

FISCAL UPDATE

March 22, 2007

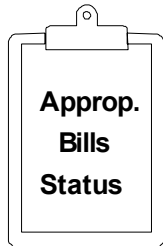
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STATUS OF APPROPRIATIONS BILLS

As of March 15, 2007



Appropriations Subcommittee Bills			
Appropriations Subcommittee		LSB/ File #	Status
Administration and Regulation Appropriations Bill		HSB 284	Passed Joint Subcommittee on March 7.
Agriculture and Natural Resources Appropriations Bill		SF 551	Passed Senate Appropriations Committee on March 13.
Economic Development Appropriations Bill		HSB 290	Passed Joint Subcommittee on March 12.
Education Appropriations Bill		SSB 1332	Passed Joint Subcommittee on March 7.
Judicial Branch Appropriations Bill		HSB 288	Passed Joint Subcommittee on March 8.
Justice System Appropriations Bill		LSB 1131JA	Passed Joint Subcommittee on March 13.
Transportation Appropriations Bill		HF 752	Passed House Appropriations Committee on March 6.
Other Appropriations Bills			
Allowable Growth Rate Act		SF 109	Signed by Governor on February 22.
Advanced Placement Examination Fee Bill		HF 47	Passed House Education Committee on March 7.
Autumn Olive Education Project Bill		HF 366	Passed House Natural Resources Committee on February 7.
Energy Utility Assessment and Resolution Program Bill		HF 347	Passed House Commerce Committee on February 8.
Federal Block Grant Bill		HF 787	Passed House Appropriations Committee on March 6.
School District Reorganization and Sharing Incentives Bill		HF 534	Passed House Education Committee on February 21.
Statewide Preschool Program for Four-Year-Olds Bill		HF 527	Passed House Education Committee on February 22.
Student Achievement and Teacher Quality Bill		SF 277	Passed Senate on March 5.
Supplemental Appropriations Bill		SF 403	Passed Senate on March 12.
Supplemental Appropriations for Veterans Programs Act		SF 95	Signed by Governor on February 14.
Waste Tire Management Fund Bill		HF 511	Passed House Environmental Protection Committee on February 23.

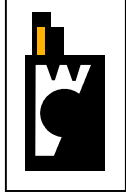
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GOVERNOR SIGNS CIGARETTE/TOBACCO TAX INCREASE ACT – SF 128

Cigarette/Tobacco Tax



The Governor signed SF 128 (Cigarette/Tobacco Tax Increase Act) on March 15, and the Act became effective on March 16, 2007. Provisions include:

- Increases the cigarette tax from \$0.36 per pack of 20 cigarettes to \$1.36.
- Increases the tobacco tax rate from 22.0% to 50.0% of the wholesale price (with the exception of snuff and some cigars).
- Provides that cigars be taxed at 22.0% of the wholesale price and taxed at an additional 28.0% up to \$0.50 per cigar.
- Changes the method of taxing snuff to a weight-based tax. The tax on moist snuff will be \$1.19 per ounce.
- Creates a Health Care Trust Fund and provides a standing appropriation of \$127.6 million. The Fund is to receive the first \$127.6 million generated from the cigarette and tobacco tax each fiscal year.

Fiscal Impact



The estimated impact of the Act will change tax revenues as shown in the table below.

	Estimated Change in FY07	Estimated Change in FY08	Estimated Change in FY09
Cigarette Tax Impact	\$ 32,677,539	\$ 129,438,524	\$ 134,008,669
Tobacco Tax Impact	\$ 1,919,830	\$ 5,352,332	\$ 5,657,486
Sales Tax Impact	\$ 831,435	\$ - 539,878	\$ - 462,545
Total G.F. Impact Compared to REC Estimates	\$ 35,428,804	\$ 134,250,978	\$ 139,203,611

The Act provides a standing appropriation of \$127.6 million to the Health Care Trust Fund beginning in FY 2008.

	Estimated Health Care Trust Fund (HCT) Impact		
	Estimated HCT Fund FY07	Estimated HCT Fund FY08	Estimated HCT Fund FY09
Amount Appropriated to HCTF	\$ 0	\$ 127,600,000	\$ 127,600,000

More Information

The Fiscal Note for SF 128 is available on the Legislative Services Agency (LSA) web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

SENATE PASSES FY 2007 SUPPLEMENTAL APPROPRIATIONS BILL – SF 403

Supplemental Bill

The Senate passed SF 403 (FY 2007 Supplemental Appropriations Bill) on March 12. The Bill appropriates \$13.5 million from the General Fund and \$17.4 million from Other Funds.

Administrative Services

The Bill appropriates \$1.0 million to the Department of Administrative Services for utility cost increases.

Iowa Public Television

The Bill appropriates \$1.0 million for a mobile television and production unit and digital equipment for Iowa Public Television.

Human Services

The Bill appropriates \$10.0 million from the IowaCare Account for reimbursement to the University of Iowa Hospitals and Clinics.

Corrections



The Bill appropriates \$5.3 million to the Department of Corrections as follows:

- \$1.2 million for food, fuel, and pharmacy cost increases.
- \$600,000 to fund salaries and reimburse the counties for holding alleged violators.

Public Safety

The Bill appropriates \$1.0 million to the Department of Public Safety. Significant funding includes:

- \$467,000 for gaming enforcement and supplies for the All Felons DNA Database.
- \$150,000 to the Iowa State Patrol for overtime expenses.

Real Estate

The Bill requires approval from the General Assembly and the Governor prior to disposal of certain property that has a fair market value of \$5.0 million or more.

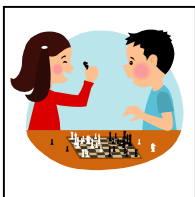
More Information

The NOBA (Notes on Bills and Amendments) for SF 403 will be available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

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

SENATE PASSES FOSTER CARE SIBLING VISITATION BILL – SF 480

Sibling Visitation Bill



The Senate passed SF 480 (Foster Care Sibling Visitation Bill) on March 13. The Bill provides for sibling visitation for children who are subject to a court order and out-of-home placement, and allows Courts to suspend or terminate visitation if it is determined to be detrimental to the child.

The Bill also allows for the petitioning of the Court to request visitation, if an individual wishes to assert a sibling relationship, and requires that sibling placement and visitation efforts be reflected in case permanency plans. If parental rights are terminated, the Bill requires steps be taken to preserve sibling relationships, and that Courts review determinations when permanency hearings are held if sibling visitation has been terminated.

Fiscal Impact

It is estimated that the Bill will increase General Fund expenditures ranging from \$317,000 to \$623,000 annually for the Department of Human Services (DHS) beginning in FY 2008 as summarized in the table below.



	<u>2,616 Visits</u>	<u>5,232 Visits</u>
Visit Facilitation	\$ 262,000	\$ 523,000
Mileage	44,000	89,000
DHS Administration	11,000	11,000
Total	<u>\$ 317,000</u>	<u>\$ 623,000</u>

The range in cost depends on potential improved efforts by the DHS to place siblings in the same foster home and in engaging foster parents and relatives in regular sibling visits that may reduce the need for departmental facilitation.

More Information

The Fiscal Note for SF 480 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/>.

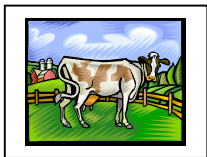
STAFF CONTACT: Lisa Burk (Ext. 17942)

**SENATE APPROPRIATIONS COMMITTEE PASSES
 AGRICULTURE AND NATURAL RESOURCES
 APPROPRIATIONS BILL – SF 551**

Approps. Bill

The Senate Appropriations Committee passed SF 551 (FY 2008 Agriculture and Natural Resources Appropriations Bill) on March 13. The Bill appropriates \$41.3 million from the General Fund and 1,592.0 FTE positions, an increase of \$1.7 million and 2.0 FTE positions compared to estimated FY 2007.

Agriculture



The Bill provides for an increase of \$462,000 from the General Fund and 1.0 FTE position for the Department of Agriculture and Land Stewardship for the following:

- An increase of \$91,000 for the Department of Administrative Services' surcharge for the overhead costs at the laboratory in Ankeny.
- An increase of \$259,000 for the Dairy Products Control Bureau to cover increased costs of milk inspections.
- An increase of \$38,000 for the purchase of laptop computers for Meat and Poultry Inspectors.
- An increase of \$55,000 and 1.0 FTE position for an Organics Specialist.
- An increase of \$50,000 for the Emerald Ash Awareness Program.

Natural Resources

The Bill provides for an increase of \$200,000 from the General Fund and 1.0 FTE position for the Department of Natural Resources (DNR) for the following:

- An increase of \$100,000 and 1.0 FTE position for a Park Ranger at Honey Creek State Park.
- An increase of \$25,000 for the Emerald Ash Detection Program.

- An increase of \$75,000 for the federal Tier 2 Reporting Program and database development, as specified by the Emergency Planning and Community Right to Know Act.

Environment First Fund



The Bill provides for a net increase of \$5.0 million to the Environment First Fund. Major funding changes include:

- A decrease of \$500,000 for the Conservation Reserve Program.
- An increase of \$5.5 million to the Resource Enhancement and Protection Fund.
- An increase of \$1.5 million to the Soil Conservation Cost Share.
- An increase of \$1.0 million for the Agriculture Drainage Wells Program.
- A decrease of \$2.5 million for the Marine Fuel Tax Fund. During the FY 2006 Legislative Session, the Fund was designated as a separate Fund under the direction of the DNR and is no longer a part of the Environment First Fund.

More Information

The NOBA (Notes on Bills and Amendments) for SF 551 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE PASSES APPROPRIATIONS BILL – HSB 290

Appropriations Bill

The Economic Development Appropriations Subcommittee passed HSB 290 (FY 2008 Economic Development Appropriations Bill) on March 12. The Bill appropriates a total of \$40.1 million from the General Fund and 499.9 FTE positions, an increase of \$3.2 million in General Funds and an increase of 15.2 FTE positions compared to estimated FY 2007. The Bill also increases funding from Other Funds by \$1.4 million to a total of \$10.4 million.

Cultural Affairs



The Bill appropriates \$6.3 million and 83.8 FTE positions to the Department of Cultural Affairs, a decrease of \$104,000 and an increase of 1.6 FTE positions. The change includes:

- An increase of \$50,000 and 1.0 FTE position for administration of Chapter 4047A, Code of Iowa, Property Rehabilitation Tax Credit Act.
- An increase of 0.6 FTE position due to the anticipated increase in the naming of additional Great Places.
- A new appropriation of \$186,000 for rent of the new Records Center.
- A decrease of \$340,000 for one-time FY 2007 appropriations.

Economic Development

The Bill appropriates \$15.7 million and 153.3 FTE positions to the Department of Economic Development, an increase of \$1.1 million and 18.1 FTE positions. Significant changes include:

- An increase of \$500,000 for the Main Street Program.
- An increase of \$250,000 for tourism operations.

- An increase of \$350,000 for the World Food Prize.

IFA

The Bill appropriates \$200,000 to the Iowa Finance Authority (IFA), which maintains the current level of funding.

Regents Programs



The Bill appropriates \$3.6 million and 67.4 FTE positions for economic development programs at Iowa State University (ISU), the University of Iowa (SUI), and the University of Northern Iowa (UNI), an increase of \$550,000 and 2.1 FTE positions. The change includes:

- An increase of \$250,000 and 0.1 FTE position for ISU to support the Small Business Development Centers.
- An increase of \$300,000 and 2.0 FTE positions for UNI to support the myenternet Internet application.

Workforce Development



The Bill appropriates \$13.0 million and 182.5 FTE positions for IWD, an increase of \$1.5 million and a decrease of 7.6 FTE positions. The significant change includes:

- An increase of \$528,000 and 7.0 FTE positions for health and safety programs for additional Occupational Safety and Health Administration (OSHA) inspectors.
- An increase of \$1.0 million for additional support for Field Office operations.

The Bill appropriates \$5.7 million from the Unemployment Compensation Reserve Fund interest to the IWD for deposit into the Field Office Operating Fund for operation of the Field Offices. This is an increase of \$1.7 million compared to estimated FY 2007.

PERB

The Bill appropriates \$1.2 million and 11.0 FTE positions, an increase of \$97,000 and 1.0 FTE position for an Administrative Law Judge.

More Information

The NOBA (Notes on Bills and Amendments) for HSB 290 will be available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

STAFF CONTACT: Ron Robinson (Ext. 16256)

**JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE
PASSES APPROPRIATIONS BILL – LSB 1131JA**

Approps. Bill



The Justice System Appropriations Subcommittee passed LSB 1131JA (FY 2008 Justice System Appropriations Bill) on March 13. The Bill appropriates a total of \$499.0 million from the General Fund, an increase of \$36.9 million compared to estimated FY 2007.

The Bill also appropriates \$1.7 million in Other Funds, an increase of \$300,000 compared to estimated FY 2007. The Bill codifies funds that are currently in session law. This includes:

- \$500,000 for anti-trust enforcement, an increase of \$300,000.
- \$1.2 million for consumer fraud enforcement and education.

Dept. of Justice

The Bill includes a total increase of \$745,000, which includes \$350,000 for the Attorney General's Office to fill vacant, authorized, unfunded positions; \$95,000 for Victim Assistance Grants; and \$250,000 for Iowa Legal Aid.

Civil Rights Commission

The Bill includes an increase of \$247,000, which replaces declining federal funds.

Dept. of Corrections

The Bill includes an increase of \$26.3 million, which includes:

- \$1.0 million for Corrections Education.
- \$1.7 million to fill 37.3 FTE positions for correctional officers. Currently, these positions are authorized, vacant, and unfunded.
- \$632,000 to reimburse the Department of Administrative Services (DAS).
- \$1.9 million for increased costs and usage of food, fuel, and pharmacy.
- \$1.8 million and 16.0 FTE positions for mandated supervision of sex offenders.
- \$17.7 million to operate the new 178-bed Special Needs Unit at Oakdale.
- \$400,000 to reimburse counties for holding alleged violators.
- \$145,000 for Anamosa State Penitentiary's water bill.
- \$508,000 to operate a new, 20-bed facility for mentally ill offenders in the Sixth Judicial District.
- \$196,000 to meet federal mandates for eliminating prison rapes, and to hire a safety inspector.
- \$300,000 to reduce the salary shortfall in Central Office and hire a Director of Security.



Public Defender

The Bill includes an increase of \$4.1 million, of which \$3.6 million is for indigent defense and \$475,000 is to fill positions in the State Public Defender's Office.

Public Defense

The Bill includes an increase of \$75,000 for the Iowa National Guard to reimburse the DAS, and \$500,000 to replace expired federal funds in Homeland Security and Emergency Management.

Public Safety

The Bill includes an increase of \$5.0 million, which includes:

- \$1.5 million for the Division of Criminal Investigation (DCI), which includes \$636,000 for gaming enforcement activities; \$485,000 for overtime and equipment costs; and \$388,000 to continue and expand the Internet Crimes Against Children Unit.
- \$413,000 for the Division of Narcotics Enforcement, which includes overtime expenses.
- \$490,000 for the Fire Marshall for modular home inspections (\$100,000) and building code inspections (\$390,000).
- \$2.2 million for the Iowa State Patrol, which includes \$1.8 million for fuel and uniforms; \$100,000 for one new trooper; \$50,000 for rifles; and \$254,000 for security detail of the Governor's children.



More Information

The NOBA (Notes on Bills and Amendments) for LSB 1131JA will be available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

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ISSUE REVIEW - CAPITOL SECURITY

Issue Review

The Legislative Services Agency recently published an updated **Issue Review** on Capitol Security, personnel, and funding sources.

Budget



In FY 2007, the Department of Public Safety received an appropriation of \$775,000 from the General Fund in HF 2558 (FY 2007 Justice System Appropriations Act) for Capitol Security, which included salaries for 15.0 FTE positions for security officers and 1.0 FTE position for a secretary, equipment, and maintenance agreements for the metal detectors, x-ray machines, and the Andover (ID Card) System.

In FY 2008, the Governor did not recommend funding for Capitol Security since it is a Legislative Branch initiative and the personnel are on the Legislative and Judicial Branch payrolls. The projected cost for FY 2008 Capitol and Judicial Branch security totals approximately \$825,000, an increase of \$50,000 compared to FY 2007.

More Information

Copies of the may be accessed on the LSA web site at: <http://www.legis.state.ia.us/Fiscal/ireview/>.

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ASIAN SOYBEAN RUST CONFIRMED IN IOWA

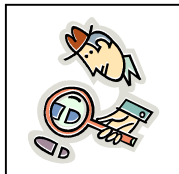
Soybean Rust

Asian soybean rust disease affects soybeans and is caused by two types of fungi. Soybean rust thrives on green, growing plants, and requires a climate with high moisture and moderate heat. The disease cannot survive in cold climates. Asian soybean rust is spread by wind-borne spores that are released in cycles of seven days to two weeks.

Iowa Confirmation

The disease was conclusively identified on soybean plant tissue, which was submitted to the Iowa Soybean Rust Team. The residue was recovered from a bin of soybeans produced in Iowa in 2006. The Iowa Soybean Rust Team is still investigating the area.

Iowa Soybean Rust Team



The Iowa Soybean Rust Team comprises personnel from Iowa State University (ISU), College of Agriculture and ISU Extension, the Iowa Soybean Association, the Iowa Department of Agriculture and Land Stewardship, and the federal Animal and Plant Health Inspection Service. The Team has recruited and trained more than 600 agribusiness professionals from 2004 to 2006 to serve as "First Detectors" that examine leaf samples to determine if further investigation is needed.

More Information

Additional information is available on the ISU web site at: www.soybeanrust.info.

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