5% (approximately \$200,000) to the Street Construction (Municipal Road) Fund of all cities.
- In FY 2014 and beyond, the Transfer of Jurisdiction Fund will be eliminated, and the 1.8% (approximately \$7.6 million) of Primary Road Fund moneys will be distributed to all cities and counties as follows:
  - 1.6% (approximately \$6.8 million) to the Secondary Road Fund.
  - 0.2% (approximately \$760,000) to the Street Construction Fund.
- Effective FY 2005, jurisdiction and control of approximately 360 miles of farm-to-market road extensions in cities with a population of less than 500 would be transferred to the respective counties. If the city exceeds a population of 750, jurisdiction over such extensions would be transferred back to the applicable city, along with funds to maintain the extensions.
- Effective FY 2005, a portion of the Street Construction Fund from cities that transferred jurisdiction of farm-to-market extensions to counties (approximately \$2.0 million) would be transferred to the respective counties.
- The Bill establishes a Street Construction Fund Advisory Committee to study the distribution of the Street Construction Fund. The Committee will report the outcome to the General Assembly by January 1, 2004.

**Fiscal Impact**

The fiscal impact of SF 451 is revenue neutral to the State, cities, and counties transferring jurisdiction and control of primary and secondary roads and city streets, and transferring funds with those roads. The following table shows allocations the State, cities, and counties would receive under SF 451. Amounts are based on estimated FY 2003 allocations.

**Transfer of Jurisdictions**  
**Road Use Tax Fund Appropriations to State, Cities, and Counties**  
(Dollars in Millions)

Appropriations	Current Law	Proposed Law	
	Est. FY 2003	FY 2004 to FY 2013	FY 2014 & Beyond
<b>Primary Road Fund</b>			
State Appropriation	\$ 434.4	\$ 434.4	\$ 434.4
– 1.75% of Primary Road Fund Appropriation to Transfer of Jurisdiction Fund	0.0	-7.6	0.0
– 1.75% of Primary Road Fund Appropriation to all Cities & Counties	0.0	0.0	-7.6
<b>Secondary Road Fund</b>			
– Counties that assume jurisdiction of Primary Roads (FY 2004 to FY 2013)	0.0	5.1	0.0
– Counties that assume jurisdiction of Farm-to-Market Road Extensions (FY 2005 and Beyond)	0.0	2.0	2.0
– All Counties	224.1	225.8	230.9
<b>Farm-to-Market Road Fund</b>	73.2	73.2	73.2
<b>Street Construction Fund</b>			
– Cities that assume jurisdiction of Primary Roads (FY 2004 to FY 2013)	0.0	0.6	0.0
– Cities that transfer jurisdiction of Farm-to-Market Road Extensions* (FY 2005 and Beyond)	0.0	-2.0	-2.0
– All Cities	182.9	183.1	183.7
<b>Total Road Use Tax Fund Appropriations</b>	<u>\$ 914.6</u>	<u>\$ 914.6</u>	<u>\$ 914.6</u>

\* Includes road extensions in cities with a population of under 500. If the city exceeds a population of 750, jurisdiction over such extensions would be transferred back to the applicable city, along with funds to maintain the extensions.

Source: Department of Transportation

**More Information**

The Fiscal Note for SF 451 can be found on the LFB web site:  
<http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

**APRIL BOARD OF REGENTS MEETING**

**Regents Board Meeting**

The Board of Regents met April 10 at the University of Northern Iowa in Cedar Falls. Significant agenda items included:

- Approval of Parking Rates – Parking rate changes were discussed at the March Board meeting.
- Annual Report on Statewide Family Practice Training Program – This Program provides opportunities for newly graduated physicians to continue their training through community-based residencies in family practice. There are eight training sites located in seven Iowa communities that provide a model family practice office where residents train with supervision of clinical instructors who practice in the community. Key reporting statistics include:

- Current number of residents enrolled = 145
- Residents completing the Program this year = 48
- Number of patient visits = 195,000
- Award of Federal Title IIA Professional Development Grants – The Board approved allocation of \$539,000 of federal Title IIA funds to six projects from independent colleges, community colleges, and Regents universities that provide professional development for K-12 teachers.
- Banking Committee Report – The Committee and Board approved the following bond resolutions:
  - \$10.5 million of Academic Building Revenue Refunding Bonds for the University of Iowa (SUI). These bonds will refinance bonds issued in November of 1993.
  - \$8.5 million of Academic Building Revenue Refunding Bonds for the University of Northern Iowa (UNI). These bonds will refinance bonds issued in June of 1992 and July of 1993.
  - \$9.6 million of Dormitory Revenue Bonds for Iowa State University (ISU).
- The Banking Committee and Board also approved a resolution directing the abandonment of Westgate and Storms dormitories at ISU and the issuance of \$325,000 in master lease financing for ISU to replace twelve sets of stairs at Jack Trice Stadium.
- Approval of 2003-2004 Residence System Rates – The Board approved university proposed rates for family housing, student apartments, residence halls, and dining contracts for the 2003-2004 academic year. Residence systems are self-supporting and do not receive State funds. Rates for double occupancy with full board are as follows:

	<b>2002-03 Rate</b>	<b>2003-04 Rate</b>	<b>Increase</b>
SUI	\$5,255	\$5,701	\$446 (8.5%)
ISU	\$5,020	\$5,740	\$720 (14.3%)
UNI	\$4,640	\$4,918	\$278 (6.0%)

- Approval of Miscellaneous Fees and Charges – The Board approved non-tuition related fees at proposed as the March Board meeting.
- Annual Report on Competition with Private Enterprise – State law precludes the Regents institutions from competing with private enterprise, except in certain situations. In order to comply with statute, the Board’s policy states the institutions shall not compete with private enterprise unless the activity will assist in the education, research, extension, or service mission of the institutions. One complaint was received during the past year regarding ISU’s ISUCard.
- Ratification of President Pro Tem – The Board approved Regent Debra Turner as President Pro Tem to preside as President in the absence of President Newlin.

**More Information**

The full text of all agenda materials is available on the Board of Regents web site located at: <http://www2.state.ia.us/regents/>.

**Next Meeting**

The next meeting of the Board is scheduled for May 21 at the Iowa Braille and Sight Saving School in Vinton, and May 22 at the University of Iowa in Iowa City.

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STAFF CONTACT: Mary Shipman (Ext. 14617)

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**COLLEGE STUDENT AID COMMISSION MEETING**

**College Student Aid**

The College Student Aid Commission met on April 1 at the Commission Office in Des Moines. Significant agenda items included:

- Authorized the Executive Director to enter into a 28E agreement with the Iowa Student Loan Liquidity Corporation to create an Iowa-based guarantor-servicing center. The Center will perform certain guarantor functions currently outsourced to for-profit, third-party vendors. The Commission will pay for all actual costs of the Center and a small percentage of operating costs to defray the Corporation's overhead expenses. The agreement is cost and resource neutral to the Corporation. A detailed budget for the Center will be provided at the Commission meeting in May.
- Approved waiving the guarantee fee charged to student and parent borrowers for the 2003-2004 academic year. This fee waiver was first approved during the 1999-2000 academic year, based on a recommendation by KPMG Peat Marwick. This recommendation was based on the financial strength of the Commission's Federal Student Loan Reserve Fund. The Commission has voted to extend the waiver for each of the last three years, saving students and parents approximately \$7.4 million in fees. Based on a projection model, the Fund's reserve ration is projected to be nearly three and one-half times the minimum federal requirement by the year 2007. Most of the nation's guaranty agencies waive guarantee fees and are expected to do so for the upcoming academic year.
- Approved tentative allocations for the Iowa Grant Program for FY 2004. Funds would be distributed as follows:
  - Regents Universities - \$387,000 State funds, \$121,000 federal funds, total of \$508,000.
  - Independent Institutions - \$376,000 State funds, \$118,000 federal funds, total of \$494,000.
  - Community Colleges - \$1.0 million State funds, \$322,000 federal funds, total of \$1.3 million.
- Reviewed the *Student and Faculty Ethnic Diversity Report*.

**Next Meeting**

The next Commission meeting is scheduled for May 20.

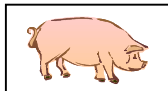
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STAFF CONTACT: Mary Shipman (Ext. 14617)

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**PSEUDORABIES REACHES STAGE IV IN IOWA**

**Pseudorabies Update**



Patty Judge, Secretary of Agriculture, announced on April 15 that the United States Department of Agriculture (USDA) assigned a Stage IV status to the Iowa Pseudorabies Program. This designation means that all Iowa swineherds are considered negative for Pseudorabies, resulting in the reduction of testing requirements.



Pseudorabies is a swine disease that causes reproductive and respiratory problems. In 1989, Iowa had over 4,000 infected herds. There are five stages in the federal Pseudorabies program. Stage IV requires a state to maintain surveillance on herds to ensure there are no future outbreaks, and Stage V designates a state as being free of Pseudorabies.

**More Information**

For more information, please contact the LFB or review the Department of Agriculture and Land Stewardship's press release at:

<http://www.agriculture.state.ia.us/press/press208.htm>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

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This document can be found on the LFB web site:

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