

M I N U T E S

LEGISLATIVE COUNCIL

December 10, 1980

The twentieth meeting of the 1979-80 Legislative Council was called to order by the Chairperson, Speaker William Harbor, at 10:10 a.m., Wednesday, December 10, 1980 in Committee Room 22 of the State House, Des Moines. Council members in attendance were:

Speaker William H. Harbor, Chairperson  
Senator Calvin O. Hultman, Vice Chairperson  
Lieutenant Governor Terry E. Branstad  
Senator James E. Briles  
Senator C. Joseph Coleman  
Senator Willard R. Hansen  
Senator Lowell L. Junkins  
Senator John S. Murray  
Senator William D. Palmer  
Senator Dick Ramsey  
Senator Ray Taylor  
Representative Donald D. Avenson  
Representative John H. Clark  
Representative Roger A. Halvorson  
Representative Ingwer L. Hansen  
Representative Delwyn D. Stromer  
Representative Richard W. Welden

Also present were:

Mr. Ron Mosher, State Comptroller  
Mr. Gerry Rankin, Director, Legislative Fiscal Bureau  
Mr. Serge Garrison, Director, Legislative Service Bureau  
Mr. Bill Angrick, Citizens' Aide  
Mr. Burnette Koebernick, Senior Legal Counsel, Legislative Service Bureau  
Mr. Larry Burch, Legal Counsel, Legislative Service Bureau  
Ms. Diane Bolender, Senior Research Analyst, Legislative Service Bureau

Also present were a number of other legislative staff persons, news media representatives, and other interested individuals.

Following roll call, Senator Hultman moved that the minutes of the November 12, 1980 Council meeting be approved as distributed to Council members. The motion carried.

Chairperson Harbor stated that the committee which was appointed at the November Council meeting, consisting of the Speaker, Speaker Pro Tem, President of the Senate, President Pro Tem, majority and minority leaders of both houses, and the Appropriations Committees chairpersons and ranking minority members, met with the Governor on December 9 on the current state revenue situation. He called upon

Mr. Mosher to discuss some of the alternatives discussed at the meeting. Mr. Mosher commented that the Legislative Fiscal Bureau had issued a revised revenue estimate which projects a deficit of \$36 million at the end of the current fiscal year. He explained that the Comptroller's office has not revised its estimate downward at this time, but is in the process of making revisions. Mr. Mosher expressed the belief that the State Comptroller's estimate will not be as pessimistic as that issued by the Legislative Fiscal Bureau. Mr. Mosher stated that in addition to the deficit projected by Mr. Rankin, two other estimates appear to be overly optimistic. He stated that the current estimate on revenue refunds may be too low and the Research Division of the Department of Revenue and the State Comptroller's office are estimating that an additional \$8 million in refunds will be paid this year. He also commented that 2,000 more special education students have been identified which will result in \$5.4 million additional state school aid.

Mr. Mosher commented that October receipts showed an eight percent increase over the previous year and it appears that the downward slope of revenue growth has ended, but, as interest rates have increased to nearly 20 percent, the growth rate will be affected. Mr. Mosher expressed the belief that the turn-around in state receipts will not continue because of prohibitive interest rates, but the effect will not be felt until January.

Mr. Mosher stated that the Governor's office is exploring options to across-the-board budget reductions. He explained that some of the options involve temporary changes because the problem is seen as a temporary one. He listed the following as possible options:

1. Delay the phase out of the sales tax on gasohol from May 1 to July 1, which will generate \$1.5 million.

2. Charge the first payroll of the fiscal year, for a pay period in the previous fiscal year, to the next fiscal year. He stressed that this is not an option which can be changed annually. This action will provide an additional \$6.5 million.

3. Abolish the military tax credit fund and transfer the moneys to the state general fund. This option will raise an additional \$6.7 million and will not affect credit or payouts.

4. Delete special funds which pay operating budgets and establish various accounts in the general fund of the state to pay for these operating budgets.

5. Request a payback of \$728,000 advanced to the College Aid Commission for the guaranteed student loan program.

6. Defer the final quarter's payment of state school aid until early in the next fiscal year.

Mr. Rankin commented that adding the two additional deficit items to the \$36 million projected deficit brings the deficit to \$49.7 million. Mr. Rankin also noted a shortfall of funds for the Department of Social Services of \$8 million, which with the additional deficit increasing the total deficit to \$57.7 million.

Both Mr. Rankin and Mr. Mosher stated that it is difficult to guarantee the accuracy of the estimated deficit.

Mr. Mosher also commented that withholding rates for the state income tax were lowered in anticipation of indexing but the income tax rates were not indexed for this year and refunds for next year should not be as high as anticipated. Representative Avenson asked whether the difference could be as much as \$15 million. Mr. Mosher responded in the affirmative.

Representative Avenson commented that the Council on Social Services' estimate of deficit at the end of the fiscal year is greater than \$8 million. Mr. Mosher agreed, commenting that the Council has estimated from \$12 to \$14 million deficit, including a six percent increase in aid to families of dependent children payments which were deferred for the balance of this year. He stated that if the six percent increase is not granted, the deficit will be approximately \$8 million.

Representative Avenson asked about deferring the school aid payments. Mr. Mosher commented that part of the school aid payments could be made during the next fiscal year and he stated that each quarterly payment is \$144 million.

Representative Avenson asked whether it is possible to solve this year's financial problems without addition across-the-board cuts. Mr. Mosher commented that the total savings or additions to the general fund in the list he presented to the Legislative Council is greater than the budget deficit is anticipated to be. He also commented that Governor Ray has stated that he will not increase taxes.

In response to a question about deferring payments, Mr. Mosher commented that some of the options involve deferring payments, but others are permanent changes which will provide additional funds in the general fund of the state.

Representative Hansen asked how many employees have been laid off. Mr. Mosher responded that he does not have figures for the Board of Regents employees, nor does he know how many employees were laid off, but there are 700 fewer employees than when the Governor announced the employment freeze. He added that there are 3.6 percent fewer employees than there were in April and most of the reductions have occurred as a result of attrition.

Representative Hansen asked about estimates on interest rates into the next fiscal year. Mr. Mosher responded that it is

estimated that interest rates will peak out the first of the year at around 20 percent and then return to a more reasonable level by the spring planting season.

Chairperson Harbor asked about the timetable for making decisions about the options listed. Mr. Mosher commented that Governor Ray will select from the various options within the next few days.

Representative Halvorson commented that there are two separate issues involved in state funding woes and these include both a Constitutional issue that there cannot be a budget deficit at the end of the fiscal year and a cash flow problem. He asked whether it will be possible to improve the cash flow problem by the end of the fiscal year. Mr. Mosher commented that the further into the fiscal year, the more difficult it is to make cuts. He expressed hope that the cash flow problem will solve itself by the next fiscal year. Chairperson Harbor thanked Mr. Mosher and Mr. Rankin for their comments and asked Council members to listen to final reports of study subcommittees and committees established by the Legislative Council.

Copies of the reports to be presented in the course of the meeting were distributed in advance to Council members attending the meeting, and to other interested persons present as the reports were presented. Some additional copies are available from the Legislative Service Bureau.

Chairperson Harbor recognized Representative Stromer, Chairperson of the Education Study Subcommittee of the House and Senate Education Committees, for a presentation of the Subcommittee's final report. On motion of Representative Stromer, the report was received by a unanimous voice vote of the Council members present.

Chairperson Harbor recognized Lieutenant Governor Branstad, Chairperson of the Property Tax Study Committee, for the Study Committee's progress report. Following a review of information contained in the progress report, Lieutenant Governor Branstad stated that the final meeting of the Committee will be December 17 and he listed the following as significant issues remaining to be addressed by the Committee:

1. The cost of collecting the personal property tax under the personal property tax phase out.
2. Local option taxes.
3. Adjustments to the productivity formula.
4. Tax incentives for business and job opportunities, which include the options of repealing the sales and use tax on new equipment and redefining industrial equipment as personal property.

5. Assessment practices.

6. Levy or budget limitations.

Representative Hansen asked whether the Committee had discussed retroactive equalization. Lieutenant Governor Branstad stated that county auditors appearing before the Committee had expressed opposition to retroactive equalization. In response to a question about the assessment of commercial property, Lieutenant Governor Branstad expressed the belief that some of the problems in commercial property assessment are being corrected. The report was received by the Legislative Council.

Chairperson Harbor recognized Senator Briles, Co-chairperson of the County Home Rule Study Committee, for the Committee's progress report. Upon completion of Senator Briles' presentation, the report, including authorization for one additional meeting on January 9, 1981, was approved and received by the Legislative Council.

Chairperson Harbor recognized Senator Ramsey, Co-chairperson of the Iowa Coal and Hazardous Waste Facilities Siting Subcommittee of the Senate and House Committees on Energy, for the Subcommittee's final report. Chairperson Harbor asked whether the Subcommittee had considered implementing a severance tax on coal. Senator Ramsey responded that the Subcommittee's intention is to increase the use of Iowa coal, not tax it. The report was received by the Legislative Council.

Chairperson Harbor recognized Mr. Burch of the Legislative Service Bureau, for a presentation of the final report of the Grain Elevator and Grain Grading Joint Subcommittee. Upon completion of Mr. Burch's presentation, the report was received by the Legislative Council.

Senator Hultman expressed his appreciation to Chairperson Harbor and Representative Millen, the Chairpersons of the Legislative Council during 1979 and 1980. He presented a plaque to Chairperson Harbor and displayed a plaque which will be sent to Representative Millen and thanked both for outstanding service to the Legislative Council. Chairperson Harbor thanked the Legislative Council.

The Legislative Council recessed for lunch at 11:45 a.m. and reconvened at 1:15 p.m. with the same Council members present who had been present during the morning session. In addition the following persons were present:

Representative Horace Daggett  
Representative Reid Crawford  
Representative Sonja Larsen  
Mr. Michael Goedert, Legislative Service Bureau  
Mr. Roger Nowadzky, Legislative Service Bureau

Chairperson Harbor recognized Representative Crawford, Co-chairperson of the Governor's Economy Committee Recommendations Subcommittee of the House and Senate Committees on State Government, for a presentation of the Subcommittee's final report. Following a listing of recommendations of the Subcommittee, Representative Crawford expressed the belief that the research and analysis of costs savings performed by the Governor's Economy Committee were not what they should have been. He commented that the savings were overestimated, inaccurate, and inappropriate. He explained that the members from the House and Senate disagreed on a number of proposals and because the rules of the Subcommittee required a majority of members from both houses to agree upon recommendations, several recommendations were not included. He commented that the Subcommittee learned that the affected people and agencies did not desire to change the way in which they are currently functioning.

Representative Crawford suggested the following:

1. The Legislative Council should appoint a chairperson for study committees because it is difficult to fix responsibility when co-chairpersons are elected.
2. The Subcommittee should have been smaller; 14 members were too many.
3. It will be necessary to review the recommendations again in Committee during the session.

The final report of the Subcommittee was received by the Legislative Council.

The educational leave report, copies of which were distributed to Council members prior to the meeting, was received by the Legislative Council.

Mr. Garrison commented that the Corrections Systems Joint Subcommittee has requested two additional meetings to further analyze the reports relating to the federal lawsuits concerning conditions at the State Penitentiary. The meetings would be used to review the status of the case, the actual basis and proposed remedies for the alleged problems, finalize Subcommittee recommendations concerning the Penitentiary conditions, and to review the Department of Social Services' Division of Corrections' legislative package. Senator Hultman moved that the Legislative Council authorize the Corrections Systems Joint Subcommittee two additional meetings. Representative Hansen seconded the motion, and it carried on a voice vote.

Chairperson Harbor recognized Mr. Koebernick from the Legislative Service Bureau for the final report of the Joint Transportation Study Subcommittee. Following presentation of the report of the Subcommittee, Chairperson Harbor asked whether the

Subcommittee had discussed the feasibility of reinstituting the toll road authority. Mr. Koebernick responded that there was no discussion because under federal law toll roads are not permissible if federal funds have been used to build the road. The report was received by the Legislative Council.

Chairperson Harbor recognized Mr. Burch from the Legislative Service Bureau for the progress report of the Funeral Directors Study Subcommittee of the Senate Committee on State Government and the House Committee on Judiciary and Law Enforcement. Following Mr. Burch's presentation, the report was received by the Legislative Council.

Chairperson Harbor called upon Mr. Burch from the Legislative Service Bureau for the progress report of the Court Study Subcommittee of the Senate Committee on Judiciary and House Committee on Judiciary and Law Enforcement. Following presentation of the progress report, Mr. Burch stated that the biggest problem in implementing the recommendations is finding state funds (currently the state provides about 25 percent and counties provide about 75 percent of the financing of the courts of Iowa). Senator Murray expressed the belief that it will be necessary to phase in the financial aspects of the proposal and asked whether the state can begin funding a larger percentage of the court costs in lieu of sending money to the counties for other purposes. Mr. Burch responded that the Subcommittee agrees that any proposals must be phased in. He commented that the total expenditures for the court system for the last fiscal year were \$38 million. The report was received by the Legislative Council.

Chairperson Harbor recognized Representative Daggett for the progress report of the Corrections Systems Joint Subcommittee. In response to a question from Representative Hansen, Mr. Nowadzky reviewed the agenda for the additional days' meetings which were previously approved by the Legislative Council. The report was received by the Legislative Council.

Chairperson Harbor recognized Representative Larsen, Co-chairperson of the Subcommittee on Forestry of the House and Senate Committees on Natural Resources, for the final report of the Subcommittee. Following presentation of the report, Chairperson Harbor asked if the demand is greater than the supply for trees from the state forester, why the state forester does not increase the price to approach the price charged by commercial nurseries. Representative Larsen responded that the price is low as an incentive for planting trees. She indicated that the Subcommittee is recommending expanding the program and using public lands located in southern Iowa, possibly lands owned by the Iowa State Penitentiary. The report was received by the Legislative Council.

Chairperson Harbor recognized Mr. Goedert of the Legislative Service Bureau for the final report of the Mandatory Spending Limits Subcommittee of the House and Senate Committees on Ways and

Means. Following presentation of the report, it was received by the Legislative Council.

Chairperson Harbor recognized Senator Murray, Co-chairperson of the Juvenile Justice Subcommittee of Senate Committee on Judiciary and the House Committee on Judiciary and Law Enforcement, for the final report of the Subcommittee. Following presentation of the report, Chairperson Harbor noted that many superintendents complain about the confidentiality of records of juveniles. Senator Murray indicated that the subject has been discussed by the Subcommittee. He stated that suggestions of persons appearing before the Subcommittee relating to the problem are contained in a compilation of comments prepared by the Legislative Service Bureau. Senator Murray also commented that a recently completed summary of juvenile crime in Iowa indicates that in 1978, 49.7 percent of the crimes in Iowa were committed by juveniles. He further commented that 21.5 percent of the violent crimes and 52.6 percent of the property crimes were committed by juveniles. The report was received by the Legislative Council.

Chairperson Harbor recognized Senator Ramsey, Co-chairperson of the Alternative Sentencing and Victim Compensation Subcommittee of the Senate Committee on Judiciary and the House Committee on Judiciary and Law Enforcement, for the progress report of the Subcommittee. The progress report was received by the Legislative Council.

Chairperson Harbor called upon Senator Murray for the report of the Legislative Fiscal Committee. The report was received by the Legislative Council.

Chairperson Harbor called upon Senator Hultman for comments and activities of the Administration Committee. Senator Hultman indicated that although the Administration Committee had not met, some members had toured the rooms on the first floor of the State House that will be used as committee rooms during the next legislative session. He indicated that the rooms will be ready for occupancy on January 12. He stated that the chandeliers in the smaller room will not be ready for the legislative session and temporary florescent lights will be used until then. He stated that speakers for the House and Senate will be placed in the rooms and there will be a plug for a telephone. Senator Ramsey asked about resolving problems relating to the assignment of committees to specific rooms. Senator Hultman responded that the Secretary of the Senate and the Chief Clerk of the House will resolve difficulties. Senator Ramsey requested that copies of the Code of Iowa be placed in each room. Senator Hultman's comments were received by the Legislative Council.

Mr. Garrison asked for approval to employ Mr. Michael Stephenson as a map drawer/statistician on a temporary basis at \$6.78 per hour at merit classification grade 22, step 2. Representative Hansen moved that Mr. Garrison be authorized to employ Mr. Stephenson at



the salary rate specified. Representative Clark seconded the motion, and it carried.

The Legislative Council adjourned at 3:00 p.m.

Respectfully submitted,

SERGE GARRISON  
Director

DIANE BOLENDER  
Senior Research Analyst