

M I N U T E S
LEGISLATIVE COUNCIL

August 11, 1982

The seventeenth meeting of the 1981-1982 Legislative Council was called to order at 1:40 p.m., Wednesday, August 11, 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 James E. Briles
Senator C. Joseph Coleman
Senator C. W. Hutchins
Senator John W. Jensen
Senator Lowell L. Junkins
Senator John S. Murray
Senator William D. Palmer
Senator Ray Taylor
Representative Robert T. Anderson
Representative Donald D. Avenson
Representative John H. Clark
Representative John H. Connors
Representative Ingwer L. Hansen
Representative Lester D. Menke
Representative Larry Pope
Representative Richard W. Welden

Other persons present for the meeting were:

Mr. Doug Gross, Governor's Office
Mr. Art Claus, Comptroller's Office
Mr. Serge Garrison, Legislative Service Bureau
Mr. Burnette Koebernick, Legislative Service Bureau
Ms. Diane Bolender, Legislative Service Bureau

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

Senator Taylor moved that the minutes of the July 15, 1982 meeting be approved as mailed to Council members, and the motion was adopted. Representative Connors moved that the Legislative Council receive the Educational Leave Report, and the motion was adopted.

Chairperson Hultman called for comments from Mr. Garrison concerning a memorandum from Mr. Thane R. Johnson of the Legislative Service Bureau concerning the orientation for new members of the General Assembly. A copy of the memorandum may be obtained from the Legislative Service Bureau upon request. Mr. Garrison commented that Mr. Johnson attempted to compare the legislative orientation program held December, 1980 with comments made by legislators attending the orientation and with recommendations of the National Conference of State Legislatures

Legislative Management Committee. He commented that the NCSL Legislative Management Committee made recommendations in four major areas, that of basic administration information, personal role of a legislator, procedural aspects of the legislature, and public questions and information and it appears that the Iowa program compares favorably with recommendations of the NCSL. He added that the NCSL recommendations include a proposal for a program for spouses of legislators, and Mr. Garrison noted that it would be possible for a brief program for spouses to be conducted, in which the spouse of a veteran legislator could meet with spouses and provide information about the session, its length, the schedule and its impact on a spouse, and the role of a spouse. In addition, Mr. Garrison commented that the NCSL recommends the publication of a handbook for legislators. He stated that such a handbook could be prepared in Iowa in a fairly easy manner by the Legislative Service Bureau working in cooperation with the caucus staffs, the House and Senate staffs, and the Legislative Fiscal Bureau.

Chairperson Hultman thanked Mr. Garrison for the information, and announced that the preliminary work for planning the Legislative Orientation Conference should be conducted by the Administration Committee. He also added that any recommendations of the Legislative Procedures Study Committee should also be referred to the Administration Committee.

Chairperson Hultman called for a report of the Studies Committee. Representative Pope commented that the Studies Committee had received additional members of study committees at its meeting, and a copy of this information is attached and by this reference made a part of these minutes. He also commented that Representative Doderer has declined to serve on the Equal Pay Subcommittee, and Representative Tom Jochum has been named to replace her. Representative Pope informed the Council that Senator Drake and Representative Harbor, Chairpersons of the Transportation Committees, have agreed to call a subcommittee of their committees to study the problems relating to structural deficiencies on bridges located on Iowa's borders. He noted that these persons agreed to call the meeting pursuant to section 2.14, subsection 4, paragraph a of the Code at the discretion of the chairpersons, but they expressed hope that the Studies Committee and the Legislative Council will give consideration to a request from them for an additional meeting day if circumstances arise later in the interim that would make an additional meeting necessary. The Council agreed.

Representative Pope noted that the Studies Committee has recommended to the Legislative Council that an additional study subcommittee be established to look at the problem of rules relating to nurses. He moved that such a study be authorized and a subcommittee composed of three members from each house, from both political parties, be authorized to meet for one day to complete the study. Representative Pope's motion was adopted.

Representative Pope commented that Chairperson Hultman had received correspondence from Senator Holden and Representative Schroeder, Chairpersons of the Committees on Commerce, in which they noted that a Mortgage Problems Joint Subcommittee met in June pursuant to authorization by the Legislative Council to consider the seriousness of the problems caused by the repeal of Code section 535.10 in Senate File 2195. The correspondence noted that the Joint Subcommittee asked for an Attorney General's Opinion as to whether or not special elections would have to be called to fill vacant House and Senate seats if the General Assembly were to hold a special session. The Attorney General has issued an opinion essentially stating that Iowa law would require the Governor to call for special elections if a special session were to be held. Representative Pope noted that the correspondence requests that the Legislative Council determine if the standing Committees on Commerce should meet to consider the issue and if so, that the Council grant such authority as may be required. Representative Pope moved that the Legislative Council authorize the Commerce Committees to meet for one day. Chairperson Hultman added that the meeting of the Joint Subcommittee in June constituted use of the one day at the discretion of the chairpersons. Discussion followed relating to the necessity for a meeting of the full Committees on Commerce. A roll call vote on Representative Pope's motion was called, and the motion failed with five affirmative votes by Speaker Stromer, Senator Junkins, and Representatives Avenson, Clark, and Pope, and 11 negative votes by Chairperson Hultman, Senators Briles, Coleman, Hutchins, Jensen, Palmer, and Taylor, and Representatives Connors, Hansen, Menke, and Welden.

Chairperson Hultman called for comments from Mr. Gross and Mr. Claus concerning the new accounting procedure which was adopted by the State Comptroller's Office at the beginning of the current fiscal year. Mr. Gross commented that a new accounting system was adopted to measure the balance of the budget, which is a modified accrual accounting system. Mr. Gross explained that the modified accrual accounting system counts money as receipts at the time a billing is made, not at the time the money is actually received by the state. He commented that Mr. Mosher had presented information to the Legislative Fiscal Committee at its meeting in June concerning the new accounting system.

Mr. Gross used as an example the franchise tax on financial institutions which is collected quarterly, and which receipts are disbursed 45 percent to counties and cities and 55 percent to the state. He explained that under the old accounting system, the state's money was placed in a special fund and was not included as part of the general fund balance, but under the new accounting system the receipts are considered part of the general fund balance. He explained another example of the use of the modified accrual system under billings to counties for mental health costs. These billings will be considered as receipts at the time the billings are made, not at the time the funds are received from the county.

Senator Hutchins asked about information that had been distributed that a one-time increase in franchise tax receipts will result in an \$8-10 million increase in the general fund. Mr. Claus stated that estimates indicate the increase will equal approximately \$8.3 million, based upon the balance in the special fund at the end of June for the last couple of years.

Senator Hutchins asked for information relating to the 27.7 percent increase in personal income tax receipts for July. Mr. Claus and Mr. Gross commented that July receipts included an extra half-month's deposits, which can be termed a windfall for July compared to the receipts from the previous July. Both men agreed that the August receipts for sales tax and for personal income tax will be a more accurate forecaster of trends than July receipts, which contain distortions.

Senator Hutchins asked for comments concerning the difference in the status of the general fund of the state in August of 1980, compared to August of 1982. He noted that the across-the-board 3.6 percent reduction was announced in August, 1980. Both Mr. Claus and Speaker Stromer commented that the revenue estimates made for 1980 were about \$30 million higher than revenue actually showed at the end of the fiscal year in 1980. They added that the unencumbered balance on June 30, 1982 is slightly above projections made for the unencumbered balance.

Representative Anderson asked how a change in the accounting procedures can provide windfall dollars. Mr. Gross responded that an accounting change will not improve a cash balance, but can improve general fund balance. Representative Anderson expressed concern about creating an illusion that the state has more money than it actually has. Mr. Claus interjected that the money obtained as a result of the franchise tax is windfall money to the state but other changes in general fund balance relating to the accounting change do not increase the cash balance.

Senator Palmer asked whether the state is using a modified accrual accounting system for application of obligations as well as application of revenues. Mr. Claus related that in essence the state is and has been using a modified accrual system in determining obligations. Mr. Claus added that under generally accepted accounting principles, if revenue is measurable and available to pay expenses within a reasonable time, it can be considered as revenue. Both Mr. Claus and Mr. Gross emphasized that the Comptroller's Office is currently studying the effects of the modified accrual accounting system.

Representative Avenson commented that the general economic picture in Iowa is down and asked whether there is some time frame available for determining the extent of the state's revenue problems. Mr. Claus responded that the Comptroller's Office publishes estimates of revenue projections for the next fiscal year

in October. Representative Avenson expressed concern that it is the General Assembly's responsibility to balance the budget and he expressed hope that the Legislative Fiscal Committee will make recommendations to the Legislative Council at its October meeting whether there is a need to act. Speaker Stromer agreed there is need for continued concern and monitoring of state finances.

Senator Junkins inquired how long the state can continue without growth and still meet the Comptroller's estimates. Mr. Gross responded that it is not possible to draw conclusions from the latest July receipts that have been received, but all revenue components will be reviewed in the months ahead. Senator Junkins asked whether the Comptroller's Office has been analyzing the proposed tax increase bill before Congress. Mr. Gross responded in the affirmative, and commented that the bills being considered presently could increase state revenues.

Chairperson Hultman commented that Mr. Gerry Rankin, Legislative Fiscal Director, has resigned from his position and will be leaving November 1, 1982. He called for a report from the Legislative Fiscal Committee. Representative Welden stated that with regard to comments about the revenue picture and revenue estimates, he intends that the Legislative Fiscal Committee will look at revenue receipts and revenue estimates on a month-by-month basis. He agreed that July was not a good month from which to draw projections, but commented that whatever revenue lags there are probably cannot be made up. In response to questions from Representative Avenson about the revenue situation in Iowa, Representative Welden indicated that he will be ready to make recommendations to the Legislative Council by October, but is not ready at the present time.

Representative Welden reviewed the report of the Legislative Fiscal Committee, a copy of which is attached and by this reference made a part of these minutes. He noted that a quorum was not present for the meeting so it was not possible to make recommendations to the Legislative Council, but the four members present were unanimous in agreement with their recommendations. He reviewed the procedure for selection of finalists for the position of Legislative Fiscal Director, and noted that a search committee was appointed consisting of Senators Murray and Palmer and Representatives Welden and Norland. He expressed hope that the Legislative Fiscal Committee can recommend from three to five people for the position to the Legislative Council prior to October 6. Chairperson Hultman inquired about payment of expenses for the finalists to come to Des Moines. Senator Palmer moved that the Legislative Council allow the Legislative Fiscal Committee to authorize reimbursement for expenses for up to five individuals to come to Des Moines for personal interviews. Representative Welden moved that the recommendations of the Legislative Fiscal Committee, as amended, concerning the job description for the Legislative Fiscal Bureau Director, the advertising placement list, and tentative time frame for meetings and decisions recommended by the

members of the Legislative Fiscal Committee that were present for the meeting, with the addition of payment of expenses, be approved by the Legislative Council. The motion carried.

Mr. Garrison briefly commented to the Legislative Council on the status of the publication of the Session Laws and the Code. A copy of Mr. Garrison's report is attached and by this reference made a part of these minutes.

Senator Hutchins moved that the Legislative Council officially accept the resignation of Mr. Rankin as outlined in his letter and directed Mr. Garrison to write a letter to Mr. Rankin expressing appreciation for his years of service as Legislative Fiscal Director. The motion carried.

Mr. Garrison asked for approval to employ Ms. Ruth Cooperrider as an Attorney I, at the base salary in pay grade 29, to fill a vacancy created by the resignation of Sally Rodgers. He stated that Ms. Rodgers was a Research Analyst, and in order to restore the balance of research analysts to lawyers that he likes to maintain, he will have to fill the next vacancy in a legal position with a research analyst. Representative Hansen moved the approval for the employment of Ms. Cooperrider. The motion carried.

Representative Anderson commented that at the July meeting of the Legislative Fiscal Committee, the State Comptroller and the Legislative Fiscal Bureau were asked to provide the Legislative Fiscal Committee with a list of indicators used in making budget assumptions. He expressed hope that this information will be available by the September meeting. Representative Welden stated that some of this information would have been provided at the Legislative Fiscal Committee meeting held in August, but a quorum was not present.

Chairperson Hultman announced that the next Council meeting will be held on September 15, 1982 which is the deadline for filing applications for position of Legislative Fiscal Director.

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

Respectfully submitted,

SERGE H. GARRISON
Director

DIANE BOLENDER
Senior Research Analyst