

FISCAL UPDATE

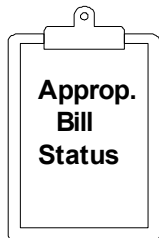
April 28, 2003

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 House on April 21.
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 on April 22.
Judicial Branch	SF 435	Passed House on April 22.
Justice System	SF 439	Passed Senate on April 17.
Infrastructure	SF 452 LSB 1128H	Passed Senate on April 24. Passed House Appropriations on April 25.
Transportation	HF 652	Signed by Governor on April 17.

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 22.

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Other Appropriations Bills (cont.)			
Fire Fighter License Plates		HF 656	Passed Senate on April 15.
Adult Day Services		HF 672	Passed House on April 23
Elder Group Homes and Assisted Living		HF 675	Passed House on April 23
Wine Gallonage Tax		HF 682	Passed Senate Appropriations Committee on April 24.
Revenue Estimating Conference Responsibilities		HF 684	Passed House on April 22.
Healthy Iowans Tobacco Trust Fund Bill		HF 685	Passed House on April 24.
Urban Renewal and Tax Increment Funding		HF 686	Passed House on April 25.
Property Tax Bill		HF 692	Passed House on April 24.
Court Policies and Procedures Bill		HF 694	Passed House on April 25.
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 on April 21.
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 House on April 22.
Nonpublic School State Aid FY 2005		SF 440	Passed Senate on April 14.
Reinvention of Government		SF 453	Passed House on April 25.
Standings/Salary			Starts in the Senate.

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

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

Health & Human Services

On April 22, the Senate 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

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

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>.



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

**INFRASTRUCTURE APPROPRIATIONS BILL – SF 452
 PASSES SENATE AND LSB 1128H PASSES HOUSE
 APPROPRIATIONS COMMITTEE**

Infrastructure Bill

The Senate passed SF 452 on April 24, and the House Appropriations Committee passed LSB 1128H on April 25 (FY 2004 Infrastructure Appropriations Bill), which appropriates a total of \$137.3 million for FY 2004 for a variety of programs and projects relating to infrastructure, the environment, technology enhancements, payment of debt service, and attorney litigation costs associated with the tobacco settlement. The Bill also appropriates \$12.5 million for FY 2005 and \$11.7 million for FY 2006. The table below shows the appropriations by funding source.

Infrastructure Appropriations Bill (SF 542)
 Dollars in Millions

	FY 2004	FY 2005	FY 2006
Restricted Capital Fund	\$ 80.5	\$ 11.7	\$ 11.7
Rebuild Iowa Infrastructure Fund	21.8	0.8	0.0
Environment First Fund	35.0	0.0	0.0
Total	\$ 137.3	\$ 12.5	\$ 11.7

The Bill appropriates \$77.0 million less for FY 2004 from these funding sources than was appropriated in FY 2003 due to less available revenues in the funds.

Funding Sources

Funding included within the Bill is listed below by funding source.

Rebuild Iowa Infrastructure Fund (RIIF)

Board of Regents

- Appropriates \$100,000 for completion of the girls' dormitory at the Iowa School for the Deaf and \$100,000 for facility improvements at the Iowa Braille and Sight Saving School.
- Appropriates \$350,000 for Tuition Replacement to replace tuition fees that will be used for the first year debt service payment on bonds issued to complete Phase II construction of the Engineering Teaching Research Complex at Iowa State University.

Department of Corrections – Appropriates \$333,000 to pay the debt service for a lease purchase agreement with Alliant Energy to upgrade the electrical system for the Fort Madison Special Needs Facility.

Department of Cultural Affairs

- Appropriates \$830,000 for the Historical Site Preservation Grant Program.
- Appropriates \$150,000 for the preservation of the Iowa Battle Flag collection.
- Appropriates \$125,000 for allocation to the State Historical Society for construction of a Medal of Honor kiosk.

Department of Economic Development

- Appropriates \$800,000 for the Local Housing Assistance Program.
- Appropriates \$3.0 million for vertical infrastructure improvements at community colleges associated with implementing the Accelerated Career Education (ACE) Program.

Department of Education – Appropriates \$600,000 for the Enrich Iowa Libraries Program.

Department of General Services

- Appropriates \$4.8 million for the renovation of the Records and Property Building.
- Appropriates \$50,000 for planning costs associated with vacating and demolishing the Wallace Building.
- Appropriates \$1.7 million for routine maintenance of facilities under the purview of the Department of General Services.
- Appropriates \$729,000 for relocation and transition costs associated with the renovation of the Records and Property Building.
- Appropriates \$631,000 for facility leases for agencies temporarily relocated off the Capitol Complex due to remodeling of State facilities located on the Capitol Complex.

- Appropriates \$250,000 to provide matching funds for construction of a medical and education building for a child treatment center located in a county with a population between 189,000 and 196,000.
- Appropriates \$300,000 for construction and display of permanent exhibits for the African-American museum located in Linn County.

Information Technology Department – Appropriates \$2.0 million to fund technology projects through the Pooled Technology Account and allocates a total of \$315,000 for the Enterprise Warehouse Technology Project and the Justice Data Warehouse Project.

Iowa Telecommunications and Technology Commission – Appropriates \$2.7 million to pay the costs of maintenance and leases associated with the build-out of Part III of the Iowa Communications Network (ICN).

Department of Public Defense

- Appropriates \$195,000 for planning and design of a new National Guard readiness center near Iowa City.
- Appropriates a total of \$1.5 million over two fiscal years for a new National Guard readiness center near Fort Dodge.

Department of Public Safety

- Appropriates \$800,000 for costs associated with providing security at the Capitol Building and the Judicial Building.
- Appropriates \$50,000 for the planning, design, and construction of regional fire training facilities in the State.

Department of Transportation – Appropriates \$500,000 for aviation improvement programs for general aviation airports.

Environment First Fund

Department of Agriculture and Land Stewardship

- Appropriates \$1.5 million for continued funding of the Conservation Reserve Enhancement Program (CREP).
- Appropriates \$2.7 million for the Watershed Protection Program.
- Appropriates \$850,000 for funding of the Farm Demonstration Program.
- Appropriates \$500,000 for the Alternative Drainage System Assistance Program.
- Appropriates \$5.5 million for the Soil Conservation Cost Share Program.
- Appropriates \$2.0 million for the Conservation Reserve Program (CRP).
- Appropriates \$600,000 for the Loess Hills Development and Conservation Fund. The Bill allocates \$400,000 of this appropriation to the Hungry Canyons Account and \$200,000 to the Loess Hills Alliance Account.
- Appropriates \$300,000 for deposit in the Southern Iowa Development and Conservation Fund.

Department of Economic Development – Appropriates \$500,000 for the Brownfield Redevelopment Program.

Department of Natural Resources

- Appropriates \$195,000 to provide geographic information system data for use in developing, monitoring, and displaying results of watershed work.
- Appropriates \$100,000 to support local volunteer management efforts in water quality programs.
- Appropriates \$3.0 million for the establishment of water quality monitoring stations.
- Appropriates \$500,000 for the Water Quality Protection Program.
- Appropriates \$500,000 for air quality monitoring equipment.
- Appropriates \$1.0 million for dredging of lakes in accordance with the Department's Classification of Iowa Lakes Restoration Report.
- Appropriates \$2.3 million for Marine Fuel Tax capital projects.
- Appropriates \$2.0 million for costs associated with the operation and maintenance of State parks.
- Appropriates \$11.0 million to the Resource Enhancement and Protection (REAP) Fund.

Restricted Capital Fund

Department of Economic Development – Appropriates \$2.5 million for the Accelerated Career Education (ACE) Program.

Department of Education – Appropriates \$10.0 million for conversion of Iowa Public Television broadcasts to digital technology.

Department of General Services – Appropriates \$11.5 million for major maintenance of State-owned buildings under the purview of the Department.

Information Technology Department – Appropriates \$6.1 million for the second-year costs associated with the purchase of the Integrated Information for Iowa System.

State Fair Authority – Appropriates \$500,000 for infrastructure improvements at the State Fairgrounds.

Department of Natural Resources

- Appropriates \$3.0 million for continued funding of the Destination State Park located at Honey Creek State Park.
- Appropriates \$2.5 million for funding of the Restore the Outdoors Program.

Department of Public Defense

- Appropriates \$1.3 million for maintenance of National Guard armories and facilities.

- Appropriates \$1.1 million for construction of a National Guard Armory located at Boone.

Department of Public Safety – Appropriates \$1.0 million for security enhancement systems to the buildings on the Capitol Complex.

Department of Transportation

- Appropriates \$1.1 million for vertical infrastructure improvements at Iowa's commercial service airports.
- Appropriates \$581,000 for infrastructure improvements at general aviation airports.
- Appropriates \$1.0 million for the Recreational Trails Program.

Board of Regents – Appropriates \$10.6 million from the Restricted Capital Fund for Regents Tuition Replacement.

Treasurer of State

- Appropriates \$700,000 for the final attorney litigation payment associated with the Tobacco Master Settlement Agreement.
- Appropriates \$13.0 million for the FY 2004 debt service payments on the Iowa Communications Network (ICN) bonds.
- Appropriates \$5.4 million for the FY 2004 debt service payments on the Prison Infrastructure Bonds.

Other provisions of the Bill include:

- Deappropriates a \$7.0 million RIF appropriation from the Board of Regents that was to be used to repay the bonds issued to complete Phase II construction of the Engineering Teaching Research complex at Iowa State University. These funds were previously appropriated in HF 2625 (FY 2002 Budget Adjustment Act). The Board of Regents issued academic revenue bonds to fund the facility and the first year's debt service payment is estimated to be \$350,000. This Bill appropriates the \$350,000 from the RIF.
- Allows the Judicial Branch to use up to \$400,000 from funds appropriated for the construction of the Judicial Building in FY 2000 and FY 2001 for operation and maintenance costs of the Judicial Building.
- Creates a Capitol Complex Parking Structure Revolving Fund to be administered by the Department of General Services. The fees deposited into the Fund will be used to manage, operate, and maintain the State-owned parking structure.
- Requires the Department of General Services to issue a request for proposals for the management, operation, and maintenance of the parking structure located on the Capitol Complex.
- Requires the Department of General Services to establish reasonable parking fees for the public and State employees for use of the State-owned parking structure. The fees will be deposited into the Capitol Complex Parking Structure Revolving Fund.

More Information

The Notes on Bills and Amendments (NOBA) for SF 452 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>.

STAFF CONTACT: David Reynolds (Ext. 16934)

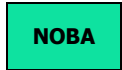
**JUDICIAL BRANCH APPROPRIATIONS BILL – SF 435
 PASSES HOUSE**

Judicial Bill

Senate File 435 (FY 2004 Judicial Branch Appropriations Bill) passed the House on April 22. 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.

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

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>.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

**GOVERNOR SIGNS DEPARTMENT OF TRANSPORTATION
 APPROPRIATIONS ACT – HF 652**

Trans. Appropriations

House File 652 (FY 2004 Department of Transportation Appropriations Act) was signed by the Governor on April 17. The Act appropriates \$267.0 million to the Department of Transportation (DOT), which includes \$43.5 million from

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	<u>\$ 268.7</u>	<u>\$ 267.0</u>	<u>\$ -1.7</u>	<u>-0.6%</u>

* Totals may not add due to rounding.

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.

More Information

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>.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

GOVERNOR SIGNS .08 BLOOD-ALCOHOL CONTENT ACT – HF 65

Alcohol Blood Content

House File 65 (FY 2004 .08 Blood-Alcohol Content Bill) was signed by the Governor on April 24. The Act changes the limit for blood-alcohol concentration while driving a motor vehicle from 0.10% to 0.08%.

Fiscal 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.

Since HF 65 will go into effect on July 1, 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.

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)

GOVERNOR SIGNS IDENTITY THEFT ACT – HF 170

Identity Theft Act

The Governor signed HF 170 (FY 2004 Identity Theft Act) on April 21. The Act 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 Act expands the definition to include the intent to obtain a benefit from the identity theft.

Correctional Impact

There were 116 offenders convicted of identity theft in FY 2002. This Act will result in more convictions, but no information exists to estimate how many additional convictions will occur. To the extent that additional convictions occur, there will be a correctional impact on prisons, jails, and Community-Based Corrections (CBC).

Fiscal Impact

Due to insufficient information, the fiscal impact of HF 170 cannot be determined. The State's cost for one aggravated misdemeanor conviction ranges from \$1,600 to \$8,200.

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>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

NON CARETAKER CHILD ABUSE REPORTING BILL – HF 206 FINAL ACTION

Child Abuse Reporting

On April 21, the Senate approved HF 206 (FY 2004 Non Caretaker Child Abuse Reporting Bill). The Bill does the following:

- Increases the child age from under age 12 to under age 16 for suspected child abuse that is perpetrated by a person other than the individual responsible for the care of the child.
- Requires mandatory reporters to report suspected abuse of a child that is under age 16 by a person that is not a caretaker and may report abuse for older children.
- Requires members of the clergy to be mandatory reporters of child abuse under certain circumstances. In addition, the Bill provides an exception to the requirement of completing two hours of training every five years relating to the identification and reporting of child abuse for clergy members.

Correctional Impact

In FY 2004, HF 206 will result in an estimated 120 additional convictions for sexual abuse and 238 during FY 2005. The prison population will increase by 105 inmates in FY 2004 and 313 inmates in FY 2005. By the fifth year, the prison population will increase by 836 inmates and may require a new prison be built at an estimated construction cost of \$45.0 million and an estimated annual operating cost of \$28.0 million.

Fiscal Impact

The Bill is estimated to increase State General Fund expenditures for FY 2004 from \$668,000 to \$808,000, and from \$1.8 million to \$2.1 million in FY 2005. An estimated breakdown of expenditures is as follows:

	FY 2004		FY 2005	
	Low	High	Low	High
Dept. of Corrections - Prisons	\$ 460,000	\$ 460,000	\$ 1,400,000	\$ 1,400,000
Community-Based Corrections	10,000	10,000	30,000	30,000
Indigent Defense	175,000	175,000	347,000	347,000
Courts	23,000	163,000	46,000	324,000
DHS	Minimal	Minimal	Minimal	Minimal
Department of Public Safety	Minimal	Minimal	Minimal	Minimal
Total	\$ 668,000	\$ 808,000	\$ 1,823,000	\$ 2,101,000

If a new prison is required in FY 2008, the estimated construction cost will be \$45.0 million, with an estimated annual operating cost of \$28.0 million.

House File 206 is expected to have an impact to local government, especially for law enforcement agencies and jails, due to pre-trial detentions. However, due to insufficient information, the fiscal impact to local governments cannot be determined.

More Information

The Fiscal Note for HF 206 can be found on the LFB web site:
<http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Lisa Burk (Ext. 17942)

NOTIFICATION TO LOCAL LAW ENFORCEMENT BILL – HF 400 PASSES SENATE

Law Enforce. Notification

The Senate passed HF 400 (FY 2004 Notification to Local Law Enforcement Bill) on April 21. The Bill requires the Department of Corrections (DOC) and the Community-Based Corrections (CBC) District Departments to notify local law enforcement and the Department of Transportation (DOT) of offenders placed on probation or parole. The notification must include conditions of

supervision relating to searches of the offender or the offender's property. The DOT is required to release the information to local law enforcement agencies.

The Senate amendment requires the DOC and CBC District Departments to notify local law enforcement and the DOT when a parolee or probationer is discharged from supervision. The DOT and local law enforcement agencies are then required to expunge the information from their databases.

Correctional Impact

To the extent that offenders are found to be in violation of their parole, work release, or probation agreement due to evidence discovered during a search under this Bill, there will be a correctional impact; however, that impact cannot be determined.

Fiscal Impact

House File 400, as amended and passed by the Senate is anticipated to cost approximately \$79,000 in FY 2004 and \$13,000 in FY 2005 for additional computer programming costs for the DOC, the DOT, and the Department of Public Safety. If the DOC's statewide computer system (Iowa Corrections Offender Network) is not modified to comply with the Bill, there will be a significant increase in workload for CBC staff. These staff will be required to manually notify local law enforcement if the notification cannot be sent automatically via computer.

More Information

The Fiscal Note for HF 400 can be found on the LFB web site:
<http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

NO-CONTACT ORDERS BILL – HF 404 PASSES HOUSE

No-Contact Orders

The House concurred with the Senate amendment on HF 404 (FY 2004 No-Contact Orders Bill) on April 22. 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. The Bill 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 found on the LFB web site:
<http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

BURN NOTIFICATION LAW – HF 455 PASSES SENATE

Burn Notification

House File 455 (FY 2004 Burn Notification Law) passed the Senate on April 24. The Bill requires licensed health-related professionals to report certain burn injuries to a law enforcement agency. Under current law, hospitals must report any burn that is over 10.0% of the body to the State Trauma Coordinator in Emergency Medical Services in the Department of Public Health. The Bill now goes to the Governor.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

BIRTH DEFECTS REGISTRY BILL – HF 541 FINAL ACTION

Birth Defects



On April 22, the Senate 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, the registration fee is increased from \$15.00 to \$20.00. Ten dollars of each fee will continue to fund primary and secondary child abuse prevention programs, and \$10.00 will fund the Birth Defects Institute Central Registry.

Fiscal Impact

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

More Information

The Bill was sent to the Governor for consideration. The Fiscal Note for HF 541 can be found on the LFB web site:
<http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Lisa Burk (Ext. 17942)

LAW ENFORCEMENT ACADEMY TRAINEES BILL – HF 548 PASSES HOUSE

Law Enforcement Trainees

House File 548 (FY 2004 Law Enforcement Academy Trainees Bill) passed the House on April 21. The Bill relates to law enforcement training of a candidate from a tribal government.

Fiscal Impact

The fiscal impact of HF 548 is minimal. One session of the Iowa Law Enforcement Academy lasts 13 weeks and the average class size has 42 students. On the average, there are six classes offered per calendar year and the cost for a tribal government candidate to complete the Academy is approximately \$5,770.

The Bill was sent to the Governor.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

ELECTRICAL AND MECHANICAL AMUSEMENT DEVICES BILL – HF 594 FINAL ACTION

Amusement Devices



NOBA

The House passed HF 594 (FY 2004 Electrical and Mechanical Amusement Devices Bill) as amended by the Senate on April 22. The Bill:

- Requires licensure and an annual fee of \$25 for all electrical and mechanical amusement devices. The Department of Inspections and Appeals (DIA) and the Department of Public Safety (DPS) will deposit the fees into a special fund for administration and enforcement purposes. The fee is estimated to raise between \$250,000 and \$450,000 annually.
- Requires an annual registration fee of \$2,500 for manufacturers and distributors of electrical and mechanical amusement devices. The fee is estimated to generate \$118,000 annually for the General Fund.
- Specifies that organizations exempt from paying federal income tax, having 12 members or more, and not having a self-perpetuating governing body, can have four of the amusement devices. All others may only have two of the 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 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.
- 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 only be from a manufacturer, manufacturers' representative, or distributor that has registered with the DIA.

The Bill was sent to the Governor.

Bill Summary

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)

ADULT DAY SERVICES REGULATION BILL – HF 672 PASSES HOUSE

Adult Day Services

On April 23, the House approved HF 672 (FY 2004 Adult Day Services Regulation Bill) relating to the regulation of adult day services. Highlights of the Bill include:

NOBA

- Creates Chapter 231D, Code of Iowa, to provide for the regulation of adult day services programs, and repeals Section 231.61, Code of Iowa, relating to current regulatory provisions for these programs.
- Requires the Department of Elder Affairs to establish a system for certification, monitoring, and complaint investigation for adult day services programs by administrative rule in consultation with the Department of Inspections and Appeals and affected industry, professional, and consumer groups.
- Establishes monetary amounts for adult day services certification and related fees, requires the Department of Inspections and Appeals to collect the fees and that the fees be deposited into the General Fund.
- Permits the Department of Inspections and Appeals to assess and collect a monetary penalty from a program that discriminates or retaliates against a client or to revoke the program's certification. Funds collected from penalties are to be deposited into the General Fund.
- Requires the Department of Inspections and Appeals, in consultation with the Departments of Elder Affairs and Public Safety, to submit a report to the General Assembly and the Joint Health and Human Services Appropriations Subcommittee regarding the implementation of the oversight system for adult day services programs by December 31, 2004.
- Amends Section 100.1(6), Code of Iowa, to allow the Fire Marshal to designate a fee to be assessed to facilities required by law to have a plan reviewed for fire safety standards. The Bill requires the fees be deposited into the General Fund.

Fiscal Impact

House File 667 (FY 2004 Health and Human Services Appropriations Bill) appropriates \$800,000 and 6.0 FTE positions to the Department of Inspections and Appeals from the Senior Living Trust Fund for the oversight of assisted living and adult day services programs. Certification fees will be collected and deposited into the General Fund. It is estimated that less than \$100,000 in fees will be collected in FY 2004.

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>.

STAFF CONTACT: Lisa Burk (Ext. 17942)

**ASSISTED LIVING PROGRAM REGULATION BILL – HF 675
PASSES HOUSE**

Assisted Living

On April 23, the House amended and approved HF 675 (FY 2004 Elder Group Home and Assisted Living Regulation Bill) that provides for changes to the Code of Iowa relating to the oversight of elder group homes and assisted living programs. Highlights of the Bill include:

- Amends Section 231C.1, Code of Iowa, to specify it is the intent of the General Assembly that the Department of Elder Affairs establish policy for assisted living programs and that the Department of Inspections and Appeals enforce regulations.
- Amends Section 231C.3, Code of Iowa, to include the following:
 - Requires the Department of Elder Affairs to establish a system for the certification and monitoring of assisted living programs.

- Permits services to be provided by individuals employed by the tenant, if the tenant agrees to assume the responsibility and risk associated with the contractual relationship.
- Permits assisted living programs to enter into written agreements with Medicare-certified hospice programs for tenants who are terminally ill who elect to receive hospice services under the federal Medicare Program.
- Amends Section 231C.5, Code of Iowa, to prohibit an assisted living program from operating unless a written occupancy agreement is executed between the program and each tenant or tenant's representative.
- Provides for the requirements to be followed when an assisted living program contests regulatory insufficiencies found as a result of a monitoring evaluation or complaint investigation.
- Permits the Department of Elder Affairs to establish civil penalties for noncompliance with regulatory requirements that present an imminent danger, substantial probability of death, or physical harm to a tenant.
- Prohibits a certified assisted living program from having to be licensed as a health care facility unless the program is represented to the public in such a manner.
- Requires the Department of Inspections and Appeals to collect assisted living program fees, deposit the fees into the General Fund, and that established monetary amounts to be assessed for assisted living certification and related fees.

DHS Appropriations

House File 667 (FY 2004 Health and Human Services Appropriations Bill) appropriates \$800,000 and 6.0 FTE positions to the Department of Inspections and Appeals from the Senior Living Trust Fund for the oversight of assisted living and adult day services programs. The Department of Inspections and Appeals estimates that \$75,000 in assisted living program fees will be collected in FY 2004, which will be deposited into the General Fund. In addition, the Department estimates that up to \$120,000 in certification fees may carryover into FY 2004.

Bill Summary

NOBA

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

STAFF CONTACT: Lisa Burk (Ext. 17942)

NEW JOBS AND INCOME PROGRAM BILL – HF 679 PASSES HOUSE

New Jobs & Income

House File 679 (FY 2004 New Jobs and Income Program Bill) was amended and passed by the House on April 23. The Bill allows the Department of Economic Development to reduce or eliminate incentives for a business or group of businesses under the New Jobs and Income Program prior to the awarding of such incentives if the business or group of businesses experiences a layoff or closes a facility within the State. If the business or group of businesses receives incentives and later experiences a layoff or closes a facility within the State, they may be subject to repayment of part or all of the incentives received.

In the case of a disaster, HF 679 allows the Department of Economic Development to extend the two-year completion period requirement for a project seeking assistance. Under current law, a business participating in the New Jobs and Income Program may receive a tax credit of up to 10.0% of the new investment directly related to new jobs created by the location or expansion of an eligible business. Currently, the tax credit may be used to offset corporate income tax, insurance premium tax, and personal income tax liability, assuming an individual is a partner, shareholder, or member in a limited partnership, limited liability corporation, (LLC), S corporation, or cooperative which has been awarded investment tax credits. House File 679 allows a business to use the tax credit to offset franchise tax liability. The provision of the Bill allowing a business to use the tax credit to offset franchise tax liability takes effect May 1, 2003.

Fiscal Impact

House File 679 is expected to reduce General Fund revenues by approximately \$625,000 starting in FY 2005. This reduction in General Fund revenues will occur every other year starting in FY 2005.

More Information

The Fiscal Note for HF 679 can be found on the LFB web site at <http://staffweb.legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Russell Trimble (Ext. 14613)

**WINE GALLONAGE TAX REVENUE – HF 682 PASSES
SENATE APPROPRIATIONS COMMITTEE**

Wine Gallonage Tax



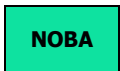
The Senate Appropriations Committee passed House File 682 (FY 2004 Wine Gallonage Tax Revenue) on April 24. The Bill specifies an annual allocation from the wine gallonage tax to the Grape and Wine Development Fund when there is an increase in taxes over the previous fiscal year. Under current law, there 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.

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) can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>

STAFF CONTACT: Debra Kozel (Ext. 16767)

HEALTHY IOWANS TOBACCO TRUST BILL – HF 685 PASSES HOUSE

Tobacco Bill

On April 24, HF 685 (FY 2004 Healthy Iowans Tobacco Trust Appropriations Bill) was passed by the House and does the following:

- Allocates \$100,000 of the appropriation for the Medical Assistance Supplement to continue the efforts of the Iowa Chronic Care Consortium.
- Eliminates the \$400,000 appropriation for a Substance Abuse Prevention Program.
- Increases the appropriation for Substance Abuse by \$1.8 million.
- Increases the appropriation for Healthy Iowans 2010 by \$200,000.
- Increases the appropriation for the Value-Based Program at the Newton Correctional Institution by \$60,000 and allows the funds to be used for a similar program for women at the Mitchellville institution.
- Transfers \$2.0 million from the counties' FY 2004 General Fund Risk Pool appropriation to the Medical Assistance Program.
- Transfers \$4,660,000 from the Endowment for Iowa's Health Account to the Healthy Iowans Tobacco Trust.

More Information

NOBA

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

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

URBAN RENEWAL AND TAX INCREMENT FINANCING BILL – HF 686 PASSES HOUSE

TIF Bill

House File 686 (FY 2004 Urban Renewal and Tax Increment Financing Bill) passed the House on April 25. The Bill creates restrictions on Tax Increment Financing (TIF) and the length of time TIF areas created by cities and counties may exist. The Bill:

- Limits TIF areas to a maximum of 20 years, including both future and current TIF areas. Tax Increment Financing areas designated as slum and blighted may be extended past the 20-year limit if the local ordinance provides for rebasing valuations every ten years.
- Prohibits the use of TIF revenues to rebate or abate property taxes for retail property.
- Prohibits the use of the \$5.40 school foundation levy, after July 1, 2004, to finance TIF projects. The prohibition does not apply to current projects. School districts may approve use of the levy within a TIF area; however, the school district would not receive reimbursement from the State School Aid Formula for the revenue diverted to TIF.
- Applies property value rollback to both the TIF area base and increment values.
- Provides that municipality cannot continue to collect TIF revenues when all urban renewal indebtedness is repaid.

- Disbands TIF area when all indebtedness is repaid.
- Limits the amount of TIF debt a municipality may have outstanding to no more than 5.0% of the assessed value of the property within the municipality with certain exceptions for current projects. Permits a city to exceed the 5.0% limit with permission of the county.
- Prohibits a city from amending an urban renewal plan to sever territory unless the county approves the amendment.
- Provides that if an urban renewal plan is amended to add territory, the base valuation for the territory added is the year prior to the year the amendment was adopted.
- Takes effect upon enactment and applies to urban renewal areas and urban renewal projects established, and urban renewal plans adopted, before, on, or after the effective date.

More Information

For more information, contact the LFB or visit the web site at:
<http://staffweb.legis.state.ia.us/lfb/noba/index.jsp>.

STAFF CONTACT: Jeff Robinson, (Ext. 14614)

PROPERTY TAX BILL – HF 692 PASSES HOUSE

Property Tax

House File 692 (FY 2004 Property Tax Bill) was passed by the House on April 24. The Bill makes changes to the method of property assessment and taxation. For the assessment year beginning January 1, 2006, taxable structures are taxed on a square footage basis. Land is assessed separately and taxed on a per acre basis. The assessment process corrects for inflation at the county level using cumulative inflation factors calculated by Iowa State University. The January 2005 assessment will serve as the base. Residential, commercial, and industrial purchases made after January 1, 2005, use the purchase price in calculating the square footage value corrected for inflation. The Bill permits the assessor to adjust purchase prices to reflect arm's-length transactions and market value. Adjustments are made to the taxable square foot value when substantial changes are made to the structure. To achieve the above changes, Section 441.21, Code of Iowa, is replaced, removing the rollback language.

Agricultural land continues to be taxed with the current productivity value method. Agricultural structures are to be taxed on an agricultural productivity basis using a value per square foot. Farm residences are to be treated as other residential property.

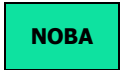
Implementation Committee

The Bill establishes an Implementation Committee for testing and implementing the property taxation system. The Department of Management (DOM) and the Department of Revenue and Finance (DRF) are to initiate and coordinate the Committee, and includes representatives of DOM, DRF, counties, cities, school districts, local assessors, commercial, residential, and agricultural taxpayers, and other appropriate stakeholders. The Committee will oversee the design phase, testing in three counties during the second year and testing statewide during the third year, with tax collections beginning under the new system in FY 2008. The Committee is to make recommendations relating to the land tax, square footage tax, tax rate

limitations, computer hardware and software, data collection and system testing, implementation budgets, and related issues. The implementation of the new system is to be revenue neutral in its impact on classes of property and maintain equity among classes of taxpayers and among taxpayers in the same class.

The Bill provides that the property assessment and taxing process is subject to legislative review every five years, with the first report due by January 1, 2010. The Bill also repeals personal income tax, contingent upon a replacement tax being enacted.

Bill Summary



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: Dwayne Ferguson (Ext. 16561)

**COURT POLICIES AND PROCEDURES BILL – HF 694
PASSES HOUSE**

Court Procedures

House File 694 (FY 2004 Court Policies and Procedures Bill) passed the House April 25. The Bill changes policies and procedures in the Judicial Branch by doing the following:

- Establishes a judicial district and judicial election district redistricting process.
- Makes changes to the nomination, appointment, and retention of judges.
- Expands magistrate courts.
- Eliminates the position of Alternate District Associate Judge.
- Permits district judgeships to be apportioned or transferred to another judicial district.
- Requires the county sheriff to serve a summons in certain delinquency proceedings.
- Eliminates the participation of the Foster Care Review Board in voluntary foster care placements.
- Waives the filing fee and court costs for certain contempt actions.
- Changes the duties of and the procedures related to the clerk of the district court.
- Provides that judgment interest is calculated upon the one-year treasury constant maturity plus two percent.
- Expands the access of the deferred judgment docket.
- Prohibits regional litigation centers.
- Modifies the probate court schedule.

Fiscal Impact

The majority of this Bill has minimal fiscal impact. However, Section 47 of the Bill establishes two levels of filing fees for simple misdemeanors: \$8 for parking and \$17 for all other simple misdemeanors. The estimated impact to

the General Fund would be an increase in revenue of approximately \$500,000 annually.

Interim Study

The Bill establishes a Judicial District Redistricting Interim Study Committee. If a new plan is proposed for consideration, it will be submitted to the General Assembly by December 15, 2003. If redistricting is not recommended, a plan for the allocation of Judicial Branch resources will be submitted to the General Assembly by December 15, 2003. The Committee will consist of 31 members.

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>.

STAFF CONTACT: Jennifer Dean (EXT. 17846)

GOVERNOR SIGNS UNCLAIMED DEMUTUALIZATION PROCEEDS ACT – SF 236

Unclaimed Proceeds

The Governor signed SF 236 (FY 2004 Abandonment and Demutualization Proceeds Act) on April 21. The Act 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 Act 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 & Demutualization Proceeds
(in millions)**

Type of Property	FY 2004	FY 2005
Demutualization	\$ 24.5	\$ 10.0
Unpaid Wages	2.2	2.2
Total	\$ 26.7	\$ 12.2

More Information

The Fiscal Note for SF 236 can be found on the LFB web site: <http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Sam Leto (Ext. 16764)

INTERAGENCY CHILD PROTECTION ASSISTANCE TEAMS BILL – SF 353 FINAL ACTION

Child Protection

On April 22, the House passed SF 353 (FY 2004 Interagency Child Protection Assistance Teams Bill), which requires county attorneys to

establish child protection assistance teams in all 99 counties. The Bill permits single team coverage of a multi-county area if determined by multiple county attorneys.

The Bill also requires the Department of Human Services (DHS) to apply protocols developed with each local child protection assistance team to prioritize actions taken in response to child abuse reports and allows the Department of Justice to provide training and other assistance to support team activities.

Senate File 353 provides that the teams, to the greatest extent possible, may be consulted in cases involving a forcible felony against a child under age 14 in which the suspected offender is the person responsible for the care of the child. Teams may be utilized in cases involving a child victim of a sexual crime under Chapter 709, Code of Iowa, and in crimes relating to the protection of the family and dependent persons under Chapter 726, Code of Iowa.

Fiscal Impact

The fiscal impact of SF 353 to county government cannot be determined due to insufficient information. In addition, the Attorney General's Office, does not anticipate the availability of federal or State funds to assist in the provision of training and other assistance to support the activities of child protection assistance teams. Senate File 353 is not expected to have a fiscal impact to the DHS.

More Information

The Bill was sent to the Governor. The Fiscal Note for SF 353 can be found on the LFB web site: <http://staffweb/legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Lisa Burk (Ext. 17942)

PROBATE OMNIBUS BILL – SF 366 PASSES SENATE

Probate Omnibus Bill

Senate File 366 (FY 2004 Probate Omnibus Bill) passed the Senate on April 23. The Bill amends sections of the Iowa Probate Code, including provisions relating to state inheritance taxes, gift taxes, and trusts.

The Bill was sent to the Governor.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

TOBACCO ENFORCEMENT BILL – SF 375 FINAL ACTION

Tobacco Enforcement Bill

The General Assembly passed SF 375 (FY 2004 Enhanced Tobacco Enforcement Bill) on April 21. 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.

More Information



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>.

STAFF CONTACT: David Reynolds (Ext. 16934)

EVIDENCE OF PRIOR SEX ABUSE CRIMES – SF 402 FINAL ACTION

Sex Abuse Crimes

Senate File 402 (FY 2004 Evidence of Prior Sex Abuse Crimes Bill) passed the Senate on April 23. The Bill relates to the admissibility of prior criminal offenses into evidence in the prosecution of certain sexual offenses.

Correctional Impact

The correctional impact for this Bill cannot be determined due to lack of readily available information to estimate the number of additional convictions. To the extent that additional convictions do occur, there would be a correctional impact on the prisons, jails, and Community-Based Corrections.

Fiscal Impact

The fiscal impact for this Bill cannot be determined since the number of additional convictions per year cannot be determined. If half the offenses that were dismissed or acquitted in FY 2002 had evidence of prior offenses brought to trial, the potential General Fund impact on the Judicial Branch would range from \$113,000 to \$150,000.

The Bill was sent to the Governor.

More Information

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

STAFF CONTACT: Jennifer Dean (Ext. 17846)

POLICE DOGS BILL – SF 417 PASSES HOUSE

Police Dogs

The House passed SF 417 (FY 2004 Police Dogs Bill) on April 24. The Bill permits Performance of Duty funds to be used to purchase a police service dog for the Department of Corrections (DOC) if such a dog has been injured or destroyed. The Bill requires the DOC to utilize other funding sources if possible.

Fiscal Impact Under current law, the DOC funds the replacement costs of injured or destroyed police dogs out of the prisons' operating budgets. The dogs cost approximately \$3,500 each and have an average working life of approximately six years.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

HOUSING TAX CREDIT BIFURCATION BILL – SF 441 PASSES SENATE

Housing Tax Credits Senate File 441 (FY 2004 Housing Tax Credit Bifurcation Bill) passed the Senate on April 22. The Bill allows for the transfer (sale) of State housing investment tax credits under the Enterprise Zone Program if the project is also financed with low-income housing tax credits authorized under Section 42 of the Internal Revenue Code.

Senate File 441 specifies certain requirements that must be met in the awarding and claiming of the tax credits. The Bill requires the Departments of Economic Development and Revenue and Finance to adopt procedures relating to the issuance, transfer, and redemption of these tax credits. The proposed legislation allows a person receiving a historic property rehabilitation tax credit to transfer all or a portion of the unused tax credit to any other person. Senate File 441 allows the transferee to use the amount of the tax credit against personal or corporate income tax liability, franchise tax liability, or insurance premium tax liability for any tax year the transferor could have claimed the tax credit. The Bill prohibits the transfer of tax credits from being considered as income or deducted from income for State tax purposes.

Fiscal Impact Senate File 441 is expected to reduce General Fund revenues by approximately \$210,000 annually starting in FY 2005.

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

STAFF CONTACT: Russell Trimble (Ext. 14613)

ROAD JURISDICTION AND FUNDING APPROPRIATIONS BILL – SF 451 PASSES HOUSE APPROPRIATIONS COMMITTEE

Road Jurisdiction Senate File 451 (FY 2004 Road Jurisdiction and Funding Appropriations Bill) passed the House Appropriations Committee on April 24. The Bill transfers the jurisdiction of certain roads and specifies the transfer of funds with those roads.

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
Primary Road Fund			
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
Secondary Road Fund			
– 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
Farm-to-Market Road Fund	73.2	73.2	73.2
Street Construction Fund			
– 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
Total Road Use Tax Fund Appropriations	\$ 914.6	\$ 914.6	\$ 914.6

* 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)

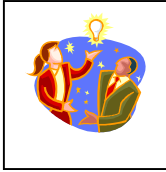
REINVENTION OF GOVERNMENT BILL – SF 453 PASSES HOUSE

Reinvention Bill

On April 25, the House passed SF 453 (FY 2004 Reinvention of Government Bill). The Bill provides an estimated net savings of \$128.0 million from the General Fund for changes to appropriations, State government expenditures,

and local government actions. The Bill appropriates \$14.0 million from the Hospital Trust Fund for Medical Assistance for FY 2004. Significant fiscal changes include:

Local & State Gov.



Property Tax Issues:

- Eliminates State payments to local government of personal property tax and franchise tax replacement.
- Moves the termination of the State payment of industrial machinery, equipment, and computer tax replacement claims from June 30, 2006, to June 30, 2004, and appropriates \$10.1 million for FY 2004.
- Prohibits revaluation of industrial machinery, equipment, and computers to recover a shortfall in funding for FY 2004 replacement claims.
- Total savings from issues related to property tax are estimated to be \$70.0 million.

County Recorder

Transaction Fee:

- Requires a \$5.00 electronic transaction fee for transactions undertaken by a county recorder for each page of an instrument filed or recorded in addition to the \$5.00 per page fee currently required for FY 2004. Of that amount, \$4.00 remains with the county recorder and \$1.00 is transferred to the Treasurer of State for deposit into the Local Government Electronic Transaction Account for electronic access to local government records and information. Beginning in FY 2005 and subsequent years, the fee is increased by an additional \$1.00 and will be retained by the county recorders.
- County recorders complete approximately 890,000 transactions each year. This level of transactions will generate an additional estimated \$3.5 million annually for local government revenues and \$1.0 million for the Local Government Electronic Transaction Account for FY 2004. For FY 2005, counties would retain \$1.0 million.

Local Government Innovation Fund:

- Creates a Local Government Innovation Fund in the Department of Management and appropriates \$10.0 million from the General Fund for loans to cities and counties that would result in cost savings or additional revenue.
- Creates the Local Government Innovation Fund Committee to review and approve the loan applications.

Charge for Capital Assets

- Requires the Department of Management to charge State agencies a fee for indirect costs associated with State ownership of capital assets by State agencies in FY 2004.
- Requires the fees be deposited into the fund from which the moneys were originally appropriated. Estimated receipts are \$1.7 million for FY 2004.

Regents Appropriations

Board of Regents:

- Reduces the General Fund appropriations to the Regents universities by a total of \$17.9 million as follows:

- \$8.4 million from the University of Iowa.
- \$6.6 million from Iowa State University.
- \$2.6 million from the University of Northern Iowa.

Charter Agencies

- Provides for up to five charter agencies to operate under a performance agreement in exchange for a 10.0% budget reduction in FY 2004.
- Grants exemptions from various administrative rules for charter agencies.
- Permits charter agencies to retain proceeds from the sale or lease of capital assets under the agency's control.
- Requires the charter agencies to issue an annual report by December 31 to the General Assembly regarding the agency's activities.
- Estimated annual savings from the 10.0% reduction are expected to be \$15.0 million.

Area Education Agencies

- Creates a task force to study service delivery by the Area Education Agencies (AEAs). The report is due to the General Assembly by December 15, 2003.
- Reductions to Area Education Agencies total \$20.0 million.

Child Welfare

Child Welfare System Redesign

- Requires the Department of Human Services (DHS) to implement a redesign system for child welfare services.
- Reduces the General Fund appropriation to the DHS by \$10.0 million for FY 2004.
- Appropriates \$1.2 million from the General Fund to the DHS for development of a statewide information system to implement the redesign changes.
- Establishes a Provider Loan Fund and deposits \$1.0 million into the Fund from the General Fund to assist child welfare providers with short-term cash flow deficiencies.

DHS Reinvention

Department of Human Services Reinvention

- Requires the DHS to implement an electronic billing and payment system for childcare and Medical Assistance Program (Medicaid) providers by January 1, 2005, and reduces the appropriation for FY 2004 to the DHS by \$300,000 to reflect the savings from this system.
- Removes the requirement that excess funds in the Hospital Trust Fund transfer to the Senior Living Trust Fund at the end of FY 2003.
- Reduces the General Fund DHS Medicaid appropriation for FY 2004 by \$7.5 million. Increases the Hospital Trust Fund appropriation for FY 2004 by \$14.0 million.

- Provides funding of \$3.5 million from the School Aid Formula to children residing at the three DHS juvenile institutions and reduces the General Fund appropriations to the institutions by \$2.2 million to reflect the additional revenue.

Reinvention Investment

- Appropriates \$1.4 from the General Fund for the cost of reinvention initiatives.

Iowa Lottery

Iowa Lottery Authority

- Establishes the Iowa Lottery Division within the Department of Revenue and Finance as a separate Authority.
- Specifies that the Iowa Lottery Authority will have an independent budget beginning in FY 2005.
- Transfers \$54.8 million from lottery proceeds to the State General Fund for FY 2004.

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>.

NOBA

STAFF CONTACT: Sue Lerdal (Ext. 17794)

LOTTERY REVENUES AND EXPENDITURES THROUGH MARCH

March Rev./Exp.



Through March, FY 2003 Lottery game revenues increased \$2.8 million from the FY 2002 level. Lottery prize expenses increased \$2.4 million, operating expenses decreased \$455,000, and transfers to State funds increased \$1.4 million. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

STATE LOTTERY				
July Through March				
(Dollars in millions)				
	FY 2002	FY 2003	Increase/ Decrease	% Increase
Fiscal Year Beginning Balance	\$ 2.2	\$ 2.3	\$ 0.2	
Game Revenues	\$ 132.7	\$ 135.4	\$ 2.8	2.1%
Interest	0.8	0.6	-0.2	-24.7%
Total Revenue	\$ 133.4	\$ 136.0	\$ 2.6	1.9%
Prize Expense	\$ 76.0	\$ 78.3	\$ 2.4	3.1%
Operating Expense	28.3	27.8	-0.5	-1.6%
Transfer of Profits	29.1	30.5	1.4	4.9%
Total Expense	\$ 133.3	\$ 136.7	\$ 3.3	2.5%
March Ending Balance	\$ 2.3	\$ 1.7	\$ -0.6	

Comparison to FY 2002

Fiscal year sales through March, compared to the same time period of FY 2002, were as follows:

- Instant ticket sales increased \$3.0 million (5.3%).
- Pick 3 sales increased \$775,000 (22.5%).
- Multi-State Powerball sales decreased \$4.9 million (10.4%).
- Rolldown sales decreased \$1.1 million (100.0%).
- Freeplay Replay sales decreased \$26,000 (9.7%).
- Daily Game sales increased \$47,000 (1.5%).
- Pull-tab sales increased \$844,000 (4.4%).

Ticket Sales

Total Lottery sales through March were \$135.4 million, an increase of \$2.8 million (2.1%) compared to March 2002. July through March 2003 sales for the Instant Tickets, Pick 3, Daily Game, and Pull-tabs were above sales for the same period during FY 2002.

Hot Lotto, which was not offered until April 7, 2002, had sales through March of \$4.2 million. Hot Lotto replaced Rolldown, which ended April 6, 2002, and had sales through March of 2002 of \$1.1 million.

Estimated Transfers



The April 9 Revenue Estimating Conference (REC) projected FY 2003 Lottery profit transfers to the General Fund will total \$38.0 million. Actual profit transfer for FY 2002 was \$40.0 million. Through March, FY 2003 transfers to the General Fund are \$1.4 million (4.9%) above FY 2002.

House File 2627 (FY 2003 Second Omnibus Appropriations Act) required the lottery to deduct \$500,000 from its calculated retained earnings before making lottery proceeds transfers to the State General Fund during FY 2003. The impact was a one-time increased transfer of \$500,000.

The proceeds transfers for March 2003 included \$1.2 million for Iowa's share of an unclaimed Powerball ticket sold in Indiana.

Sales Tax

In addition to the amount transferred to the State as profits, the Lottery has transferred \$6.0 million in sales tax during FY 2003.

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DEPARTMENT OF ELDER AFFAIRS HOLDS ASSISTED LIVING PROGRAM SUMMIT

Assisted Living Program

On April 18, the Department of Elder Affairs held an Assisted Living Program Summit in Des Moines to examine how other states have designed and implemented oversight systems for assisted living.

Robert Mollica, Senior Program Director, National Academy for State Health Policy in Portland, Maine, facilitated the Summit and has 27 years of policy, program development, and legislative relations experience in long-term care.

Representatives from Wisconsin, New Jersey, Kansas, Texas, and Florida gave presentations, including:

- Kevin Coughlin, Section Chief for the Assisted Living Section with the State of Wisconsin, Department of Health and Family Services, Bureau of Quality Assurance
- Elinor Fritz, Director, New Jersey Department of Health and Senior Services Long-Term Care Assessment and Survey Program
- Patricia Maben, Director of the Long-Term Care Program for the Kansas Department of Health and Environment
- Marc Gould, Director of Long-Term Care Policy Oversight, Texas Department of Human Services
- Alberta Granger, Manager of Assisted Living Unit, Florida Agency for Health Care Administration

More Information

Copies of the presentation materials are available upon request from the Legislative Fiscal Bureau (LFB).

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