

FISCAL UPDATE

April 12, 2005

Legislative Services Agency

(515)-281-5279 FAX 281-8027

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

APRIL REVENUE ESTIMATING CONFERENCE MEETING

REC Meeting

The Revenue Estimating Conference (REC) met on April 8, and increased the FY 2005 estimated net General Fund receipts by \$79.5 million and increased the FY 2006 estimated net General Fund receipts by \$85.0 million.

New Revenue Estimate



The REC estimate for FY 2005 net General Fund receipts is now \$4.826 billion, an increase of \$142.2 million compared to actual FY 2004. Through April 7, net cash receipts (excluding transfers) have increased by \$258.7 million. Withholding table changes, insurance and residential utility tax reductions, bonus depreciation, and accrued revenue adjustments are all expected to reduce revenue growth for the remainder of FY 2005. The April estimate includes net FY 2005 revenue increases associated with law changes of positive \$1.3 million enacted since the December REC meeting.

Fiscal Year 2005 estimates for income, sales/use, and corporate taxes were increased, while insurance premium tax and Lottery transfer estimates were reduced. The tax refund estimate was also reduced.

FY 2005 Revenue Estimating Conference Projection

Dollars in Millions

	Actual FY 2004	December FY 2005 Estimate	April FY 2005 Estimate	Increase (Decrease) to Estimate
Income Tax	\$2,592.3	\$2,716.7	\$2,750.3	\$33.6
Sales/Use Tax	1,732.4	1,766.8	1,797.9	31.1
Corporate Tax	234.8	230.6	254.0	23.4
Insurance Tax	138.2	145.0	131.5	-13.5
Other Taxes	228.3	224.2	221.4	-2.8
Total Taxes	4,926.0	5,083.3	5,155.1	71.8
Other Receipts	332.0	316.2	317.5	1.3
Total Taxes & Other Receipts	5,258.0	5,399.5	5,472.6	73.1
Transfers	57.5	96.9	93.1	-3.8
Accruals (Net)	83.0	-49.6	-55.3	-5.7
Refunds	-715.0	-700.6	-684.7	15.9
Net General Fund Receipts	<u>\$4,683.5</u>	<u>\$4,746.2</u>	<u>\$4,825.7</u>	<u>\$79.5</u>

IN THIS ISSUE:

April REC Meeting, pg. 1
HF 810 – Admin/Regs Approps., pg. 4
HF 808 – Ag/Nat. Resources Approps., pg. 4
HF 809 – Economic Dev. Approps., pg. 5
HF 825 – Health/Human Ser. Approps., pg. 5
HF 811 – Justice System Approps., and
HF 807 – Judicial Branch Approps., pg. 8
HF 466 – Transportation Approps., pg. 10

SF 346 – Federal Block Grant, pg. 10
HF 848 – K-12 Foundation Level, pg. 10
HF 826 – Speed Limit Bill, pg. 11
HF 674 – Sec. Rd/Farm-to-Market Fund, pg. 12
SF 206 – Deer Harvest Bill, pg. 13
HF 720 – Women/Young Professionals Prgm., pg. 13
HF 619 – Sex Offender Bill, pg. 14

General Fund Receipts



The REC estimate for FY 2006 net General Fund receipts is now \$4.988 billion, an increase of \$162.3 million compared to estimated FY 2005. The April estimate includes net FY 2006 revenue increases associated with law changes of positive \$3.3 million enacted since the December REC meeting.

Fiscal Year 2006 estimates for income, sales/use, and corporate taxes were increased, while inheritance and insurance premium tax estimates were reduced.

FY 2006 Revenue Estimating Conference Projection				
Dollars in Millions				
	Estimate FY 2005	December FY 2006 Estimate	April FY 2006 Estimate	Increase (Decrease) to Estimate
Income Tax	\$2,750.3	\$2,766.9	\$2,790.9	\$24.0
Sales/Use Tax	1,797.9	1,801.9	1,849.9	48.0
Corporate Tax	254.0	266.5	295.7	29.2
Insurance Tax	131.5	145.0	129.8	-15.2
Other Taxes	221.4	223.0	220.7	-2.3
Total Taxes	5,155.1	5,203.3	5,287.0	83.7
Other Receipts	317.5	292.4	293.7	1.3
Total Taxes & Other Receipts	5,472.6	5,495.7	5,580.7	85.0
Transfers	93.1	66.3	67.2	0.9
Accruals (Net)	-55.3	9.8	12.6	2.8
Refunds	-684.7	-668.8	-672.5	-3.7
Net General Fund Receipts	\$4,825.7	\$4,903.0	\$4,988.0	\$85.0

The following table provides a summary of the past two fiscal years and the two present REC estimates.

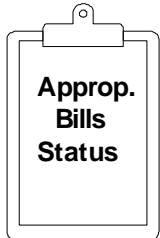
Revenue Estimating Conference Projection				
Dollars in Millions				
	Actual FY 2003	Actual FY 2004	Estimated FY 2005	Estimated FY 2006
Income Tax	\$2,417.6	\$2,592.3	\$2,750.3	\$2,790.9
Sales/Use Tax	1,704.6	1,732.4	1,797.9	1,849.9
Corporate Tax	237.0	234.8	254.0	295.7
Insurance Tax	142.2	138.2	131.5	129.8
Other Taxes	234.0	228.3	221.4	220.7
Total Taxes	\$4,735.4	\$4,926.0	\$5,155.1	\$5,287.0
Other Receipts	311.5	332.0	317.5	293.7
Total Taxes & Other Receipts	5,046.9	5,258.0	5,472.6	5,580.7
Transfers	129.0	57.5	93.1	67.2
Accruals (Net)	-44.8	83.0	-55.3	12.6
Refunds	-647.3	-715.0	-684.7	-672.5
Net General Fund Receipts	\$4,483.8	\$4,683.5	\$4,825.7	\$4,988.0
Year-over-year Incr./Decr.	\$-198.3	\$199.7	\$142.2	\$162.3

More Information

A more detailed spreadsheet is available on the Legislative Services Agency (LSA) web site at: <http://staffweb.legis.state.ia.us/lfb/qre/qre.htm>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

STATUS OF APPROPRIATIONS BILLS



Appropriations Subcommittee Bills		
Appropriations Subcommittee	LSB/File#	Status
Administration and Regulation	HF 810	Passed Senate Appropriations on April 6.
Agriculture and Natural Resources	HF 808	Passed Senate Appropriations on April 6.
Economic Development	HF 809	Passed Senate Appropriations on April 6.
Education	HF 816	Passed House on March 30.
Health and Human Services	HF 825	Passed House on April 5.
Justice System	HF 811	Passed House on April 6.
Judicial Branch	HF 807	Passed House on April 6.
Transportation	HF 466	Passed Senate on April 4.
Other Appropriations Bills		
FY 2007 Allowable Growth Rate Bill	SF 36	Signed by Governor on February 2.
Soil Conservation District Expenses Supplemental Bill	SF 71	Signed by Governor on March 31.
Military Pay Differential Program Changes Bill	SF 75	Signed by Governor on March 10.
Judicial Branch Procedures & Duties Bill	SF 325	Passed Senate Appropriations on March 30.
FY 2005 Supplemental Appropriations Bill	SF 342	Passed Senate on March 16.
FFY 2006 Federal Block Grant Bill	SF 346	Passed House Appropriations on April 6.
Long-Term Care Asset Disregard Bill	HF 819	Passed House Appropriations on March 21.
Alcohol Sales Privatization Bill	HF 820	Passed House Appropriations on March 21.
Prescription Drug Assistance Clearinghouse Bill	HF 821	Passed House Appropriations on March 21.
Speed Limit Bill	HF 826	Passed House on March 31.
Financial Update Bill	HF 837	Passed House Appropriations on April 4.
Judicial Branch Procedures & Duties Bill	HF 838	Passed House Appropriations on April 4.
State Information Technology Reorganization Bill	HF 839	Passed House Appropriations on April 4.

**SENATE APPROPRIATIONS COMMITTEE PASSES
ADMINISTRATION AND REGULATION APPROPRIATIONS
BILL – HF 810**

Admin. & Reg. Approps.



Senate Amendment



The Senate Appropriations Committee amended and passed HF 810 (FY 2006 Administration and Regulation Appropriations Bill) on April 6. The Bill appropriates a total of \$81.8 million and 1,847.5 FTE positions from the General Fund and \$13.4 million in Other Funds. This is an increase of \$564,000 and 63.8 FTE positions from the General Fund and an increase of \$798,000 from Other Funds compared to estimated net FY 2005.

The Bill was amended by the Senate as follows:

- Authorizes the DAS to expend up to \$360,000 from the Department's revolving funds for the general operations of the Department. Requires the Department to develop a plan for the repayment of the General Fund for the FY 2005 appropriation of \$1.9 million for start-up funding. The Department is required to submit the plan to the Department of Management for approval and to the General Assembly for review.
- Decreases the appropriation to the Department of Inspections and Appeals, Administration Division, by \$80,000.
- Increases the appropriation to the Department of Inspections and Appeals, Health Facilities Division, by \$80,000 and 1.0 FTE position for the Direct Care Worker Registry.
- Eliminates a \$200,000 lowAccess Revolving Fund appropriation to the Legislative Council that was to be used to initiate a progress audit concerning the implementation of the Integrated Information for Iowa (I/3 Budget System) and the Enterprise Resource Planning System.
- Makes a General Fund supplemental appropriation of \$300,000 for FY 2005 to be used for security-related costs and other expenses associated with the National Meeting of the National Governor's Association. Requires any excess funds at the end of FY 2005 to carry forward for security-related costs and other expenses associated with the Meeting.

More Information

The NOBA (Notes on Bills and Amendments) for HF 810 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

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

**SENATE APPROPRIATIONS COMMITTEE PASSES
AGRICULTURE AND NATURAL RESOURCES
APPROPRIATIONS BILL – HF 808**

Ag./DNR Bill

The Senate Appropriations Committee amended and passed HF 808 (FY 2006 Agriculture and Natural Resources Appropriations Bill) on April 6. The Bill appropriates a total of \$35.1 million and 1,521.6 FTE positions from the General Fund and \$36.8 million from Other Funds.

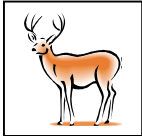
Dept. of Agriculture

The Bill appropriates \$18.1 million and 416.1 FTE positions from the General Fund for the Department of Agriculture and Land Stewardship, an increase of \$217,000 and 3.6 FTE positions compared to estimated net FY 2005. This includes:



- An increase of \$27,000 and 1.0 FTE position for the Farmer's Market Nutrition Program.
- An increase of \$100,000 and 1.6 FTE positions for the Chronic Wasting Disease Program.
- An increase of \$79,000 and 1.0 FTE position for a Homeland Security Liaison.
- An increase of \$11,000 for the Regulatory Dairy Products Program.

Dept. of Natural Resources



The Bill appropriates \$17.0 million and 1,105.5 FTE positions from the General Fund for the Department of Natural Resources (DNR). This is a decrease of \$17,000 and no change in FTE positions compared to estimated net FY 2005 for the elimination of the General Fund appropriation for the Help Us Stop Hunger (HUSH) Program.

More Information

The NOBA (Notes on Bills and Amendments) for HF 808 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

**SENATE APPROPRIATIONS COMMITTEE PASSES
ECONOMIC DEVELOPMENT APPROPRIATIONS BILL –
HF 809**

Economic Dev. Approps.



The Senate Appropriations Committee amended and passed HF 809 (FY 2006 Economic Development Appropriations Bill) on April 6. The amendment provides a \$500,000 General Fund supplemental appropriation to the Department of Economic Development for FY 2005 for sole-source grant costs associated with hosting the National Special Olympics. In addition, the amendment provides for nonreversion of the supplemental appropriation, which takes effect upon enactment.

General Fund Approps.

The Bill, as passed by the Senate Appropriations Committee, appropriates \$22.9 million from the General Fund to the Department of Economic Development, Iowa Workforce Development, the Public Employment Relations Board, and the Regents' Economic Development programs, which is no change compared to estimated net FY 2005.

Field Offices

In addition to the appropriation provided in HF 809, Iowa Workforce Development will receive an FY 2006 General Fund appropriation of \$6.5 million that was made in SF 2311 (FY 2005 Economic Stimulus Appropriations Act) for the operation of field offices.

More Information

The NOBA (Notes on Bills and Amendments) for HF 809 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

STAFF CONTACT: Russell Trimble (Ext. 14613)

**HOUSE PASSES HEALTH AND HUMAN SERVICES
APPROPRIATIONS BILL – HF 825**

Health/Human Serv. Approps.

The House passed HF 825 (FY 2006 Health and Human Services Appropriations Bill) on April 5. The Bill appropriates \$994.6 million and 6,372.2 FTE positions from the General Fund, \$8.1 million from the Gambling

Treatment Fund, \$90.9 million and 13.0 FTE positions from the Senior Living Trust Fund, and \$142.8 million in Temporary Assistance for Needy Families (TANF) funds. The comparisons for FY 2006 are to estimated net FY 2005, which includes the supplemental appropriations made in the Bill.

DEA Appropriation

The Bill appropriates \$2.8 million and 27.8 FTE positions from the General Fund to the Department of Elder Affairs, an increase of \$61,000 and 1.0 FTE position compared to estimated net FY 2005.

DPH Appropriations

The Bill appropriates \$24.6 million and 147.0 FTE positions from the General Fund to the Department of Public Health, an increase of \$367,000 and 5.5 FTE positions compared to estimated net FY 2005. The significant changes include:

- Chronic Conditions - A net increase of \$419,000 and 0.5 FTE position to provide additional funding for the AIDS Drug Assistance Program (ADAP), Child Health Specialty Clinics, and a Hepatitis C Awareness Program.
- Environmental Hazards - A net increase of \$150,000 and 1.0 FTE position for additional childhood lead poisoning prevention activities.
- Injuries - A net decrease of \$335,000 for the Healthy Opportunities for Parents to Experience Success (HOPES) Program.
- Public Protection - A net increase of \$200,000 and 3.7 FTE positions to provide additional resources for the State Medical Examiner's new facility and to transfer the Hearing Impaired Licensure Board.



DHS Appropriations

The Bill appropriates \$950.6 million and 5,343.3 FTE positions from the General Fund to the Department of Human Services (DHS), an increase of \$135.5 million and 12.7 FTE positions compared to estimated net FY 2005. The significant changes include:

- Family Investment Program - A net increase of \$1.2 million for the federal Maintenance of Effort requirement, the carry forward of FY 2005 Electronic Benefit Transfer (EBT) funds, and the Earned Income Tax Credit (EITC) Initiative.
- Medical Assistance (Medicaid) Program - An increase of \$102.0 million, which includes:
 - A decrease of \$51.4 million to reduce the use of funds from the Senior Living Trust Fund.
 - An increase of \$31.4 million for enrollment growth and utilization.
 - An increase of \$5.9 million to replace a projected shortfall in the Senior Living Trust Fund.
 - A decrease of \$14.6 million due to a reduction in funds available from the Hospital Trust Fund.
 - A decrease of \$7.9 million for projected savings from the Iowa Medicaid Enterprise.
 - An increase of \$3.7 million for Medicare Part D activities.
 - An increase of \$6.0 million to eliminate Home and Community-Based Services Waiver waiting lists.



- An increase of \$16.5 million for a 3.0% increase in provider reimbursement rates.
 - A decrease of \$5.3 million for various cost savings efforts.
 - A decrease of \$6.5 million due to a balance remaining from the FY 2005 conversion grant appropriation from the Senior Living Trust Fund.
 - A decrease of \$2.1 million for expansion of the State Supplementary Assistance (SSA) buy-in efforts.
- Medical Contracts - An increase of \$4.0 million for the Iowa Medicaid Enterprise implementation.
 - Healthy and Well Kids in Iowa (*hawk-i*) - An increase of \$4.5 million for caseload growth.
 - State Supplementary Assistance - An increase of \$537,000 for caseload growth.
 - Child Care Assistance - An increase of \$3.3 million to expand eligibility to 145% for eligible families and 200% for families with a special needs child and to implement a Quality Rating System.
 - Juvenile Institutions - An increase of \$320,000 for substance abuse treatment programs.
 - Child and Family Services - A net decrease of \$21.1 million. The significant changes include:
 - A decrease of \$29.0 million to transfer the Adoption Subsidy Program to a separate appropriation.
 - An increase of \$4.2 million to replace one-time funds used in FY 2005.
 - An increase of \$2.2 million for Residential Treatment Service provider rate increases.
 - Adoption Subsidy Program - An increase of \$32.3 million. The significant changes include:
 - An increase of \$29.0 million due to the transfer from the Child and Family Services appropriation.
 - An increase of \$2.3 million for caseload growth.
 - Mental Health Institutes - An increase of \$89,000 for the Psychiatric Physician Assistant Program at Cherokee.
 - State Resource Centers - An increase of \$4.3 million for changes in the federal match rate, expenditures not reimbursed due to county capitation, replacement of decreased federal reimbursements from community-based placements, and completion of the federal Department of Justice settlement requirements to fill vacant FTE positions.
 - State Cases - A decrease of \$700,000, which is replaced with federal Block Grant funds and estimated FY 2005 carryforward.
 - Mental Health Allowed Growth - An increase of \$4.8 million to fund the percentage of increase enacted in SF 2298 (FY 2005 Omnibus Appropriations Act) for FY 2006.



FY 2005 Supp. Approps. The Bill also provides for FY 2005 supplemental appropriations, including:

- Medical Assistance (Medicaid) Program - \$70.0 million.
- Medical Contracts - \$1.0 million.
- State Resource Centers - \$2.0 million.
- Sexual Predator Commitment Program - \$775,000.
- State Cases Program - \$250,000.

Veterans Affairs The Bill appropriates \$16.6 million and 859.2 FTE positions from the General Fund for the Veterans Affairs Commission and the Iowa Veterans Home, which is an increase of \$25,000 compared to estimated net FY 2005.

Gambling Treatment Fund The Bill appropriates \$8.1 million from the Gambling Treatment Fund to the Department of Public Health for substance abuse and gambling addiction treatment, which is no change compared to estimated FY 2005.

Senior Living Trust Fund The Bill appropriates \$90.9 million and 13.0 FTE positions from the Senior Living Trust Fund to the Departments of Elder Affairs, Human Services, Inspections and Appeals, and the Iowa Finance Authority. This is a decrease of \$71.4 million compared to estimated FY 2005, which includes:



- A decrease of \$51.4 million to the DHS for the Medical Assistance (Medicaid) Program, which is offset by an increase from the General Fund.
- A decrease of \$20.0 million to the DHS to eliminate funding for conversion grants.

Hospital Trust Fund The Bill appropriates \$22.9 million from the Hospital Trust Fund for the Medicaid Program. This is a decrease of \$14.6 million compared to estimated FY 2005 due to a reduction in the funds available.

TANF Funds The Bill appropriates \$142.8 million in Temporary Assistance for Needy Families (TANF) funds. This is a decrease of \$5.6 million compared to estimated FY 2005. The significant changes include:



- A decrease of \$1.0 million for the Family Investment Program (FIP).
- A decrease of \$3.5 million for the Child Care Assistance Program.
- A decrease of \$1.9 million for Child and Family Services.

More Information The Notes on Bills and Amendments (NOBA) for HF 825 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.isp>.

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

**HOUSE PASSES JUSTICE SYSTEM AND JUDICIAL
BRANCH APPROPRIATIONS BILLS – HF 811 AND HF 807**

Justice and Judicial Approps. The House passed HF 811 (FY 2006 Justice System Appropriations Bill) and HF 807 (FY 2006 Judicial Branch Bill) on April 6. The Bills appropriate a total

of \$529.2 million and 7,825.2 FTE positions from the General Fund for FY 2006.

Judicial Branch

House File 807 appropriates \$120.1 million and 1,817.9 FTE positions from the General Fund, which is no change compared to estimated net FY 2005. The Bill also includes a FY 2005 General Fund supplemental appropriation of \$600,000 for court technology, which may carry forward to FY 2006.

Justice System



House File 811 appropriates \$409.1 million and 5,888.4 FTE positions from the General Fund, which is an increase of \$13.5 million and 155.7 FTE positions compared to estimated net FY 2005 for the following:

- An increase of \$7.5 million and 111.5 FTE positions for the Department of Corrections, which includes the nine prisons, central office, and the eight Community-Based Corrections (CBCs) District Departments. This includes:
 - \$1.8 million for parole and probation officers.
 - \$1.5 million to maintain employees when they return from Iowa National Guard service.
 - \$1.5 million for basic life safety issues, including food, utilities, and pharmacy costs.
 - \$300,000 to add mental health staff.
 - \$700,000 to maintain current operations.
 - \$1.7 million to address mental health needs of offenders.
- An increase of \$3.4 million for the State Public Defender and Indigent Defense to cover an increase in cases and claims.
- An increase of \$2.6 million and 21.0 FTE positions for the Department of Public Safety. This includes:
 - \$749,000 for the Division of Criminal Investigations for 3.0 FTE positions for gaming officers, lab equipment, and 4.0 FTE positions for crime scene staff.
 - \$771,000 for the Division of Narcotics Enforcement to cover a nine-month lapse in federal funding for a statistical database.
 - \$600,000 for the State Patrol for 10.0 FTE positions for State Patrol officers, and \$75,000 for a racial profiling study for public safety peace officers.



FY 2005 Supp. Approps.

House File 811 also includes FY 2005 supplemental appropriations of \$5.6 million, including:

- \$889,000 for the Department of Corrections.
- \$4.5 million for the State Public Defender.
- \$150,000 for the Department of Public Safety.

More Information

The Notes on Bills and Amendments (NOBAs) for HF 807 and HF 811 will be available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>

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

SENATE PASSES TRANSPORTATION APPROPRIATIONS BILL – HF 466

Transportation Approps.

The Senate passed HF 466 (FY 2006 Transportation Appropriations Bill) on April 4. A motion to reconsider was filed on the Bill, which appropriates a total of \$294.7 million and 3,376.0 FTE positions to the Department of Transportation (DOT) from the following sources:

- \$243.2 million from the Primary Road Fund.
- \$51.4 million from the Road Use Tax Fund.
- \$101,000 from the General Fund.

Total Funding



The total funding represents a net increase of \$7.8 million compared to estimated net FY 2005. The significant funding increase is a \$9.4 million appropriation for the construction of a new facility to house the Motor Vehicle Division's administrative offices, which includes the Des Moines Driver's License Station. The Bill also includes funding decreases for the DOT operations totaling \$2.4 million and 45.0 FTE positions compared to estimated net FY 2005. The reductions were requested by the DOT and recommended by the Governor.

More Information

The Notes on Bills and Amendments (NOBA) for HF 466 will be available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

HOUSE APPROPRIATIONS COMMITTEE PASSES FFY 2006 FEDERAL BLOCK GRANT BILL – SF 346

Federal Block Grant Bill



The House Appropriations Committee passed SF 346 (FFY 2006 Federal Block Grant Bill) on April 6. The Bill authorizes the receipt and expenditure of federal funds totaling \$4.1 billion for FFY 2006. This is an increase of \$38.7 million compared to estimated FFY 2005. This includes:

- Federal Block Grant Funds totaling \$159.2 million for the Departments of Economic Development, Human Rights, Human Services, Justice, and Public Health, and the Governor's Office of Drug Policy.
- Federal Categorical Grants totaling \$3.9 billion for various Departments.

More Information

The NOBA (Notes on Bills and Amendments) for SF 346 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>

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

HOUSE WAYS AND MEANS COMMITTEE PASSES K-12 FOUNDATION LEVEL BILL – HF 848

K-12 Foundation Level Bill



The House Ways and Means Committee passed HF 848 (School Foundation Level Bill) on April 6. The Bill amends Section 257.1, Code of Iowa, to incrementally phase in an increase in the foundation level for regular program costs and school special education costs from the current 87.5% to 100.0% by FY 2013. The Area Education Agency special education foundation level remains at 79.0%.

Community Colleges



The Bill creates a Local Workforce and Economic Development Fund at each community college funded through a property tax. The basis for determining the property tax rate are the community colleges budgeted expenditures for the employer contributions under the Federal Insurance Contributions Act (FICA), the employer contributions to employees' retirement systems, utility costs, and ten cents per thousand dollars of assessed valuation. The property tax is phased in over four years in 20.0% increments to a maximum of 80% of the identified budgeted costs. The Bill specifies the programs and services that may be funded with these revenues.

Tax Shift

The effect of increasing the K-12 foundation level, over the seven-year period will be to change the source of revenues for local school districts. By FY 2013, \$490.2 million will be shifted from property taxes to the General Fund. Overall funding for local schools is not changed by this Bill.

Comm. College Increase

The Local Workforce and Economic Development Fund, when fully implemented in FY 2010, will provide an additional \$50.3 million for community college programs and services.

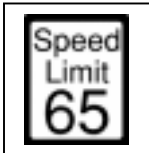
STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

HOUSE PASSES SPEED LIMIT BILL – HF 826

Speed Limit Bill

The House passed HF 826 (Speed Limit Bill) on March 31. The Bill increases the speed limit from 65 to 70 miles per hour (MPH) on interstate highways and increases the speeding fines for vehicular traffic on highways with rates of speed greater than 55 MPH.

Fine Revenue



The Bill requires the Judicial Branch to deposit the new speeding fine revenue into the Vehicle Depreciation Fund in the Department of Public Safety to be utilized by the State Patrol until June 30, 2009. The Bill also allows the Judicial Branch to retain \$7.0 million for operations from the increased revenue due to the increase in the simple misdemeanor court costs from \$17 to \$30.

Fiscal Impact

The estimated fiscal impact to change the speed limit signs will range from \$124,000 to \$248,000, including labor, maintenance, and equipment. These costs would be paid from the Primary Road Fund.

The increased revenue to the General Fund consists of fine and surcharge revenues and the increase of the simple misdemeanor court costs. The total revenue impact of HF 826 is provided in the table below.

Estimated Net Revenues Generated From House File 826

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
General Fund	\$ -	\$ 900,000	\$ 1,900,000
Victim Compensation Fund	19,000	28,000	41,000
County/Local	177,000	204,000	232,000
Vehicle Depreciation Account	596,000	709,000	841,000
Judicial Branch	7,000,000	7,000,000	7,000,000

More Information

The Notes on Bills and Amendments (NOBA) for HF 826 is available on the LSA web site at: <http://www3.legis.state.ia.us/NOBA/>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

**SENATE WAYS & MEANS COMMITTEE PASSES
 SECONDARY ROAD FUND AND FARM-TO-MARKET ROAD
 FUND DISTRIBUTION BILL – HF 674**

Road Funds Bill

The Senate Ways and Means Committee passed HF 674 (Secondary Road Fund and Farm-to-Market Road Fund Distribution Bill) on April 5. The Bill provides that the Secondary Road Fund Distribution Committee develop a new methodology for county distribution of funds from the Secondary Road and the Farm-to-Market Road Funds.

Annual Report

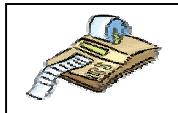


The Iowa County Engineers Association Service Bureau will compute and annually report the distributions to the Secondary Road Fund Distribution Committee, the Department of Transportation, and the State Treasurer. The Report is to include roads that were transferred to a county pursuant to Section 306.8A, Code of Iowa. Miles of farm-to-market extensions within cities under 500 that were transferred to respective counties in FY 2005 pursuant to Section 306.4, Code of Iowa, are not to be included in the Report.

Admin. Rules

House File 674 provides that the Secondary Road Fund Distribution Committee adopt administrative rules specifying the calculation for the distribution of the funds to counties. The new methodology will replace the Quadrennial Need Study, which apportioned funds from the Secondary Road Fund and the Farm-to-Market Road Fund to counties based on need and area. The new methodology will be phased in over five years, beginning in FY 2007. The following table details the new methodology proposed by the Secondary Road Fund Distribution Committee.

**Secondary Road Fund Distribution Advisory
 Committee (SRFDAC) Proposed Formula**



Secondary Road Fund	Farm-to-Market Road Fund	Formula Explanation
30.0%	30.0%	Total area of each county.
10.0%	15.0%	Rural population.
12.5%	10.0%	Vehicle miles of travel per day.
0.5%	0.0%	Miles of unsurfaced (dirt) roads.
20.0%	9.0%	Miles of granular surfaced roads.
13.0%	23.0%	Miles of paved roads.
14.0%	13.0%	Lineal feet of bridge deck of all structures.
<u>100.0%</u>	<u>100.0%</u>	

Fiscal Impact

The total amount allocated from the Road Use Tax Fund to the Secondary Road Fund (24.5%) and the Farm-to-Market Road Fund (8.0%) will not change under the Bill, but the amounts distributed from those funds to the counties will change, as the distribution of Secondary Road Fund and Farm-to-Market Road Fund dollars for each county will vary based on the new methodology. An estimated 53.0% of counties will experience an increase in the distribution of Secondary Road Fund and Farm-to-Market Road Fund

dollars for FY 2007 and beyond, while an estimated 46.0% will experience a decrease from both funds.

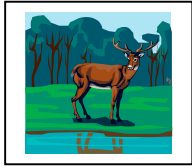
More Information

A projected distribution by county is available from the Fiscal Services Division of the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

HOUSE PASSES DEER HARVEST BILL – SF 206

Deer Harvest Bill



The House amended and passed SF 206 (Deer Harvest Bill) on April 6. The amendment made the following changes:

- Eliminates the \$20.00 fee increase for nonresident hunting licenses.
- Specifies that a signature is required for landowner or tenant licenses and that persons providing false information are guilty of a simple misdemeanor.
- Changes the definition of a farm unit as having tracts of land of two acres or more.
- Specifies what information will be submitted for the deer harvesting reporting system.
- Specifies procedures to sell remaining unused antlerless deer licenses.
- Allows the Natural Resource Commission to establish special deer hunts to reduce the deer population in counties that have unused antlerless deer licenses.

Fiscal Impact

The estimated fiscal impact of SF 206, as amended, is an increase in revenue of \$355,000 for the Help Us Stop Hunger (HUSH) Program and an increase in revenue of \$277,000 for the Fish and Wildlife Trust Fund for FY 2006 and each year thereafter.

More Information

The Fiscal Note for SF 206 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

HOUSE PASSES WOMEN ENTREPRENEURS AND YOUNG PROFESSIONALS IN BUSINESS PROGRAM BILL – HF 720

Women Entrepreneurs Bill

The House passed HF 720 (Women Entrepreneurs and Young Professionals in Business Program Bill) on April 6. The Bill creates the Program within the Department of Economic Development, specifies eligibility requirements, and permits the Department to award up to \$25,000 in financial and technical assistance for each project.

Project Awards



The Bill does not specify the number of projects that could receive funding, and the number is unknown. The amount that each project receives would be at the Department's discretion and would depend on the amount of available funding and the number of projects that apply for funds. If the Program resulted in 47 projects annually and each project received the maximum award of \$25,000, \$1.2 million would be needed to fund the projects.

Fiscal Impact The Bill is estimated to result in General Fund expenditures of \$140,000 and 2.0 FTE positions annually, which does not include the cost to fund projects.

More Information The Fiscal Note for HF 720 is available on the LSA website at:
<http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Russell Trimble (Ext. 14613)

**HOUSE PASSES SEX OFFENDER REGISTRY,
 SUPERVISION, AND DATA BASE TASK FORCE BILL – HF
 619**

Sex Offender Registry Bill The House passed House File 619 (Sex Offender Registry, Supervision, and Data Base Task Force Bill) on March 30. The Bill relates to persons convicted of criminal offenses requiring registration on the Sex Offender Registry, requiring an additional indeterminate sentence or treatment, and establishing a Sex Offender Registry Task Force.

Correctional Impact



The Bill, as amended and passed by the House, may increase convictions and incarcerations for the new aggravated misdemeanor term due to the requirement that a person cannot reside within 1,000 feet of a public or nonpublic elementary or secondary school or a child care facility.

The following chart provides estimates for the number of offenders who will receive an additional two-year sentence to parole or work release.

CBC - Additional Two-Year Sentence to Parole or Work Release

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Offenders	0	58	75	119	142

The following chart provides an estimate for the number of sex offenders who will remain in prison and lose earned time.

Loss of Earned Time, Additional Length of Stay in Prison

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Felons	0	0	7	20	33
Misdemeanants	9	26	34	34	34
	<u>9</u>	<u>26</u>	<u>41</u>	<u>54</u>	<u>67</u>

The following chart provides an estimate for the number of sex offenders who will receive treatment in prison under the Bill, as amended and passed by the House.

Offenders in Prison Being Treated Under HF 619

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Felons	7	20	26	26	26
Misdemeanants	9	18	18	18	18
	<u>16</u>	<u>38</u>	<u>44</u>	<u>44</u>	<u>44</u>



There will be an increase in the number of sex offenders receiving treatment in Community-Based Corrections (CBC). This increase includes misdemeanants in prison who accepted treatment but need to complete treatment upon release from prison. The increase also includes the offenders who are in the mandated two-year supervision program.

Fiscal Impact

The overall fiscal impact of HF 619, as amended and passed by the House, is an estimated \$4.1 million for FY 2006 and an estimated \$4.3 million for FY 2007. The following table provides the details for how the fiscal impact was derived.

Fiscal Impact

<u>Department</u>	<u>FY 2006</u>	<u>FY 2007</u>
Administrative Services	\$ 72,000	\$ 0
Public Safety	209,000	184,000
Treasurer of State	26,000	26,000
Corrections Total	3,778,000	4,069,000
Total Costs	<u>\$4,085,000</u>	<u>\$4,279,000</u>

More Information

The Fiscal Note for HF 619, as amended and passed by the House, is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscal/notes/>.

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

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