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HOUSE REPUBLICAN STAFF ANALYSIS

Bill: House File 45
Committee: Appropriations
Date: January 24, 2011
Staff: Lon Anderson (1-5184)

Taxpayers First Act

House File 45 is the Taxpayers First Act of 2011. The bill creates the Tax Relief Fund, which will capture the general fund surplus to be returned to the taxpayer. It also contains deappropriations from the FY 2011 budget and reductions in appropriations for FY 2012 and FY 2013. The bill eliminates programs and reduces expenditures on non-personnel items. It also provides a supplemental for mental health and begins the process of re-writing the mental health delivery system.

Section-by-Section Analysis

Division I. Tax Relief Fund. (Sections 1 – 5) Creates a new Tax Relief Fund (TRF) to capture the general fund surplus. Directs the Ways and Means Committee to develop the policy for the TRF.

Division II. Uniform Provisions. (Sections 6 – 14) This division does the following:

Sections 6 and 11. Requires the Executive, Judicial and Legislative branches to establish an employee premium for health insurance coverage, sets the premium at a minimum of \$100 per month.

Section 7. Reduces expenditures for office supplies, outside services, equipment purchases, information technology, printing and binding and marketing by 50 percent of the unencumbered appropriation. Also provide directive to establish a statewide master marketing contract.

Section 8. Requires any state agency that currently is storing historical records in a flood plain to find a new place to store the records within 6 months of the bill being enacted.

Section 9. Requires the REC to establish a revenue estimate for FY 2013 at its meeting in February or March of 2011. This is necessary in order to approve a two-year budget.

Section 10. Denies any state benefits to illegal aliens unless already covered by federal law.

Section 12. Prohibits taxpayer-funded lobbyist activity.

Sections 13 and 14. Applicability and effective dates for the division.

Division III. Administration and Regulation. (Sections 15 – 22) This division does the following:

Section 15. Directs Admin and Reg budget subcommittee to outsource the general use vehicle fleet

Section 16. Prohibits the purchase of new general use vehicles through the end of FY 2011.

Section 17. Requires the Department of Administrative Services (DAS) to locate state employees in the most cost efficient way possible but not pay penalties for early termination of leases.

Sections 18. Requires the Iowa Telecommunications and Technology Commission to develop a Request for Proposal to sell or lease the Iowa Communications Network. ~~Adds policy language requested by the ICN to make a lease of network capacity a possible option and requires the funds generated by a lease arrangement to be deposited into the general fund.~~

Section 19. Allows the Auditor to seek reimbursement for local government audits.

Section 20. Reductions to the Ethics and Campaign Finance Disclosure board due to unfilled positions. ~~Also rescinds the \$150,000 transfer from the Cash Reserve Fund.~~

Section 21. Reduces funding for DAS information technology purchases by 50 percent and requires the executive branch to combine information technology systems

Section 22. Effective dates.

Division IV. Agriculture and Natural Resources. (Sections 23 through 25) Prohibits the Department of Natural Resources from purchasing more land. Reduces the REAP appropriations to reflect the reduction for not buying land. Does allow land to be donated to the DNR.

Division V. Economic Development. (Sections 26 – 33) This division does the following:

~~Section 22. Requires Department of Cultural Affairs to find a new location to store state historical records (This is now covered by Section 8 in Division II.)~~

Sections 26 and 30. Eliminates the Generation Iowa Commission.

Sections 27, 29 and 32. Eliminates the Save Our Small Business Program.

Section 28. Cancels Iowa's membership in the North America's super corridor coalition.

Section 31. Freezes spending on Iowa's Great Places Program through the end of FY 2011.

Section 33. Effective dates.

Division VI. Education. (Sections 34 – 54) This division does the following:

Section 34. Reduces funding for Department of Education director due to an unfilled position.

Section 35. Eliminates the funding for core curriculum and directs the Education Committee to develop new standards for K-12 students.

Sections 36 – 39. Reduces the FY 2011 appropriations for University of Iowa, ISU and UNI. Exempts them from specific cuts and cuts the three universities by a total of \$10 million in FY 2011 and them by \$15 million in both FY 2012 and FY 2013.

Section 40. Directs the Education Appropriations subcommittee to implement provisions to consolidate administrative functions at the Regents universities and community colleges.

Section 41. Reduces acquisitions for the state library by 50 percent.

Section 42. Freezes all Regent sabbaticals through the end of FY 2012.

Section 43. States it is the intent of the Legislature to create a voucher program for preschool students.

Sections 44 – 47, 50 - 52 Eliminates the policy and funding for the current preschool funding system.

Section 48. Reduces funding to Area Education Agencies by \$10 million in FY 2011. States that to the extent possible, AEAs should reduce administrative spending prior to reducing staff that works directly with children and families.

Section 49. Limits tuition increases to the rate of the Higher Education Price Index.

Sections 53 and 54. Effective dates. Also prohibits the Regents from raising tuition, fees and surcharges to backfill cuts in the FY 2011 budget and states that it is the intent of the Legislature that the Regents reduce administrative staff before eliminating staff that provides instruction directly to students.

Division VII. Health and Human Services. (Sections 55 – 68) This division does the following:

Section 55. Requires DHS to enforce residency restrictions for any public benefits.

Section 56. Requires the Department on Aging to develop a plan to reduce the number of Area Agencies on Aging.

Section 57. Requires the HHS Appropriations Subcommittee to develop a new system for reimbursement of juvenile shelter care providers and ending the funding of unused beds.

Section 58. Reduces funding for the legislative health care coverage commission.

Sections 59 and 60. Eliminates the funding for the youth smoking prevention program (JEL). Changes requirements necessary to receive smoking cessation medications from Medicaid.

Section 61. Reduction to the health care delivery system (local level).

Sections 62 and 63. Reduction to the direct care worker task force funding.

Section 64. Reduction to funding for elderly wellness and unneeded funds for the EMS program.

Section 65. Elimination of the state family planning waiver.

Sections 66 and 67. Eliminates the funding for unused juvenile shelter care beds.

Section 68. Effective dates.

Division VIII. Infrastructure and Transportation. (Sections 69 – 87) Division does the following:

Section 69. Freezes spending from the Living Roadway Trust Fund.

Sections 70 – 80. Eliminates the funding and policy for the sustainable communities (heated sidewalks). Requires the Infrastructure budget subcommittee to review funded projects and report to the Legislature.

Section 81. Reduces funding for the shuttle service from downtown Des Moines to the Capitol.

Section 82. Reduces funding for the Honey Creek resort manager.

Sections 83 – 86. Eliminates funding for the passenger rail project.

Section 87. Effective dates.

Division IX. Justice System. (Sections 88 – 90) This division does the following:

Section 88. States that any amount over the \$1500 limit on legal fees set by statute must be paid for by the Courts' budget.

Section 89. Supplemental appropriation of \$16 million for indigent defense, needed because of under-funding of the program by the previous Legislature.

Section 90. Effective dates.

Division X. Power Fund. (Sections 91 – 95) Eliminates the Power Fund and the Office of Energy Independence. Directs the Economic Development budget subcommittee to determine who is responsible for the remaining renewable energy programs.

Division XI. Rebuild Iowa Office. (Sections 96 – 105) Eliminates the Rebuild Iowa Office. Requires the Justice System budget subcommittee to consult with the Division of Homeland Security to shift disaster-related responsibilities to the appropriate existing state agencies.

Division XII. Values Fund. (Sections 106 – 130) Eliminates all funding and policy for the Grow Iowa Values Fund and replaces necessary language on wage-thresholds and other policy items.

Division XIII. County Mental Health. (Sections 131 – 141) Provides a one-time appropriation of \$25 million to eliminate the mental health waiting lists. Also repeals the current mental health services delivery system and mandates a new system be in place by July 1, 2012. Only funds the elimination of waiting lists based on plans in effect as of December 31, 2010. Also states that allowed growth must incorporate measures to ensure that the waiting lists that are eliminated, remain eliminated.

Division XIV. Corrective Provisions. (Sections 142 – 145) Technical corrections to previously approved appropriations or policy language.

Division XV. Government Efficiency Measures. (Sections 146 – 151) This division does the following:

Section 146. Requires the consolidation of pharmacy services for state employees, Medicaid recipients, patients at the institutions, and inmates in order to achieve cost savings.

Section 147. Creates a clawback provision for local governments that are later found to be ineligible for state funds.

Section 148. Eliminates the standing appropriation of \$17.5 million for technology expenditures in FY 12.

Sections 149 and 150. Reduces current technology spending (FY 2011) by \$6.6 million.

Section 151. Effective dates.