

M I N U T E S

LEGISLATIVE COUNCIL

June 15, 1982

The fifteenth meeting of the 1981-1982 Legislative Council was called to order at 1:50 p.m., Tuesday, June 15, 1982, in Committee Room 22 of the State House, Des Moines. Council members present were:

Senator Calvin O. Hultman, Chairperson
Speaker Delwyn Stromer, Vice Chairperson
Senator Gary L. Baugher
Senator James E. Briles
Senator C. Joseph Coleman
Senator C. W. Hutchins
Senator John W. Jensen
Senator Lowell L. Junkins
Senator John S. Murray
Senator Ray Taylor
Representative Robert T. Anderson
Representative Donald D. Avenson
Representative John H. Clark
Representative John H. Connors
Representative Lester D. Menke
Representative Larry Pope
Representative Richard W. Welden

Other persons present for the meeting were:

Dr. John W. Fuller, Legislative Extended Assistance Group (LEAG)
Mr. Serge Garrison, Director, Legislative Service Bureau
Mr. Gerry Rankin, Legislative Fiscal Director
Mr. William Angrick, Citizens' Aide
Mr. Thane R. Johnson, Legislative Service Bureau
Ms. Diane Bolender, Legislative Service Bureau
Ms. Virginia Sheffield, Legislative Fiscal Bureau

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

Senator Briles moved that the minutes of the May 26, 1982 meeting be approved as mailed to Council members, and the motion was adopted. Representative Clark moved that the Legislative Council receive the educational leave report, and the motion was adopted.

Chairperson Hultman recognized Dr. Fuller. Dr. Fuller described fifteen different research proposals received by LEAG for research to be done this summer and next fall for reports to be ready for the general assembly next January. He said that the Legislative

Council can select approximately six proposals at an amount not to exceed \$35,000. He indicated that the funds to pay for the research will come from foundation grants and a matching legislative appropriation. He indicated that those proposals for which the initial cost exceeds \$6,000 can be negotiated to the \$6,000 price. Copies of the memorandum containing more complete information about the LEAG budget and each proposal may be obtained from the Legislative Service Bureau upon request. Dr. Fuller listed the following proposals:

1. Multiple Uses of the Mississippi, \$6,401.
2. Interstate Cooperation in Water Resources Management, \$3,500.
3. Plant Closings, \$7,989.
4. Economic Development Potential, \$6,000.
5. Economic Development and Muncipal Infrastructure, \$8,521.
6. District Heating/Cogeneration, \$6,000.
7. Energy Price Increases, \$5,949.
8. Legalize Gambling, \$5,100.
9. Local Option Taxes, \$5,915.
10. Local Option Taxes, \$5,680.
11. Local Option Taxes, \$6,000.
12. County Land Use Regulation, \$2,550.
13. Changes in Age Structure, \$6,000.
14. Validity of Unemployment Estimates, \$5,913.
15. Impacts of AFDC Change, \$6,846.

Speaker Stromer moved that the Legislative Council direct LEAG to negotiate contracts for studies for numbers 2, 4, 7, 10, 12, and 15. He asked that number 15 be negotiated back to \$6,000 cost and commented that the total cost of the six is approximately \$30,000.

Senator Baugher moved that the gambling study be inserted and the study of the impacts of AFDC change be deleted. Dr. Fuller responded that about \$35,000 is available in the budget and gambling can be added without deleting any studies. Senator Baugher withdrew his previous motion and moved that the gambling study be added. Representative Pope moved a substitute motion that the study of plant closings be added rather than the gambling study.

Speaker Stromer asked about renegotiating the cost of the studies down to \$6,000. Dr. Fuller responded that he has written a letter to the principal investigator for each project as to whether the cost could be negotiated down to \$6,000 and all agreed that the costs could be reduced, although a reduction in the payment of costs may cause some restructuring of the study.

Senator Baugher expressed the belief that the plant closing study will not provide further information such as the gambling study will. Chairperson Hultman called for a division and Representative Pope's substitute motion for plant closings carried and the Stromer motion, as amended, was adopted.

Dr. Fuller commented that a new LEAG publication has been completed, and An Evaluation of Wetlands and Wetlands Policies in Iowa has been included in the member's packets along with an order form for a free copy of the report.

Chairperson Hultman called for the report of the Legislative Fiscal Committee. A copy of the report is attached to the minutes and by this reference made a part thereof. Senator Murray reviewed a table illustrating the general fund balance in millions of dollars prepared by the Legislative Fiscal Bureau on June 11, 1982. He indicated that if the state continues collections at the rate it is presently receiving them, the estimates will be about \$9 million short. Senator Murray added that approximately \$58 million of windfall money will be collected this year, much of that money during the last two months of the fiscal year. He stated that the State Comptroller has indicated that retail sales have been sharply up for the month of May on a national basis, but information about retail sales in Iowa is not due until after June 20.

With regard to the cash flow for state government, Senator Murray indicated that estimates are that the state will have some \$10 million to \$15 million with which to begin the next fiscal year.

Senator Murray indicated that for the 1983 fiscal year, there will be about \$44 million of windfall moneys, and a 10.25 percent increase is needed, after having removed the windfall money, in order to remain relatively close to the projections of the Legislative Fiscal Bureau. Senator Murray moved adoption of the Legislative Fiscal Committee report. Representative Anderson complimented Senator Murray on his summarization of the information obtained at the Legislative Fiscal Committee meeting. He suggested that it is important for the General Assembly to know when or if the state revenues are dipping dangerously low. He commented that it is highly unlikely that the state will reach the ten percent growth rate.

Senator Murray stated that the Legislative Fiscal Committee intends to receive monthly reports relating to the cash flow

situation, expenditure allocations, and the manner in which expenditures are developing. Representative Anderson commented that the State Comptroller does not possess a computer program that will enable him to know whether there is sufficient money to make quarterly appropriation allocations. He asked Senator Murray to ask the State Comptroller to provide more information relating to the cash flow situation. Senator Murray agreed to do so, commenting that it is not possible for the State Comptroller to know the unencumbered balance at all times, but there may be other expenditure information that the Legislative Fiscal Committee can obtain. Senator Murray's motion to approve the report was adopted.

Representative Pope reviewed the report of the Studies Committee, which authorizes two additional studies to be conducted during the interim. A copy of the Studies Committee report is attached and by this reference made a part of these minutes. Representative Pope moved adoption of the Studies Committee report, and it carried.

Speaker Stromer reviewed the report of the Service Committee, a copy of which is attached and by this reference made a part of these minutes. Speaker Stromer moved adoption of the report, which includes approval for budget allocations and salary recommendations for each of the legislative agencies under the Legislative Council. Speaker Stromer's motion carried.

Chairperson Hultman called for a report from Ms. Sheffield of the Legislative Fiscal Bureau relating to a survey of the counties in this state for an analysis of the impacts of reductions in federal funds. Ms. Sheffield commented that the Legislative Council had asked the Legislative Fiscal Bureau to investigate the impact on both counties and cities of reductions in federal funds and in January a questionnaire developed in consultation with the Iowa State Association of Counties which was mailed to all counties. The questionnaire focused on general revenue sharing funds available to the counties and how the programs counties offer are affected by revenue changes.

Ms. Sheffield stated that a comparison was called for between the months of October through December of 1980 and those same months in 1981. She commented that 53 counties are currently at the 81 cent per \$1,000 of assessed valuation limit for property taxes and 12 are at the 80 cent level. She added that although the tax rates vary widely, the smaller, more rural counties tend to have lower consolidated tax rates than the more urban counties. She also commented that the more urban counties have higher per capita incomes, but also have higher increases in their rate of unemployment. She also added that the more rural counties tend to have a higher percentage of elderly and poor persons.

Ms. Sheffield noted that in 1982 the federal budget was cut \$3.2 billion over 1981, but the fiscal year 1983 budget does not show further general revenue cuts although some specific programs are cut.

Ms. Sheffield stated that the urban counties are more dependent on other federal funds, rather than general revenue sharing funds. She noted that the questionnaire had asked the counties whether they anticipate increasing property taxes to offset the federal fund losses, and many of the large urban counties responded in the affirmative. Ms. Sheffield stated that the results of the questionnaires show no relationship between federal revenue sharing decreases and expected property tax increases, but there is a relationship between property tax increases and specific federal funding. She commented that of those counties responding, 23 percent expect to decrease either their numbers or hours of employees, especially in human services areas.

Ms. Sheffield commented that counties were asked whether they anticipate changing their general relief guidelines and 42 of the 73 counties responding stated that they have or expect to make those changes. She added that general economic conditions are highly related to general relief guidelines, but not related to general revenue sharing.

With regard to resources for counties in general, she noted that there are over 40 different county funds, and most of the county funds come from the property tax levy. She commented that it must be determined by the Legislative Council whether a follow-up study should be conducted. Chairperson Hultman thanked Ms. Sheffield for her presentation.

Chairperson Hultman called for comments from Mr. Garrison. Mr. Garrison commented that section 324.83 requires the Legislative Service Bureau to conduct a study to determine the percentage of total motor fuel tax collected that is attributable to motor fuel used in watercraft. He commented that the study is to be reviewed and the percentage recomputed at least once every four years in order to determine the amount of motor fuel tax to be credited to the marine fuel tax fund. Mr. Garrison commented that a study was conducted in 1971 and an estimate was made. He added that in 1975, the Department of Revenue and Conservation Commission cooperated and persons were surveyed as they registered their boats. He added that no study was conducted in 1978 and it is now necessary to recompute the percentage in 1982.

Mr. Garrison explained that he has visited with Dr. Fuller of LEAG about the manner in which the study could be conducted, and Dr. Fuller has indicated a number of ideas as to how the determination can be made. Mr. Garrison commented that the Legislative Service Bureau would like to try to establish a methodology in order to complete this study this fall, and it appears that about \$3,500 will be needed to conduct the study. Mr. Garrison asked for permission of the Legislative Council to negotiate a contract with Dr. Fuller for that amount and report the results back to the Council. The Council agreed.

Speaker Stromer moved that the Tour Guides receive an eight percent salary increase. The motion carried.

Speaker Stromer noted that at the May 26 meeting, the Legislative Council approved payment of \$3,000 for matching funds for receipt of a grant from the National Conference of State Legislatures to study school aid problems. He moved that the amount approved be increased by \$1,700, for a total of \$4,700 (the amount required under the terms of the grant). Speaker Stromer's motion carried.

It was announced that the next meeting of the Legislative Council will be Thursday, July 15, 1982.

The Legislative Council adjourned at 3:05 p.m.

Respectfully submitted,

SERGE GARRISON
Director

DIANE BOLENDER
Senior Research Analyst