

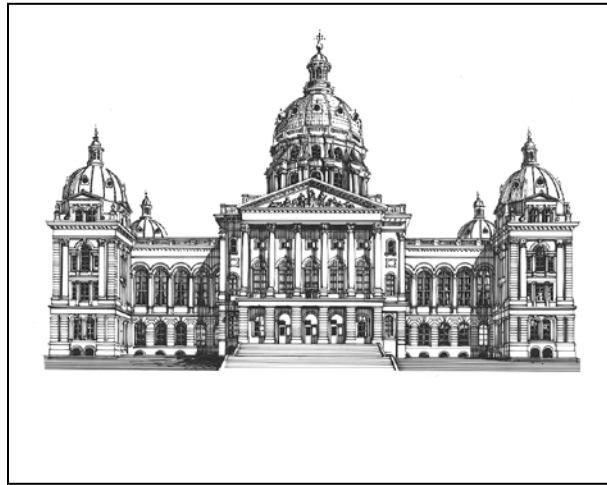
Iowa House of Representatives

State Representative Cecil Dolecheck

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For the week of April 18th, 2011



Conference Committee Reaches Deal on Senate File 209

On Thursday, April 14, the House and Senate finally reached a deal on Senate File 209, which is the federal tax code coupling, bonus depreciation and FY 2011 supplemental appropriations bill.

The key part of the compromise was the Senate finally agreeing to the creation of a Taxpayers Trust Fund (TTF). The compromise captures the first \$60 million of the revenue above the original adjusted revenue estimate and deposits it into the TTF for tax relief measures. The Ways and Means Committee will propose the tax relief measures.

House Republicans believe that the creation of the Taxpayers Trust Fund is the first step in giving taxpayers a seat at the table.

In addition, the bill reduces state tax revenue by \$141 million over FY 2011 and FY 2012 as follows:

- Updates Iowa tax law to incorporate enhanced business depreciation schedules allowed under federal law beginning in tax year 2011. The depreciation schedules are for Section 179 expensing and bonus depreciation. Bonus depreciation allows a business to claim an enhanced or bonus tax deduction for depreciation on the cost of new equipment purchases, rather than depreciating the full cost gradually.
- The earned income tax credit is increased from the current level of 7 percent of the federal credit, to 10 percent of the federal credit. Applies retroactively to January 1, 2011, for tax years beginning on or after that date.

The bill also provides for supplemental appropriations for a total of \$65.7 million as follows:

- \$20 million to clear the mental health waiting lists and repeals the current mental health code by July 1, 2013 (*House File 45 provided \$25 million and a July 1, 2012 repeal date.*)
- \$5.9 million for the community colleges to restore Governor Culver's cut
- \$14.2 million for the Department of Corrections (prisons, CBCs and central office)
- \$18.6 million for public defender and indigent defense to make up for the underfunding used by the Democrats to balance the budget in FY 2011 (*HF 45 contained \$16 million for this.*)
- \$2.96 million for the Department of Public Safety to restore Governor Culver's cuts with \$2 million going to the Iowa State Patrol, the rest going to administration, Narcotics Enforcement, DCI and the State Fire Marshal's Office
- \$1.2 million for the Department of Public Health to restore Governor Culver's cuts to addictive disorders, community capacity, healthy aging, healthy children & families and infectious diseases
- \$2.64 million to the Department of Human Services to restore Governor Culver's cuts to the mental health institutions

- Allows the Department of Revenue to use previously appropriated funds for tax processing
- Corrects the appropriation for Terrace Hill. (*This was originally in HF 45.*)
- Allows the ICN to obtain a \$16 million grant from the federal government. This will make the network more attractive in a potential sale or lease option, which was contained in HF 45.

The conference committee approved the final report on Monday, April 18 and the Senate approved the bill on a 49-0 vote. The House approved it on a 97-0 vote and sent the bill to the Governor. The Governor has three days to sign, veto or sign the bill with item veto.

House Republicans are pleased that a deal was reached on SF 209. The bill helps the state close the books on FY 2011, provides an important tax relief measure and finally gives taxpayers a seat at the table.

Library Reorganization Heading back to the Senate

A plan to reorganize state funded libraries has passed both chambers with broad support. Senate File 410 essentially combines the existing State Library (within the Department of Education) with the six current Library Service Areas—the result being the new Division of Library Services. This is an independent division of the Department of Education, overseen by the State Commission of Libraries (who currently oversees the State Library). The reorganization plan comes from the report and recommendations of the Iowa Library Services Reorganization committee as directed in last year’s Senate File 2376 (Education Appropriations). The committee had discussions over the last year and submitted their report last December.

The commission and the State Librarian will staff, organize and administer the new division. The commission will also convene a Library Services Advisory Panel to make recommendations to the commission and the new division on priorities and needs of libraries around the state. The advisory panel shall have no fewer than eleven members representing all sizes of libraries and all areas of the state. A simple majority of the panel members shall be appointed by the executive board of the Iowa library association and the remaining members shall be appointed by the state librarian. Panel members shall be reimbursed for meeting expenses.

The bill sets out three units to be under the new Division of Library Services. These units are the Library Support Network, the Specialized Library Services unit, and the State Data Center. The bill states that the Library Support Network will provide locally delivered consulting and training, and ensure the consistent availability of quality services to all libraries throughout the state, regardless of location or size. The bill describes the duties of the Specialized Library Services unit as providing information services to the three branches of state government, and focused information services to the general public in the areas of Iowa law, Iowa state documents, and Iowa history and culture.

The bill directs that any state-funded assets or real estate currently held by the library service areas will be transferred to the state prior to the reorganization. Anything that cannot be transferred will be liquidated and the money will then be transferred into the general fund. Any employees of the current library services areas that are hired by the new division will become state employees. Within the new division will be six district offices. Each of those offices will have two full time employees for a total personnel cost of \$848,728. Based upon the reorganization in Senate File 410, the general fund cost for fiscal year 2012 for the new Division of Library Services would be \$948,000. This is a decrease of \$120,000 as compared to fiscal year 2011.

The bill now bounces back to the Senate for further consideration.

What do you think? Email me your thoughts. My e-mail address is:

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Visitors to the House include : Dakota Monroe and Braxton Lyddon , students of Heidi Lumbard from Corning High School.

Information about my legislative forum schedule, past newsletters and biography can be found at www.iowahouserepublicans.com/members/cecil-dolecheck