

FISCAL UPDATE

Legislative Services Agency

July 15, 2008

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

FLOOD RECOVERY - REBUILD IOWA OFFICE AND COMMISSION ESTABLISHED

Office and Commission Established: The Governor signed [Executive Order #7](#) on June 27, 2008, to address flood recovery efforts in Iowa. The Order established the Rebuild Iowa Office and the Rebuild Iowa Advisory Commission. The Office will be an Executive Branch Agency headed by Lt. Governor Patty Judge. The Commission will consist of 15 voting members and be chaired by General Ron Dardis of the Iowa National Guard. A list of the 15 members is available at:

http://flood2008.iowa.gov/staticpages/index.php/rebuild_iowa

Commission Task Forces: Nine task forces have been created to assist the Commission. These include:

- Housing
- Flood Plain Management and Hazard Mitigation
- Infrastructure and Transportation
- Economic and Workforce Development
- Cultural heritage and Records Retention
- Public Health and Health Care
- Long-Term Recovery Planning
- Agriculture and Environment
- Education

Meetings: The first meeting of the Commission will be July 17, 2008, in the Supreme Court Chamber of the State Capitol. Staff from the LSA will attend and monitor the meetings.

Flood Recovery Web Site: Additional information regarding flood recovery can be accessed at: <http://www.flood2008.iowa.gov/>. The LSA will post additional fiscal impact information as it becomes available on the LSA web site: <http://www.legis.state.ia.us/>

STAFF CONTACT: Sue Lerdal (Ext. 17794) Deborah Helsen (Ext. 16301)

FISCAL FACTS 2008

Fiscal Facts 2008: The LSA recently published and distributed Fiscal Facts 2008. This document contains data relating to overall revenues and expenditures of State government, as well as fiscal information regarding the most pertinent and discussed topic areas. The data provided for FY 2009 represents action taken by the 2008 General Assembly, but does not reflect all veto action taken by the Governor.

Fiscal Facts 2008 is available on the web at:

http://staffweb.legis.state.ia.us/lfb/docs/fiscal_facts/Fiscal_Facts_2008.pdf

STAFF CONTACT: Holly Lyons (Ext. 17845) Beth Lenstra (Ext. 16301)

FINAL ACTION NOBAS AND FISCAL REPORT

Final Action NOBAs (Notes on Bills and Amendments): Final action NOBAs have been published for all the subcommittee and other major appropriations bills. These include:

SF 2400 – Administration and Regulation

http://www3.legis.state.ia.us/noba/data/82_SF2400_Final.pdf

HF 2662 – Agriculture and Natural Resources

http://www3.legis.state.ia.us/noba/data/82_HF2662_Final.pdf

HF 2699 – Economic Development

http://www3.legis.state.ia.us/noba/data/82_HF2699_Final.pdf

HF 2679 – Education

http://www3.legis.state.ia.us/noba/data/82_HF2679_Final.pdf

SF 2425 – Health and Human Services
http://www3.legis.state.ia.us/noba/data/82_SF2425_Final.pdf
HF 2647 – Justice System
http://www3.legis.state.ia.us/noba/data/82_HF2647_Final.pdf
HF 2660 – Judicial Branch
http://www3.legis.state.ia.us/noba/data/82_HF2660_Final.pdf
SF 2394 – Transportation
http://www3.legis.state.ia.us/noba/data/82_SF2394_Final.pdf
SF 2432 – Infrastructure
http://www3.legis.state.ia.us/noba/data/82_SF2432_Final.pdf
HF 2700 – Standings
http://www3.legis.state.ia.us/noba/data/82_HF2700_Final.pdf

Other final action NOBAs that have been published to the web include: SF 2134 (Veterans County Offices); SF 2286 (Federal Block Grant); SF 2347 (Optical Scan Voting System); SF 2417 (Healthy Iowans Tobacco Trust); HF 2539 (Health Care Reform); HF 2672 (Water Permit Fee); HF 2694 (Long-Term Care Insurance); and SF 2430 (Economic Stimulus).

Fiscal Report: In late July, Fiscal Services will publish and post to the web the annual Fiscal Report. This document will update the final action with Governor's vetoes. This document will also include financial statements, appropriations tracking, and final action fiscal notes.

STAFF CONTACT: Mary Shipman (Ext. 14617) Robin Madison (Ext. 15270)

UPDATE ON PRESIDENTIAL DISASTER DECLARATIONS

Disaster Declaration Update: As of June 28, 2008, a total of 77 counties have received a Presidential Disaster Declaration for either Individual Assistance or for Public Assistance.

Individual Assistance: To date, 54 counties have been approved by the Federal Emergency Management Agency (FEMA) for a Presidential Disaster Declaration for individual assistance. Individual assistance allows homeowners, renters, business owners and non-profit organizations to recover from the effects of severe storms, tornadoes, and flooding that began May 25 and continues to be on-going.

Public Assistance: In addition, 77 counties have been approved by FEMA for a Presidential Disaster Declaration for public assistance. Public assistance funds debris removal, emergency services related to the disaster, and repairing or replacing damaged public facilities, such as roads, buildings, and utilities.

More Information: Additional information is available on the Homeland Security and Emergency Management Division web site at: <http://www.iowahomelandsecurity.org> or at the 2008 Iowa Flood Resource Center at: <http://www.flood2008.iowa.gov>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

STATE APPEALS BOARD UPDATE

State Appeals Board Payments Approved: The State Appeals Board recently approved the following the payment of the following settlement and judgment actions from the State General Fund:

- Iowa Lottery Authority: \$250,000 settlement for elimination of the Lottery's TouchPlay Program.
- Department of Corrections:
 - \$1,500 payment of damages related to a slip and fall at Iowa State Penitentiary.
 - \$3,784 settlement and attorney fees for wrongful termination at Mt. Pleasant Correctional Facility.
- Iowa State University, \$300,000 settlement and attorney fees for personal injury.
- Department of Public Safety, \$40,000 settlement and attorney fees for false imprisonment.

Year-to-date Appeals Board expenditures are \$5.0 million.

STAFF CONTACT: Deborah Helsen (Ext. 16764)

FUEL TAX CHANGE FOR FY 2009

Fuel Tax Rate Increase: On July 1, 2008, the motor fuel tax rate for gasoline increased from 20.7 cents per gallon to 21.0 cents per gallon. The tax rate for ethanol-blended gasoline (E-10 and E-85) remains at 19.0 cents per gallon. The rates are based on a 73.9% market share for ethanol-blended gasoline in CY 2007, and are in effect through June 30, 2009.

The Ethanol Sales Promotion Act of 2001 provided for changes in fuel tax rates based on the gallons of ethanol-blended gasoline sold in the State between January 1 and December 31 of each year. The rates apply for the following fiscal year. The Act implemented the following tax schedule, effective from July 1, 2002, to June 30, 2007. Senate File 601 (FY 2008 Standing Appropriations Act) extended the schedule to June 30, 2012. After that date, unleaded and ethanol-blended gasoline will be taxed at a flat rate of 20.0 cents per gallon.

Tax Schedule (Expires June 30, 2012)		
<u>Ethanol Market Share Percentage</u>	<u>Ethanol- Blended Tax</u>	<u>Unleaded Gasoline Tax</u>
0% - 50%	19.0	20.0
50% - 55%	19.0	20.1
55% - 60%	19.0	20.3
60% - 65%	19.0	20.5
65% - 70%	19.0	20.7
70% - 75%	19.0	21.0
75% - 80%	19.3	20.8
80% - 85%	19.5	20.7
85% - 90%	19.7	20.4
90% - 95%	19.9	20.1
95% - 100%	20.0	20.0

Prior to enactment of the tax schedule, fuel tax rates for unleaded and ethanol-blended gasoline were 20.0 cents per gallon. Beginning in FY 2003, the per-gallon tax rate for unleaded gasoline changed as follows:

- FY 2003: 20.1 cents per gallon
- FY 2004: 20.3 cents per gallon
- FY 2005: 20.5 cents per gallon
- FY 2006: 20.7 cents per gallon
- FY 2007: 21.0 cents per gallon
- FY 2008: 20.7 cents per gallon
- FY 2009: 21.0 cents per gallon

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

DEPARTMENT OF TRANSPORTATION BUDGET

Budget Transfer Request: The Department of Transportation (DOT) requested a transfer of \$5.0 million in Primary Road Fund moneys from the Operations Division (\$4.5 million) and Planning Division (\$500,000) to the Highway Division for costs associated with refilling salt storage that was used during the past winter season, and rising fuel costs.

This transfer is in addition to the FY 2008 supplemental appropriation of \$9.7 million from the Primary Road Fund to the Highway Division for refilling salt storage, rising fuel costs, and overtime pay resulting from the past winter season. The source of this funding includes \$3.1 million appropriated for salaries for FY 2008 that was not allocated, and \$6.5 million in Federal Emergency Management Agency (FEMA) reimbursements for storms experienced in February and March 2007.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

DEPARTMENT OF CORRECTIONS FY 2008 REALLOCATION

Reallocation Notice: The LSA received notice from the Department of Corrections (DOC) that \$275,000 will be reallocated from the Iowa Medical and Classification Center at Oakdale as follows:

- \$215,000 to the Clarinda Correctional Facility. The Clarinda facility experienced unexpected operating costs in facility supplies and utilities.
- \$20,000 to the Iowa Correctional Institution for Women at Mitchellville for unanticipated medical costs.
- \$40,000 to the Anamosa State Penitentiary for unexpected overtime costs related to the 2008 flood in Linn County. The Anamosa State Penitentiary has been housing Linn County jail inmates.

The Oakdale facility has funds available to transfer as a result of vacancies in the recently opened Special Needs Unit.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FY 2008 REALLOCATION NOTICE – DEPARTMENT OF CORRECTIONS

Reallocation Notice: The LSA received notice from the Department of Corrections (DOC) that \$58,000 will be reallocated from the Fort Dodge Correctional Facility to the North Central Correctional Facility in Rockwell City. The transfer reimburses the Rockwell City facility for the cost of one correctional officer.

FY 2009 Budget: House File 2660 (FY 2009 Justice System Appropriations Act) adjusted the appropriations so that \$58,000 is permanently transferred from the Fort Dodge Correctional Facility to the North Central Correctional Facility in Rockwell City.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

OFFICE OF THE CONSUMER ADVOCATE – FY 2008 BUDGET INCREASE

Budget Increase Notice: The LSA received notice that the Office of the Consumer Advocate's FY 2008 budget will be increased by approximately \$257,000, pursuant to Section 475A.6, Code of Iowa. This Section permits additional expenditures in excess of funds budgeted for performance of the Advocate's duties, and requires pre-authorization by the Department of Management.

Increased Costs: The Office of the Consumer Advocate experienced additional costs for expert testimony regarding the coal plant regulation in Marshalltown. The Office also incurred design and consulting expenses for planning an office building to house staff from the Office and the Iowa Utilities Board.

Billings: Additional expenditures will be offset by receipts from utility companies. The Office bills utility companies and the payments are deposited in the State General Fund.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

ADOPTION SUBSIDY APPROPRIATION TRANSFER

Transfer Notice: The LSA received notice of an appropriation transfer within the Department of Human Services. A total of \$925,000 was transferred from Child and Family Services to Adoption Subsidy. This transfer was necessary to support an average adoption caseload of 8,037 per month through the end of the fiscal year FY 2008. The federal match rate has also been lower than projected. The total eligible recipients for federal match was equal to 76.2%. This was 1.6% lower than the estimate of 77.8%.

STAFF CONTACT: Phillip Kauffman (Ext. 52062)

SCHOOL BUDGET REVIEW COMMITTEE RECOMMENDATION OF PHASE II VISIT

Phase II Visit: The School Budget Review Committee (SBRC) recommended that the State Board of Education require the Department of Education to conduct a Phase II site visit for the West Bend Mallard school district at the meeting on May 12, 2008. The SBRC made the recommendation pursuant to Sections 256.11(10e) and 257.31(18), Code of Iowa, that state, in part, if a school district exceeds its authorized budget or carries a negative unspent balance for two or more consecutive years, the SBRC may recommend a Phase II visit.

The SBRC also directed the District to submit monthly financial reports to the local school board and the Department. Although no date has been specified, it is anticipated that the State Board will make its recommendation this summer.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

TRANSPORTATION COMMISSION MAY AND JUNE MEETINGS

Transportation Commission Meetings: The Transportation Commission met on May 13 and June 10 and approved the following grants, in addition to the 2009 through 2013 Transportation Improvement Program:

- Statewide Transportation Enhancement Program (Rail-to-Trail Grant) – Allison to Coulter Corridor – \$178,000 additional funding for the Rolling Prairie Trail. Funding for this project was granted in 2004; however, the cost increased due to the length of time necessary for the acquisition.
- Revitalize Iowa's Sound Economy (RISE) Grants
 - Iowa County (on behalf of the Amana Colonies) – \$630,000 RISE Local Development Grant for road improvements necessary to access the proposed ALB-GOLD/Bionade organic food and beverage facility in Amana.
 - Clarke County – \$264,000 RISE Immediate Opportunity Grant for road improvements necessary to access the proposed Southern Iowa Bioenergy, LLC facility near Osceola.
 - City of Boone – \$726,000 RISE Immediate Opportunity Grant for road improvements necessary to access the proposed Gates Corporation. The company produces automotive and industrial equipment parts.
 - City of Newton – \$630,000 RISE Immediate Opportunity Grant for road improvements necessary to access the proposed Trinity Structural Towers, Inc. The company produces towers for wind turbines.
 - City of St. Ansgar – \$64,000 RISE Immediate Opportunity Grant for road improvements necessary to access the proposed RENEW Energy Systems facility.
- Transportation Improvement Program for 2009 through 2013 – The \$2.0 billion five-year Program, as approved, does not include the additional revenues that will be collected from the fee increases enacted in SF 2420 (TIME-21 Act). The Department of Transportation (DOT) and Transportation Commission are reviewing the anticipated revenues and will adjust the Program as needed, possibly in October. A copy of the Program is available on the DOT's website at: http://www.iowadot.gov/five_year/Final_5YearProg_2009-2013.pdf

Additional information is available from the LSA, or the DOT's website at:
http://www.dot.state.ia.us/commission/comm_summary.htm

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

MEETINGS MONITORED

Following is a list of meetings attended and monitored by Fiscal Services staff since the last Fiscal Update was published. Please contact the staff listed for more information.

Meeting	Date	Staff Contact
Board of Regents (April 30 and May 1)	4/30/2008	Dwayne Ferguson (1-6561)
IPERS Benefits Advisory Committee	5/12/2008	Jen Acton (1-7846)
College Student Aid Commission	5/15/2008	Dwayne Ferguson (1-6561)
Iowa Empowerment Board	5/16/2008	Robin Madison (1-5270) Phil Kauffman (5-2062)
Peace Officers Retirement, Accident, and Disability System	5/19/2008	Jen Acton (1-7846)
Institute for Tomorrow's Workforce	5/20/2008	Dwayne Ferguson (1-6561)
Magistrates Limited Jurisdiction Task Force	5/22/2008	Jen Acton (1-7846)
Department of Public Safety Interoperability Board	5/28/2008	Jen Acton (1-7846)
Criminal Code Reorganization Study Committee	6/3/2008	Beth Lenstra (1-6301) Jen Acton (1-7846)
Sex Offender Research Council	6/4/2008	Beth Lenstra (1-6301) Jen Acton (1-7846)
Board of Corrections	6/6/2008	Beth Lenstra (1-6301)
Iowa Public Broadcasting Board	6/11/2008	Robin Madison (1-5270)