

**MINUTES
LEGISLATIVE FISCAL COMMITTEE
of the LEGISLATIVE COUNCIL
December 19, 2002**

The Legislative Fiscal Committee of the Legislative Council met December 19, 2002. The following members were present:

- Senator Lamberti
- Representative Millage
- Senator Dvorsky
- Senator Joe Bolkcom for Senator Harper
- Senator McKinley for Senator McKibben
- Senator Schuerer
- Representative Jacobs
- Representative Murphy
- Representative Shultz
- Representative Jamie Van Fossen

Representative Dix was also present. The following agenda items took place:

- Revenue Update: Dennis Prouty, Director of the Legislative Fiscal Bureau (LFB), provided a revenue update.
 - The Revenue Estimating Conference met December 6, 2002.
 - Attachment B – Summary of estimates set by REC.
 - Attachment C – Summary of the December REC, excerpt from December 13 Fiscal Update.
 - Attachment D – Projected Condition of the General Fund for the State of Iowa.
 - Attachment E – Flow of General Fund Revenues after Expenditure Limitation.
 - Attachment F – Estimated General Fund Expenditure Increases and Decreases for FY 2004.
 - Attachment 1 – Projected FY 2004 Built-in and anticipated General Fund expenditures.
 - The Conference resulted in a revenue increase estimate for FY 2003 of 0.3% and 1.6% for FY 2004.
 - For FY 2003, the revise estimate results in an additional \$5.0 million being available.
- Healthy and Well Kids in Iowa (*hawk-i*) Program: Jennifer Vermeer of the LFB reviewed Attachment H regarding expenditures.
- Medicaid Program: Jennifer Vermeer reviewed Attachment I regarding expenditures. The projected shortfall is between \$56 million and \$76 million for FY 2003.
- Appropriations Transfers: Holly Lyons of the LFB reviewed Attachment J regarding a transfer of \$120,000 relating to the capitol interior restoration costs.

- **Lease Purchase Notices:** Dave Reynolds of the LFB reviewed Attachment K regarding lease purchase transaction regarding the Iowa State University Veterinary Medicine Program.
- **Wagering Taxes:**
 - Jack Ketterer, Racing and Gaming Commissioner, and Tom Miller, Attorney General reviewed the Iowa Supreme Court ruling regarding the taxation of race tracks. Attachment 4 is a copy of the ruling.
 - Attachments 5 and 6 review financial information regarding the taxation. The State will lose an estimated \$102 million as a result of the Supreme Court ruling. Approximately \$40.7 million will be lost as a result of the tracks being taxed at 32.0% until January 1 and 34.0% after January 1.
 - Representative Millage made a motion requesting the Attorney General's Office keep the Senate and House of Representatives majority and minority leadership, Appropriations Committee, and Ways and Means Committee provided with developments regarding the court case. Motion seconded by Representative Murphy. Motion was approved.
- **Fair Labors Standards Act:**
 - Tom Miller, Attorney General, reviewed a court ruling regarding overtime back pay for troopers, and certain employees of the Departments of Transportation, Natural Resources, and Public Safety. Attachment L is a related media article.
 - The estimated cost for the Department of Public Safety issue is \$5.5 million, including \$4.7 million for State troopers.
 - The Road Use Tax Fund may be utilized for payment of the case relating to the Department of Transportation.
 - Other pending cases relating to similar issues exist from the Department of Natural Resources, Department of Corrections, and the Department of Transportation.
 - The estimated cost for the Department of Natural Resources will be under \$1.0 million.
 - The estimated cost for the Department of Corrections is less than \$2.0 million.
 - The estimated cost for the Department of Transportation could be up to \$13.0 million.
- **Sexually Violent Predator Program:**
 - Doug Marek, from the Office of the Attorney General, reviewed Attachment M, a 2002 Report regarding the Sexually Violent Predator Program.
 - Attachment 7 from the LFB provides background information.
- **Iowa Priority Program:** Jane Colacecchi from the Department of Public Health reviewed Attachment N resulting from members' questions at a previous meeting.

- **Operating While Intoxicated Statute:** Mollie Anderson, Director of the Department of Personnel, reviewed Attachment P regarding collective bargaining. Discussion included:
 - Union consideration that action resulting in less salary for an employee is a negotiable part of a contract.
 - Furloughs may be considered a temporary layoff, which is considered part of collective bargaining.
 - Representation by the unions of the executive branch of government.
 - Possible bonuses for employee ideas which generate State money savings.
- **Employee Bonuses:**
 - Doug Wulf of the LFB reviewed Attachment 8 and Attachment 9 regarding salary bonuses for Departments between FY 1999 and FY 2003.
 - Senator McKinley requested performance measure information for the Department of Human Services and the Department of Education. Ms. Anderson said she would provide the information.
- **Program Elimination Commission:**
 - Doug Wulf of the LFB provided an update regarding the Program Elimination Commission.
 - A report is to be submitted by December 31 regarding the recommendations.

**Attachments for Legislative Fiscal Committee Meeting
December 19, 2002**

- Attachment A – Minutes of November 20, 2002, meeting.
- Attachment B – Summary of the estimates set by the REC.
- Attachment C – Summary of the December REC, excerpt from December 13 Fiscal Update.
- Attachment D – Projected Condition of the General Fund for the State of Iowa.
- Attachment E – Flow of General Fund Revenues after Expenditure Limitation.
- Attachment F – Estimated General Fund Expenditure Increases and Decreases for FY 2004.
- Attachment G – Monthly update for the *hawk-i* Program.
- Attachment H – Follow-up to Senator McKinley's question on *hawk-i*.
- Attachment I – Monthly update for the Medicaid Program.
- Attachment J – Section 8.39, Code of Iowa, appropriation transfer.
- Attachment K – Lease Purchase.
- Attachment L – Article from the *Des Moines Register* "Troopers' back wages in millions".
- Attachment M – Iowa's Sexually Violent Predator Program, Progress Report 2002.
- Attachment N – Questions on the Iowa Priority Program.
- Attachment O – An *Issue Review*, Impact of Changing Iowa's Operating While Intoxicated (OWI) Statute.
- Attachment P – Collective Bargaining.
- Attachment 1 – Projected FY 2004 Built-in and anticipated General Fund expenditures.
- Attachment 2 – Table of Contents for Analysis of Department Requests (LADAR).
- Attachment 3 – General Fund Appropriations Tracking (Summary Data).
- Attachment 4 – Copy of the Supreme Court, Racing Association of Central Iowa, Iowa Greyhound Association, Dubuque Racing Association, LTD, and Iowa West Racing Association, Appellants, vs. Michael Fitzgerald, Treasurer, State of Iowa, Appellee – Appeal from the Iowa District Court for Polk County.
- Attachment 5 – Projected Calculation of Lost Tax Revenue for the racetracks.
- Attachment 6 – Calculation of Tax Collected above the 20% rate for the racetracks.
- Attachment 7 – Memo providing Sexually Violent Predator Program Background Information.
- Attachment 8 – Bonuses trouble State workers, article published in the *Des Moines Register*.
- Attachment 9 – Memo that reviews extra pay provided by departments between FY 1999 and FY 2003.
- Attachment 10 – Projected amount of federal highway funds to be withheld and lost from Federal Fiscal Year 2004 through FFY 2012.