



REPUBLICAN CAUCUS STAFF
HOUSE OF REPRESENTATIVES
STATE CAPITOL
DES MOINES, IOWA 50319
515.281.3440
IOWAHOUSEREPUBLICANS.COM

HOUSE REPUBLICAN STAFF ANALYSIS

Bill: Senate File 533
Committee: Appropriations
Date: August 2, 2011
Staff: Lon Anderson (1-5184)

FY 2012 Standing Appropriations Bill

Senate File 533 is the Standings appropriations bill for FY 2012. The bill funds the property tax credits from the General Fund, puts limitations on several standing appropriations, funds preschool and allowable growth, adds several bills or parts of bills that did not make it through the funnel deadline and makes corrective changes.

Conference Committee Report

DIVISION I – Standing Appropriations and Related Matters

Section 1 – Budget Process for FY 2013

- Requires agencies to submit budget requests to the Department of Management (DOM) by October 1, 2011
- Requires the budgets to prioritize spending by program with proposed results and include performance measures

Section 2 – Limitation of Standing Appropriations

- Community Cultural Grants - \$416,702; decrease of \$26,598 compared to FY 2011. Same level as the Governor. Decrease of \$103,298 from the standing appropriation required by the *Code*.
- Regional Tourism Marketing - \$810,306; same as Governor and the Senate
- Center for Congenital and Inherited Disorders - \$171,121; decrease of \$20,923 compared to FY 2010. Same level as the Governor. Decrease of \$61,379 from the standing appropriation required by the *Code*.
- Primary and Secondary Child Abuse Prevention Programs - \$217,772; same as FY 2011. Same level as the Governor. Decrease of \$14,728 from the standing appropriation required by the *Code*.
- At-Risk Youth (Shared Visions) - \$10.8 million, \$4.6 million above the Governor's level.
- Nonpublic School Transportation - \$7,060,931; same as FY 2011. Same level as the Governor. Decrease of \$2,139,069 from the standing appropriation required by the *Code*.
- Homestead Property Tax Credit - \$86,188,387; decrease of \$1,569,526 compared to FY 2011. Governor's level \$87,745,387. To fully fund the credit - \$135,000,000.
- Agricultural Land Tax Credits - \$32,395,131; same as FY 2011. Same level as the Governor. To fully fund the credit - \$39,100,000.
- *Military and Elderly / Disabled Tax Credits – Do not appear in bill because they are fully funded.*

- Tobacco enforcement - \$18,416; decrease of \$1,175 compared to FY 2011. Same level as the Governor. Decrease of \$6,584 from the standing appropriation required by the *Code*.

Section 3 – Instructional Support

Eliminates the appropriation for Instructional Support – Same as FY 2011. Decrease of \$14.8 million from the standing appropriation required by the *Code*.

Section 4 – Farmers with Disabilities

Appropriates \$97,000 to the Farmers with Disabilities program

Section 5 – Sac and Fox Tribe

Appropriates \$100,000 to the Sac and Fox tribe for education expenses

Section 6 – Area Education Agencies

Reduces the funding for AEA's by \$20 million in FY 2012 and \$10 million in FY 2013.

Sections 7 and 8 – Health Care Trust Fund

Directs \$106 million from the cigarette tax into the Health Care Trust Fund for Medicaid.

DIVISION II – State employee salaries for FY 2012

Section 9 – Bonus Pay

Prohibits bonus pay for employees of the Executive Branch, Judicial Branch and Legislative Branch for FY 2011. Defines “bonus pay” as additional remuneration in the form of a bonus, including but not limited to a retention, recruitment, exceptional job performance pay, extraordinary job pay, exceptional performance pay, extraordinary duty pay, or extraordinary or special duty pay, and any extra benefit not otherwise provided to other similarly situated employees. Exempts the Regents' non general fund bonuses.

Section 10 – Certain Revolving Funds

Allows salary adjustments otherwise provided to be funded for the Department of Criminal Investigation and the Department of Inspections and Appeals for gaming enforcement.

Section 11 – State Trooper Meal Allowance

Requires sworn peace officers in DPS who are not covered by collective bargaining to receive the same per diem meal allowance as those covered by collective bargaining.

Section 12 – Salary Model Administrator

Requires the salary model administrator (DOM) to work with LSA to maintain state's salary model. Agencies are required to provide salary data to DOM & LSA.

DIVISION III – Corrective Provisions

Sections 17 – 47 – Corrective provisions to bills passed this session.

DIVISION IV – Miscellaneous Provisions and Appropriations

Sections 48 and 58 – Battleship Iowa

Appropriates \$3 million from the General Fund in FY 2011 to help restore the Battleship Iowa.

Sections 49 and 60 – State Agency Office Supplies

Prohibits the limitation of office supplies contained in HF 45 from applying to a department receiving a supplemental appropriation for FY 2011.

Section 51 – Preschool Weighting

Changes the weighting for preschool from 0.6 percent to 0.5 percent. Adds language limiting schools to charging no more than 5 percent for administrative costs for the program during FY 2012.

Section 53 – OWI Fines

Corrects a criminal penalty provision regarding the mandatory minimum fine in a second offense OWI case to reflect previous law in effect through November 2010. Changes the fine from \$1,850 to \$1,875.

Section 54 – Biodiesel Fix

The language gives the petroleum marketers a little more flexibility on regulatory actual biodiesel measurements (to be set by IDALS administrative rules) because with likely seasonal switch outs of 5% biodiesel summer blends for either 2% winter blends or 0% straight diesel winter/cold blends and visa-versa in the spring, since there is always some amount of fuel left in storage tanks when refilled there will be some instance when the biodiesel fuel when tested might be for example 4.95% for 5% labeled biodiesel: 2.05% or 1.95% for labeled 2% biodiesel; or 0.05% for labeled 100% 'pure biodiesel. This flexibility is already allowed for switch-outs of ethanol blended fuels, and if not allowed for marketers they could be liable for substantial administrative fines for either being above or below labeled amount.

Section 57 – Midwest Interstate Passenger Rail Compact

Repeals the Code sections relating to the Midwest Interstate Passenger Rail Compact.

DIVISION V – Performance of Duty from EEF

Sections 61 through 90 – Transfers Performance of Duty expenses from the general fund to the Economic Emergency Fund (EEF). This is estimated to be roughly \$40 million in FY 2012 and FY 2013.

DIVISION VII – MH/MR/DD Allowed Growth Funding FY 2014

Section 113 – Allowed Growth Funding

Requires the FY 2014 allowed growth appropriation adjustment for mental health services be established within the first 30 days of the 2013 Legislative Session. Requires the Governor to submit a recommendation for the allowed growth factor adjustment to the General Assembly by January 14, 2013

DIVISION VIII – FY 2013 Standing Appropriations

Section 114 – Budget Process for FY 2014

- Requires agencies to submit budget requests to the Department of Management (DOM) by October 1, 2012
- Requires the budgets to prioritize spending by program with proposed results and include performance measures

Sections 115 through 118 – Limitation on Standings for FY 2013

- Limits most standing appropriations to 100% of their FY 12 level – fully funds the property tax credits

DIVISION IX – State employee salaries for FY 2013

Sections 119 through 122 – Same language for salaries as the language for FY 2012

DIVISION X – Allowable Growth for FY 2013

Sections 123 through 126 – Sets K-12 allowable growth and K-12 categorical growth at 2% for FY 2013

DIVISION XI – Iowans Helping Iowans

Sections 127 through 129 – Legalizes the transfer establishing the Iowans Helping Iowans program, then repeals the program and shifts the funds back into Medicaid.

DIVISION XII – Earned Income Tax Credit

Sections 130 and 131 – Increases the Earned Income Tax Credit from 7 percent of the federal credit to 10%

DIVISION XIII – School Tuition Organizations Tax Credits

Section 132 – Increases the STO Tax Credit from \$7.5 million in FY 2011 to \$8.75 million in FY 2012.

DIVISIONS XIV, XV, XVI, XVII and XIX – Coupling Fixes

Sections 133 – 142, Sections 146 – 148 – Sections fix issues with previously approved federal tax changes. These are the teacher tax credit and the higher education tax credit.

Disaster-related Personal Casualty Loss Deductions

The House amendment couples retroactively with the federal Heartland Disaster Relief Act of 2008. This allows taxpayers to deduct additional disaster losses from Iowa income tax if the losses meet qualifications under federal tax law. It is estimated that this will reduce General Fund revenue by \$4.7 million in FY 2012.

DIVISION XVIII – Withholding Agreements

Sections 142 -- 145 – Adds the words “or retaining” targeted jobs to the urban renewal tax increment financing.

DIVISION XXI – Class A Felonies – Juveniles

Sections 154 – 155 – Adds the Senate language on Class “A” Felonies committed by juveniles.

Class “A” Felony

1. Class “A” felony- A person convicted of a class “A” felony is sentenced to life in prison without the possibility of parole. (Possible Class “A” felonies include: murder, manslaughter, rape, kidnapping, arson)
2. Notwithstanding subsection 1:
 - a. A person convicted of a class “A” felony who was under the age of 18 at the time of the offences shall be eligible for parole after serving a minimum term of confinement of 25 years.
 - b. If the juvenile is paroled standard procedures apply.
 - c. A person who commits murder in the first degree shall not be eligible for parole under this law.

DIVISION XIV – Medication Therapy Management

Sections 166 – 168 – Requires the pilot project for MTM for state employees continue for another fiscal year and appropriates \$510,000 from Board of Pharmacy fees to DAS to administer the program.

The State of Iowa MTM Pilot Program utilizes Iowa pharmacists to help patients better manage their medications and improve patient adherence through education and continued monitoring of their medication usage. This program has demonstrated the impact pharmacists have on containing health care costs while improving a patient’s quality of life. The program invests in Iowa pharmacies and encourages health care to be

kept local. It utilizes community pharmacists, building on the existing relationships between patients and their local health care providers. Iowa pharmacists helping Iowa patients.

DIVISION XXV – Contingent Effective Dates

Sections 169 – 173 – Makes all budget bills effective either on July 1 or June 30 regardless of when the Governor signs them.

Vision Screening Program

Appropriates \$100,000 to a National Affiliated Volunteer Eye Organization (Prevent Blindness Iowa) for a vision screening program. In FY 2011, the program received \$100,000 out of the RIIF.

Group Home Grant

Appropriates \$100,000 to a nonprofit organization providing residential services for persons with an intellectual disability in Dubuque to develop a group home for not more than four individuals.

Child Abuse Iowa Task Force

Requires Prevent Child Abuse Iowa to convene a task force to provide recommendations to the Governor and the General Assembly by January 16, 2012, for the prevention of sexual abuse of children.

Liability Limits for Certain Railroad Companies

Requires a railroad company that alters its facilities pursuant to a written agreement with Iowa City to construct a flood mitigation project to receive certain limitations on liability.

Recalculation of Teacher Salary and Professional Development Supplements

The Senate requires the DOM to recalculate teacher salary supplement and professional development supplement per pupil amounts for area education agencies and school districts that are ending teacher contractual agreements for instruction provided by AEAs to school districts for a special education instructional program where the teachers were employed by the AEAs on behalf of the school districts.

Membership Changes for the Iowa Law Enforcement Academy

Increases the voting members of the Iowa Law Enforcement Academy by two members, taking the total membership from 13 voting members to 15, with the addition of a member of a county conservation board and a DNR conservation peace officer.

Municipal Utility Archeological Survey

Specifies that the State Historic Preservation Officer may only recommend that a municipal utility conduct an archeological site survey of a proposed route for the construction of electric distribution and transmission facilities when the Officer has determined that a historic property is likely to exist within the proposed route.

Membership Changes for the Watershed Planning Advisory Council

Adds three additional members to the Watershed Planning Advisory Council; one member from the Agribusiness Association of Iowa, one from the Iowa Floodplain and Stormwater Management Association, and one from the Iowa Rivers Revival.

Construction Contract Definition Changes

Removes highways, roads, bridges, tunnels, transportation facilities, and airports from the definition of construction contract as specified in S.F. 396 (Construction Indemnity Agreements Act).

Government Efficiency Efforts

- Contract Services: Puts in session law a provision in S.F. 2088 (Government Reorganization and Efficiency Act) relating to contract services and training.
- Government Purchasing: Puts in session law a provision in S.F. 2088 relating to State government purchasing efforts by the DAS.

- Government Technology Services: Continues a requirement in S.F. 2088 that the DAS consult with and explore technology services to the Judicial and Legislative Branches of government.
- Electronic Renewal Provisions: Continues a requirement in S.F. 2088 that State agencies utilize electronic means for renewal notices for licenses and permits.
- LEAN Provisions: Continues a requirement in S.F. 2088 that State agencies budget and plan to conduct LEAN events and share resources for staff and training.
- Review of Fees: Continues a requirement in S.F. 2088 that the Joint Appropriations Subcommittees of the General Assembly examine and review fees charged by State agencies.
- Hiring Process: Continues a requirement in S.F. 2088 that the DAS streamline the hiring process for State agencies.
- Tobacco Retail Compliance Checks: Limits the number of tobacco retail compliance checks that the Alcoholic Beverages Division can perform in FY 2012
- to one check per retail outlet and one follow-up check for those that are not compliant during the first check.
- Payroll System: Continues a requirement in S.F. 2088 that the DAS examine the possibility of merging payroll systems.

State Fair Board

The Senate changes the Iowa State Fair Board membership specifying that the Treasurer of the Board is chosen from the elected Board members rather than being a nonvoting member that receives compensation for the services. Repeals Code Section 173.12 related to the salary for the Treasurer.

Controlled Substances

The Senate requires the Department of Public Safety to establish a Controlled Substance Collection and Disposal Program for 30 days for the collection of bath salts and salvia divinorum from persons in possession of the substances and retailers. Criminal penalties do not apply for 30 days after enactment. This provision is effective on enactment.

Housing – Tax Status

The section amends Iowa Code section 405.1. Currently, the section gives counties the power to enact an ordinance that would allow subdivided property to continue to be assessed at the rate it was before it was acquired for sub-development. For counties with a population of 20,000 or less, the extension is for five years. For a county with 20,000 or more residents, the extension is for three years.

This section changes this by eliminating the two-tiered system and allows any county or city to enact an ordinance which would make it a uniform five years at the unimproved rate.

The section amends Iowa Code section 441.72, which deals with the assessment of platted lands. Section 2 takes out the language that limits the extension of the pre-development assessment to three years. Instead, the extension goes to 8 years for unimproved lots.

The Governor signed SF 533 on July 27 with the following item vetoes:

- The prohibition on bonus pay for executive branch officials for FY 2012 and FY 2013
- The increase in membership of the Iowa Law Enforcement Academy council
- The reporting requirement for expenditures for contract services and employee training
- The extension of the Medication Therapy Management program until the end of FY 2012
- The increase in the Earned Income Tax Credit from 7 percent to 10 percent of the federal credit