

FISCAL UPDATE

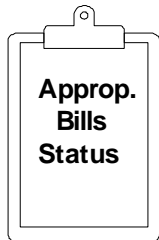
April 25, 2005

Legislative Services Agency

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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 14.
Economic Development	HF 809	Passed Senate on April 14 – MTR.
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 Senate Appropriations on April 20.
Transportation	HF 466	Signed by Governor on April 14.
Infrastructure	HF 875	Passed House Appropriations on April 20.
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	Senate refused to concur with House amendment on April 18.
FY 2005 Supplemental Appropriations Bill	SF 342	Passed Senate on March 16.
FFY 2006 Federal Block Grant Bill	SF 346	Signed by Governor on April 19.

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Other Appropriations Bills, continued			
Long-Term Care Asset Disregard Bill		HF 819	Passed House Appropriations on March 21.
Alcohol Sales Privatization Bill		HF 820	Passed House on April 14.
Prescription Drug Assistance Clearinghouse Bill		HF 821	Passed Senate Appropriations on April 20.
Speed Limit Bill		HF 826	Item vetoed and signed by Governor on April 19.
Financial Update Bill		HF 837	Passed House on April 19.
State Information Technology Reorganization Bill		HF 839	Passed Senate Appropriations on April 20.
Iowacare Medicaid Reform Bill		HF 841	Passed House on April 20.
Healthy Iowans Tobacco Trust Bill		HF 862	Passed House on April 20.

**HOUSE APPROPRIATIONS COMMITTEE PASSES
 INFRASTRUCTURE APPROPRIATIONS BILL – HF 875**

Infrastructure Approps.



The House Appropriations Committee passed HF 875 (FY 2006 Infrastructure Appropriations Bill) on April 20. The Bill appropriates a total of \$108.8 million for FY 2006, \$6.7 million for FY 2007, and \$2.5 million for FY 2008. The following table shows total appropriations by funding source.

Infrastructure Appropriations Bill
 (Dollars in Millions)

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Rebuild Iowa Infrastructure Fund	\$ 32.2	\$ 6.7	\$ 2.5
Restricted Capital Fund	26.6	0	0
Environment First Fund	35.0	0	0
Vertical Infrastructure Fund	15.0	0	0
Total	<u>\$ 108.8</u>	<u>\$ 6.7</u>	<u>\$ 2.5</u>

Dept. of Admin. Services



The Bill makes the following appropriations to the Department of Administrative Services:

- \$3.8 million from the Rebuild Iowa Infrastructure Fund (RIIF) for costs associated with the Integrated Information for Iowa (I/3) System, the Electronic Tax Administration Project, and the Enterprise Data Warehouse.
- \$1.8 million from the RIIF for costs associated with facility leases and the relocation of the Department of Corrections and the Board of Parole from leased space to the Jesse Parker Building located on the Capitol Complex.
- \$2.0 million from the RIIF for routine maintenance of State facilities.
- A total of \$7.5 million for major maintenance of State buildings under the purview of the Department, which includes \$1.9 million from the RIIF and \$5.6 million from the Vertical Infrastructure Fund.

- \$1.8 million from the RIIF to begin upgrades to the electrical distribution system serving the Capitol Complex.
- A total of \$2.1 million for remodeling and renovating the Civil Commitment Unit for Sexual Offenders at Cherokee, which includes \$1.4 million from the RIIF and \$650,000 from the Restricted Capital Fund.
- A total of \$2.7 million from the RIIF for the replacement of the power house facilities at the Iowa Juvenile Home at Toledo, which includes \$1.3 million for FY 2006 and \$1.4 million for FY 2007.
- \$4.5 million from the Restricted Capital Fund for interior restoration of the Capitol Building.

Dept. of Corrections



The Bill makes the following appropriations to the Department of Corrections:

- A total of \$3.9 million from the RIIF over three fiscal years for construction of a new community-based correctional facility in Fort Dodge. This includes \$50,000 for FY 2006, \$1.4 million for FY 2007, and \$2.5 million for FY 2008.
- A total of \$3.4 million from the RIIF over two fiscal years for improvements to the kitchen facilities at the Anamosa Correctional Facility. This includes \$1.1 million from the RIIF and \$600,000 from the Restricted Capital Fund for FY 2006 and \$1.7 million from the RIIF in FY 2007.

Dept. of Economic Dev.

The Bill appropriates a total of \$5.5 million for the Accelerated Career Education (ACE) Program, which includes \$4.0 million from the Vertical Infrastructure Fund and \$1.5 million from the Restricted Capital Fund.

Dept. of Education

The Bill appropriates \$2.7 million from the RIIF to pay the costs of maintenance and leases associated with the build-out of Part III of the Iowa Communications Network (ICN).

State Fair Authority

The Bill appropriates \$750,000 from the RIIF for infrastructure improvements at the State Fairgrounds.

Dept. of Natural Resources



The Bill makes the following appropriations to the Department of Natural Resources:

- \$1.0 million from the RIIF for the dredging of lakes in accordance with the Department's Classification of Iowa Lakes Restoration Report.
- \$1.5 million from the RIIF for the purchase of property adjacent to Waubonsie State Park and for facility improvements at the Park.
- A total of \$20.5 million from the Environment First Fund for environmental programs.

Dept. of Public Safety

The Bill appropriates \$1.0 million from the RIIF for a regional fire training facility and the Fire Equipment Revolving Loan Program.

Board of Regents

The Bill appropriates \$10.3 million from the Restricted Capital Fund to replace the student tuition fees that are used to pay the debt service on academic revenue bonds authorized by the General Assembly in prior fiscal years.

Dept. of Transportation



The Bill makes the following appropriations to the Department of Transportation:

- \$1.3 million from the RIIF for aviation improvement programs and for infrastructure improvements at general aviation airports.
- \$1.0 million from the RIIF for the Recreational Trails Program.
- \$1.5 million from the Restricted Capital Fund for vertical infrastructure improvements at Iowa's commercial service airports.

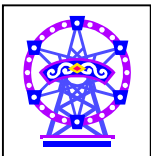
Dept. of Ag. & Land Stew.

The Bill appropriates a total of \$14.0 million from the Environment First Fund for environmental programs.

Telecom. & Tech. Comm.

The Bill appropriates \$1.7 million from the Restricted Capital Fund for the replacement of equipment for the ICN.

State Treasurer



The Bill makes the following appropriations to the State Treasurer:

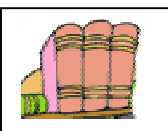
- \$5.4 million from the Restricted Capital Fund for FY 2006 debt service payments on the Prison Infrastructure Bonds.
- \$1.1 million from the Vertical Infrastructure Fund for distribution to county fair societies that belong to the Association of Iowa Fairs.

Dept. of Public Defense

The Bill makes the following appropriations to the Department of Public Defense:

- \$1.3 million from the Vertical Infrastructure Fund for maintenance and repairs to National Guard facilities.
- \$1.9 million from the Vertical Infrastructure Fund for improvements to the water treatment system at Camp Dodge.

Changes to Statute



The Bill makes the following significant statutory changes:

- Beginning in FY 2007, the Bill deposits all Marine Fuel Tax receipts into the RIIF. Under current law, the first \$411,000 of Marine Fuel Tax receipts is deposited into the General Fund.
- Expands the scope of the Railroad Revolving Loan Fund to include the awarding of grants, and allows for the issuance of loans and grants for Rail Economic Development Projects. Also, requires that not more than 50.0% of the total moneys available in the Fund be awarded in grants in any given year.
- Deposits all railroad loan payments in excess of \$1.3 million in FY 2005 and FY 2006 to the Railroad Revolving Loan and Grant Fund. Beginning in FY 2007, all railroad loan payments will be deposited into the Railroad Revolving Loan and Grant Fund.

Fiscal Impact

Under current law, all railroad loan payments are deposited into the General Fund and total approximately \$1.3 million annually. This provision will not have a fiscal impact in FY 2005 or FY 2006, but will reduce General Fund revenues by \$1.3 million in FY 2007.

More Information

The NOBA (Notes on Bills and Amendments) for HF 875 is available on the Legislative Services Agency (LSA) web site at:
<http://www3.legis.state.ia.us/noba/index.jsp>.

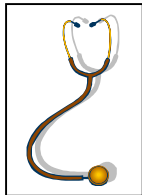
STAFF CONTACT: David Reynolds (Ext. 16934)

HOUSE PASSES IOWACARE MEDICAID REFORM BILL – HF 841

Medicaid Reform Bill

The House passed HF 841 (Iowacare Medicaid Reform Bill) on April 20. The Bill establishes the Iowacare Program, which includes a limited expansion of the Medical Assistance (Medicaid) Program, various reforms in the Program, and appropriations.

Medicaid Expansion



Beginning July 1, 2005, the Bill expands eligibility for Medicaid for adults between the ages of 19 and 64 to 200.0% of the Federal Poverty Level (FPL) with various limitations.

- Limited benefits, required medical examinations, and monthly premiums.
- Limits covered providers to the University of Iowa Hospitals and Clinics, Broadlawns Hospital in Polk County, and the four State Mental Health Institutions.
- Requires Disproportionate Share Hospitals and Indirect Medical Education funds to cover costs not covered by the Medicaid expansion.

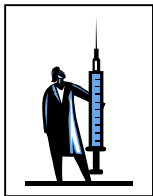
Rebalance Long-Term Care

Beginning July 1, 2005, the Bill also increases the level-of-care requirements for nursing facility services but maintains the current level-of-care requirements for Home and Community-Based Waiver services.

By July 1, 2007, the Department of Human Services (DHS) is required to develop and implement a case-mix reimbursement rate system for intermediate care facilities for the mentally retarded (ICF/MRs).

The DHS is also required to provide services to 300 children who require behavioral health care and meet level-of-care requirements.

Health Promotion



For health promotion, the Bill requires the DHS to do the following:

- Provide dietary counseling to assist those on Medicaid with weight loss by July 1, 2006.
- Expand utilization of electronic medical records by October 1, 2006.
- Implement a provider incentive payment program by January 1, 2007.
- Begin assessing the physical health of persons with mental retardation or developmental disabilities by July 1, 2007.
- Reduce smoking among Medicaid recipients to less than 1.0% for children and less than 10.0% for adults by July 1, 2007.
- Provide Medicaid recipients with a dental home so preventive dental care is provided by July 1, 2008.

Medicaid Enterprise

The Bill requires the DHS to report on annual costs, quality of care, and performance regarding fiscal agent contracts for the Iowa Medicaid Enterprise.

Governance



In addition, the Bill establishes the following:

- A Clinicians Advisory Panel for recommendations regarding appropriate health care utilization.
- A Health Care Services Pricing Advisory Council for recommendations regarding the pricing of Medicaid Services.
- A Legislative Medical Assistance Projections and Assessment Council for quarterly cost projections and quarterly report review of the Medicaid expansion. Requires the DHS, Department of Management, and the Legislative Services Agency to provide joint consensus projections.

Federal-State Partnership

The Bill eliminates future Intergovernmental Transfers (IGTs). The Bill requires an independent certified public accountant to report upon Iowa's compliance with the elimination of the IGTs.

The Bill also establishes the Fund for Health Care Transformation. The Fund will receive \$40.0 million in one-time federal revenue from two financing proposals previously enacted by the General Assembly and awaiting federal approval. The Bill specifies that the one-time funds will be used only for costs associated with the lowacare Act, including the Health Promotion Partnerships and other new requirements in the Bill.

Appropriations



The Bill establishes the IowaCare Account consisting of \$34.0 million in property tax funds from Broadlawns Hospital, which will provide the State match for federal funds under the Medicaid expansion, Disproportionate Share Hospitals, and Graduate Medical Education Programs. The Bill appropriates the following from the IowaCare Account:

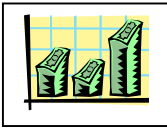
- \$27.3 million to the University of Iowa Hospitals and Clinics, accompanied by a contingent deappropriation from the General Fund of the same amount.
- \$40.0 million to Broadlawns Hospital in Polk County, accompanied by a transfer of county levy funds of \$34.0 million. Of this amount, Broadlawns will receive \$36.0 million in 12 equal monthly payments and can be reimbursed above that amount, up to \$40.0 million, if the payments are federally matchable.
- \$25.9 million to the four Mental Health Institutes, accompanied by a contingent deappropriation from the General Fund of the same amount.

In addition, the Bill appropriates the following from the Account for Health Care Transformation:

- \$136,500 for one-quarter year funding for medical examinations and personal health plans.
- \$150,000 for a medical hotline.
- \$150,000 for an Insurance Cost Subsidy Program.
- \$50,000 for the Health Care Account Program.
- \$100,000 to begin implementation of electronic medical records.

- \$550,000 for other health partnership activities, including smoking cessation.
- \$100,000 for audits, evaluations, and studies required by the Bill.
- \$910,000 for DHS administrative costs.
- Transfers \$2.0 million to the IowaCare Account to provide for the increase to Broadlawns.

Fiscal Impact



The IGTs were estimated to provide approximately \$66.1 million in State revenue to Medicaid in FY 2006. The elimination of IGTs by the federal Centers for Medicare and Medicaid Services (CMS) results in an estimated State shortfall in Medicaid of \$66.1 million in FY 2006. This would have resulted in the need for a FY 2006 supplemental appropriation.

Under current law, the Indigent Care Program, the MHIs, and Broadlawns Hospital utilize \$89.2 million in 100.0% State and county funds to provide coverage to 30,000 indigent and uninsured Iowans. House File 841 establishes a new, limited Medicaid coverage group to provide care to these 30,000 Iowans. The new program is structured to serve the same number of Iowans, but with 63.6% federal matching funds, thereby reducing the State and county costs to approximately \$34.0 million.

The estimated State and county savings of \$55.2 million is transferred to Medicaid to assist in offsetting the loss of the \$66.1 million in IGT revenues, for a remaining net cost of \$12.9 million. This assumes that the program will draw federal matching funds for 100.0% of the program cost. The net cost could be higher if all State dollars are not matched with federal funds.

Any net cost due to these changes is not addressed in HF 841 or HF 825 (FY 2006 Health and Human Services Appropriations Bill) and will need to be addressed in a FY 2006 supplemental appropriation to Medicaid.

More Information

The NOBA (Notes on Bills and Amendments) for HF 841 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

HOUSE PASSES HEALTHY IOWANS TOBACCO TRUST BILL – HF 862

Tobacco Trust Bill



The House passed HF 862 (FY 2006 Healthy Iowans Tobacco Trust Appropriations Bill) on April 20. The Bill appropriates a total of \$65.1 million and 12.0 FTE positions from the Healthy Iowans Tobacco Trust Fund, an increase of \$1.3 million compared to estimated net FY 2005. This includes:

- \$130,000 to the Department for the Blind for a news line service, which is no change compared to estimated net FY 2005.
- \$2.2 million to the Department of Education for Empowerment, which is no change compared to estimated net FY 2005.
- \$20.6 million to the Department of Public Health, an increase of \$1.1 million and 1.0 FTE position compared to estimated net FY 2005. This includes:
 - An increase of \$163,000 for Healthy Iowans 2010 for the Poison Control Center.



- An increase of \$100,000 and 1.0 FTE position for Capitol Complex Defibrillators.
- An increase of \$400,000 for a children's substance abuse prevention program.
- An increase of \$400,000 for a high school mentor-based substance abuse prevention program. This appropriation was provided in FY 2004; however, it was not expended and was permitted to carry forward to FY 2005.
- \$39.9 million to the Department of Human Services, which is no change compared to estimated net FY 2005.
- \$1.6 million to the Department of Corrections for the Fort Madison Clinical Care Unit and the Newton Value-Based Treatment Program, which is no change compared to estimated net FY 2005.
- \$844,000 to four Community-Based Corrections (CBC) District Departments, an increase of \$234,000 compared to estimated net FY 2005. The increase replaces expired federal funding for drug courts in the Second and Third CBC District Departments.

More Information

The NOBA (Notes on Bills and Amendments) for HF 862 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

GOVERNOR SIGNS FFY 2006 FEDERAL BLOCK GRANT ACT – SF 346

Federal Block Grant Bill

The Governor signed SF 346 (FFY 2006 Federal Block Grant Act) on April 19. The Act 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, Public Health, and the Governor's Office of Drug Control 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)

GOVERNOR SIGNS SPEED LIMIT ACT – HF 826

Speed Limit Act

The Governor signed HF 826 (Speed Limit Act) on April 19. 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.

Line Item Veto

The Governor item vetoed Sections 7 and 9 from the Act. These two Sections allocated \$596,000 in FY 2006, \$709,000 in FY 2007, and \$841,000 in FY 2008 and FY 2009 to the Iowa State Patrol for the purchase of vehicles. The language was to sunset on July 1, 2009. The Governor stated that he agreed with the need to increase funding for State Patrol vehicles;

however, he did not want the speeding fine increases in HF 826 to be directly tied to an allocation for new vehicles.

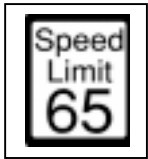
Fine Revenue

The Act 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 will 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	\$ 596,000	\$1,609,000	\$2,741,000
Victim Compensation Fund	19,000	28,000	41,000
County/Local	177,000	204,000	232,000
Judicial Branch	7,000,000	7,000,000	7,000,000

More Information

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

STAFF CONTACT: Jennifer Acton (Ext. 17846)

HOUSE PASSES THE HOUSING DEVELOPMENT TAX CREDIT BILL – HF 857

Housing Dev. Tax Credit

The House passed HF 857 (Housing Development Tax Credit Bill) on April 20. The Bill allows for the transfer of up to \$3.0 million in housing business investment tax credits per year for projects started on or after July 1, 2005, in blighted or Brownfield areas within an enterprise zone. The Bill also requires that no more than \$1.5 million is awarded to a single project in one calendar year, but specifies that any funds that have not been allocated by the end of the calendar year may be prorated to more than one eligible applicant. House File 857 allows un-issued tax credits to be carried forward and used in subsequent fiscal years.



The Department of Economic Development is aware of one project that will result in 725 to 750 new housing units over a five-year period (145 - 150 units per year). In addition to this project, the Department estimates 50 additional housing units will result each year. The projects involving these units will be awarded and allowed to transfer tax credits under HF 857.

Fiscal Impact

The Bill will reduce General Fund revenues by approximately \$810,000 to \$840,000 in FY 2006, and revenues will be reduced by \$3.5 to \$3.6 million annually from FY 2007 to FY 2010. In FY 2011, General Fund revenues will be reduced by an estimated \$2.9 to \$3.0 million and by \$900,000 annually beginning in FY 2012 due to the completion of the project involving 725 to 750 new housing units.

More Information

The Fiscal Note for HF 857 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Russell Trimble (Ext. 14613)

**SENATE PASSES ALCOHOL PURCHASES BY MINORS BILL
– HF 275**

Alcohol Purchases

The Senate amended and passed HF 275 (Alcohol Purchases by Minors Bill) on April 18. The Bill returns to the House.

Legislation



The Bill, as amended, relates to the purchase, possession, or consumption of alcohol by a person ages 18 to 20. The Senate amendment changed the criminal violation from a simple misdemeanor to a scheduled violation for the first offense with a fine amount of \$200, and increased the simple misdemeanor fine for a second offense from \$200 to \$500. The person in violation of a second offense will also choose between completing a substance abuse evaluation or the suspension of the person's driver's license for no more than one year. The simple misdemeanor fine for a third or subsequent offense is \$500 and the suspension of the person's driver's license for one year.

Fiscal Impact

The following chart shows the anticipated increase in net revenue from HF 275 as amended by the Senate:

Increased Revenue for HF 275 as amended by S-3091

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
First Offense	\$559,000	\$583,000	\$597,000
Second, Third, or Subsequent Offense	14,000	33,000	39,000
	<u>\$573,000</u>	<u>\$616,000</u>	<u>\$636,000</u>

More Information

The Fiscal Note for HF 275 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

**FINAL ACTION ON CRIME LAB SURCHARGE AND
DEFERRED JUDGMENT, CIVIL PENALTY BILL – HF 682**

Final Action

The General Assembly passed HF 682 (Crime Lab Surcharge and Deferred Judgment, Civil Penalty Bill) on April 21.

Legislation



The Bill increases the criminal penalty surcharge from 30.0% to 32.0% and creates a Criminalistics Laboratory Fund to purchase or fund equipment, maintenance, depreciation, and training. House File 682 also relates to the assessment of a civil penalty upon entry of a deferred judgment.

Fiscal Impact

The following chart shows the anticipated increase in net revenue from HF 682:

Estimated Net Revenues Generated From House File 682

	<u>FY 2006</u>	<u>FY 2007</u>
General Fund	\$1,416,000	\$2,417,000
Victim Compensation Fund	7,000	10,000
Local Governments	18,000	26,000

More Information

The Fiscal Note for HF 682 is available on the LSA web site:
<http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

FINAL ACTION ON MOVEABLE PROPERTY THEFT – HF 745**Final Action**

The General Assembly passed HF 745 (Moveable Property Theft Bill) on April 21. The Bill clarifies existing law regarding failure to return leased or rented property after expiration of the lease or after receiving notice to return the property. Current law provides for a graduated system of penalties for theft, ranging from a simple misdemeanor to a Class C felony, depending on the value of the property.

Background Information

There were 19,420 charges for theft in Calendar Year 2003. Of this, 6,338 charges were dismissed or acquitted. It is unknown whether any of the charges were for leased or rented property.

Correctional Impact

By clarifying existing law, the Bill may decrease the dismissal/acquittal rate, thereby increasing the number of convictions for theft of leased or rented property. It is anticipated there will not be a significant number of new convictions; therefore, the correctional impact is not expected to be significant.

Fiscal Impact

The fiscal impact of HF 745 is not anticipated to be significant.

More Information

The Fiscal Note for HF 745 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FINAL ACTION ON INFECTION THROUGH BODILY FLUIDS BILL – HF 777**Final Action**

The General Assembly passed HF 777 (Infection Through Bodily Fluids Bill) on April 19. The Bill requires a person in the custody of a peace officer, who commits certain assaults, to submit to the withdrawal of a bodily specimen for testing to determine if the person is infected with a contagious or infectious disease. A person who refuses to submit to the test commits a serious misdemeanor.

Background

In FY 2004, there were 378 convictions for assaults on peace officers (serious misdemeanor); 126 convictions for assaults causing injury on a peace officer (aggravated misdemeanor); and 24 Class D felony convictions for assault on a peace officer.

Correctional Impact

The number of new serious misdemeanor convictions under HF 777 cannot be estimated due to insufficient data; however, it is anticipated there will not be a significant number of new convictions. The new convictions would be at the same level as the least serious assault charge (serious misdemeanor); therefore, the possibility exists that more offenders would serve time in jail, but the number cannot be estimated.

Fiscal Impact

The fiscal impact is not anticipated to be significant. The fiscal impact of HF 777 on county jail operations for one offender is approximately \$555 (37 days x \$15.00 per day). The State cost for one new serious misdemeanor conviction ranges from \$101 to \$4,100.

More Information

The Fiscal Note for HF 777 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

HOUSE PASSES SCHOOL TUITION ORGANIZATION TAX CREDIT BILL – HF 853

Tuition Org. Tax Credit

The House passed HF 853 (School Tuition Organization Tax Credit Bill) on April 19. The Bill provides an income tax credit for donations to qualified school tuition organizations. The donations can be used by the organizations for scholarships or grants for children to attend a public or nonpublic, nonprofit preschool or a nonpublic elementary or secondary school in Iowa.



The total amount of tax credits issued in one year is limited to \$7.0 million for elementary/secondary schools and \$3.0 million for preschools. If the credit applications for one portion are not sufficient to utilize the entire amount, the unused portion may be utilized by the other portion of the Program. If applications for the tax credits exceed the two caps, the Department of Revenue is required to prorate the credit.

A taxpayer's credit is limited to 65.0% of the amount contributed. The maximum tax credit is further limited to an annual maximum of \$5,000 for married filers and \$2,500 for single/separate filers. Tax credits earned by a taxpayer are not refundable, but may be carried forward up to five tax years. The Bill would be effective for tax years beginning on or after January 1, 2006.

Fiscal Impact

The fiscal impact of the school tuition organization tax credit will be a maximum net General Fund revenue reduction of \$10.0 million per year, beginning in FY 2007.

Tax credits that reduce the income tax liability of Iowans in areas of the State with a local option school infrastructure surtax also reduce the yield of that surtax. Statewide, the surtax raises approximately 3.0% of the net amount raised by the State income tax; therefore, the new tax credit will reduce surtax revenue to public schools by a maximum of \$300,000 per year.

The Bill does not require any portion of the contributions to be used for scholarships to students currently attending (or who will attend) public schools in Iowa; however, the availability of scholarships will make private school more affordable, and this could increase private school enrollment

and decrease the enrollment of public schools. Reduced public school enrollment reduces the State Foundation Aid appropriation from the General Fund by approximately \$4,500 per student.

More Information

The Fiscal Note for HF 853 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

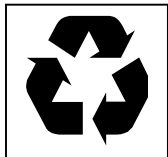
PUBLIC HEARING HELD ON BOTTLE BILL – HF 766

Public Hearing

A public hearing to address issues related to HF 766 (Bottle Bill) was held on April 20. Comments included:



- The handling fee needs to be increased to allow redemption centers to remain in business. The current handling fee of one cent does not cover operational costs.
- The current estimated recycling rate in Iowa is 92.0% due to the success of the beverage container recycling system.
- Customer convenience is the key to the success of beverage container recycling.
- There are health concerns related to accepting empty beverage containers at grocery stores. People handling the beverage containers also sack groceries, handle food, and have contact with customers.
- Redemption centers should be the facility that accepts the empty beverage containers to keep litter out of grocery stores.
- Long-term recycling issues should be explored to remove the empty beverage containers from grocery stores. This could include curbside recycling.
- Customers don't always participate in recycling programs even when they pay a fee. It is estimated that 65.0% of the customers in the Des Moines area that have access to curbside recycling actually participate in the program.
- An increase in the handling fee will increase operational costs for carbonated beverage producers. Other industries should be forced to pay for package recycling efforts.



More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

TEACHER SHORTAGE FORGIVABLE LOAN REPAYMENTS

Teacher Shortage Loans

The College Student Aid Commission recently announced the conversion of administration of the State's Teacher Shortage Forgivable Loan Program to an electronic loan system known as TEAL. The system will assist in tracking students, teachers, and borrowers that go into repayment as a result of not fulfilling teaching requirements.

New System

March was the first month of actual operation for the system. One indicator of the success of the system is the number of borrowers that made March payments. During March, a total of 101 borrowers made payments



totaling \$15,875. Prior to implementation of the system, during the last quarter of 2004, the Commission received an average of 61 payments per month totaling \$5,710. There are currently 164 borrowers in repayment status under the Program. A total of 1,300 active borrowers have access to the system for account balances and information.

More Information

Additional information is available from the LSA upon request.

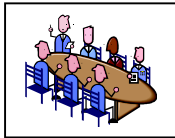
STAFF CONTACT: Mary Shipman (Ext. 14617)

BOARD OF REGENTS ELECTS NEW PRESIDENT

New President Elected

The Board of Regents met via telephone conference on April 18. The Board unanimously elected newly confirmed Regent Michael Gartner as President. President Gartner will fill the unexpired term vacated by the resignation of former Regent John Forsythe. The term will expire on April 30, 2006. Regent Robert Downer will continue to serve as President Pro Tem. Regent Downer has served as Interim Board President since Forsyth's resignation on January 20, 2005.

Committee Assignments



In other business, the Board made adjustments to standing committees and membership. The Board will eliminate the committee that oversees the University of Iowa Hospitals and Clinics (SUIHC). Instead, the Board will meet as a whole more often in regular meetings as trustees to provide guidance and oversight of the SUIHC.

The Board added a new Property and Facilities Committee. The list of committees for the coming year, and the respective chairpersons will include:

- Audit and Compliance – Theresa Wahlert
- Economic Development – Ruth Harkin
- Education and Student Affairs – Mary Ellen Becker
- Facilities and Property – Amir Arbisser
- Human Resources – Rose Vasquez
- Investment – Tom Bedell

More Information

The meeting materials for this and other Board meetings are available on the Board's web site at: <http://www2.state.ia.us/regents/Meetings/meetings.html>

Next Meeting

The next regular meeting is scheduled for May 4 and 5 at Vinton and Cedar Rapids.

STAFF CONTACT: Mary Shipman (Ext. 14617)

**INDIGENT DEFENSE CLAIMS PAID BY THE STATE
APPEALS BOARD**

Appeals Board

The LSA was recently notified that approximately \$70,000 in indigent defense claims were paid by the State Appeal Board in March 2005. Indigent Defense provides legal counsel to indigent defendants in criminal

court proceedings. Payments are made to private attorneys, court reporters, investigators, interpreters, expert witnesses, psychiatrists, and psychologists. All claims were dated from previous fiscal years. The Board has paid approximately \$589,000 in indigent defense claims from September 2004 through March 2005. Some of these dated back to FY 2000.

FY 2005 Budget

Senate File 342 (FY 2005 Supplemental Appropriations Bill) and HF 811 (Justice System Appropriations Bill) both contain a FY 2005 supplemental appropriation of \$4.5 million for FY 2005, due to an increase in cases and claims filed. The FY 2005 budget is estimated to need an additional \$3.0 million based on current cases and claims paid through mid-April 2005.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

SENIOR LIVING COORDINATING UNIT MEETING

SLCU Meeting

The Senior Living Coordinating Unit met on April 15.

Presentations

Dean Lerner, Department of Inspections and Appeals, provided an update on the State Quality Improvement Partnership.



Director Mary Hansen, Department of Public Health, provided an update on the Department's Statewide health, nutrition, and fitness initiatives.

Director Kevin Concannon, Department of Human Services, provided an update on Iowa Medicaid Reform.

Director Mark Haverland, Department of Elder Affairs, led a discussion regarding the proposed issues that should be included in the Long Range Plan for Long-Term Care.

Next Meeting

The next meeting is scheduled for June 17. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

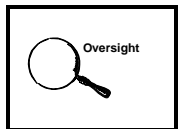
GOVERNMENT OVERSIGHT COMMITTEE MEETING

Committee Meeting

The Government Oversight Committee met on April 19.

County Treasurer Assoc.

The Committee heard testimony from members of the Iowa State County Treasurer Association regarding efforts to automate property tax payments via a web site linking all 99 Iowa counties.



Presenters described the experience of working with Iowa Interactive Solutions, the user fee of \$1.50 per transaction to pay for the development and maintenance costs of the web site, and the number of transactions over the last three years. The timeline to establish the system and the potential for linking or integrating the system with the County Land Records Information System (CLRIS), authorized in HF 865, was also discussed.

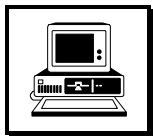
The Association was asked to discuss integration possibilities with the leadership of the Iowa State Association of Counties (ISAC) and the County

Recorder and County Assessor Associations and provide the Committee with recommendations during the 2005 Interim.

Polk County Recorder

Tim Brien, Polk County Recorder, provided information regarding the Polk County web site, indicating that all Polk County Offices and Departments are on the web site and that any individual may access information free of charge or remit tax payments. Polk County has not participated with other Iowa counties in the CLRIS.

County Land Records



House File 865 authorizes the CLRIS and sets forth administration and reporting requirements. Based on testimony from both the County Recorder and County Treasurer Associations, some members of the Committee may recommend to legislative leadership that HF 865 be held in abeyance, with the understanding that ISAC members will develop a process to make the CLRIS successful and that periodic updates will be provided.

More Information

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=41>

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

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