

SENATE REPORTS RECEIVED AFTER ADJOURNMENT

The following is a record of Senate reports received after the close of the 2012 Regular Session.

HOUSE MESSAGES RECEIVED

The following messages were received from the Chief Clerk of the House:

MR. PRESIDENT: I am directed to inform your honorable body that the House has on May 9, 2012, **adopted** the conference committee report **and passed Senate File 466**, a bill for an act relating to residential contractors and providing a penalty.

ALSO: That the House has on May 9, 2012, **adopted** the conference committee report **and passed Senate File 2315**, a bill for an act relating to redesign of publicly funded mental health and disability services by requiring certain core services and addressing other services and providing for establishment of regions and including effective date and applicability provisions.

ALSO: That the House has on May 9, 2012, **adopted** the conference committee report **and passed Senate File 2336**, a bill for an act relating to appropriations for health and human services and including other related provisions and appropriations, making penalties applicable, and including effective, retroactive, and applicability date provisions.

ALSO: That the House has on May 9, 2012, **concurred** in the Senate amendment **and passed** the following bills in which the concurrence of the House was asked:

House File 2466, a bill for an act making appropriations to the commission of veterans affairs for the provision of veterans services, and including effective date provisions.

House File 2470, a bill for an act providing for sales and use taxes collected on farm machinery and equipment.

ALSO: That the House has on May 9, 2012, **adopted** the following resolution in which the concurrence of the House was asked:

Senate Concurrent Resolution 102, a concurrent resolution to provide for adjournment sine die.

COMMUNICATIONS RECEIVED

The following communications were received in the office of the Secretary of the Senate and placed on file in the Legislative Services Agency:

DEPARTMENT OF HUMAN SERVICES

Cost Containment Strategies Quarterly report, pursuant to 2011 Iowa Acts, HF 649, Section 10. Report received on May 25, 2012.

OFFICE OF DRUG CONTROL POLICY

FY 2012 Application to the Edward Byrne Memorial Justice Assistance Grant (JAG) Program, pursuant to CFDA 16.738. Report received on May 15, 2012.

FINAL DISPOSITION OF MOTION TO RECONSIDER

Pursuant to Senate Rule 24, the following motion to reconsider, which remained on the Senate Calendar upon the adjournment of the 2012 Regular Session of the Eighty-fourth General Assembly, was determined to have **failed**:

The motion to reconsider the vote by which SF 2344 failed to pass the Senate on May 8, 2012. (Motion to reconsider filed by Senator Hogg on May 8, 2012.)

MICHAEL E. MARSHALL
Secretary of the Senate

REPORTS OF THE SECRETARY OF THE SENATE

MR. PRESIDENT: Pursuant to Senate Rule 21, I report that in enrolling Senate File 2313, the following correction was made:

1. Page 2, lines 12-17: underscore the text to indicate new language.

ALSO: Pursuant to Senate Rule 21, I report that in enrolling Senate File 2315, the following corrections were made:

1. Page 15, line 26: change "a director" to "the director".
2. Page 30, lines 4 and 5: "d", "e", "f", and "g" changed to "c", "d", "e", and "f".
3. Page 33, lines 27, 31, 32, and 35: "g", "(1)", "(2)", and "(3)" redesignated as "5", "a", "b", and "c".

ALSO: Pursuant to Senate Rule 21, I report that in enrolling Senate File 2316, the following corrections were made:

1. Page 1, line 19: removed colon after "CORRECTIONS".
2. Page 16, line 2: added comma after "2012".

ALSO: Pursuant to Senate Rule 21, I report that in enrolling Senate File 2336, the following corrections were made:

1. Page 19, line 22: Deleted "b." subunit designation.
2. Page 102, line 33: Corrected spelling of the word "RESIDENTIAL".

MICHAEL E. MARSHALL
Secretary of the Senate

BILLS ENROLLED, SIGNED, AND SENT TO GOVERNOR

The Secretary of the Senate submitted the following reports:

MR. PRESIDENT: The Secretary of the Senate respectfully reports that the following bills have been enrolled, signed by the President of the Senate and the Speaker of the House, and presented to the Governor for his approval on this 9th day of May, 2012.

Senate Files 466, 2237, 2284, 2313, 2315, 2316, 2321, 2336, 2342, and 2343.

MICHAEL E. MARSHALL
Secretary of the Senate

SENATE BILLS APPROVED, ITEM VETOED, AND VETOED AFTER ADJOURNMENT

The following is a record of action by the Governor transmitted to the Secretary of State after the close of the 2012 Regular Session:

SENATE BILLS APPROVED

Senate File 466 – Relating to residential contractors and providing a penalty and including applicability provisions. Approved May 25, 2012.

Senate File 2237 – Relating to social and charitable gambling concerning allowable prizes at annual game nights conducted by religious organizations and concerning the frequency of reporting and distribution of proceeds requirements for certain qualified organizations licensed to conduct social and charitable gambling. Approved May 25, 2012.

Senate File 2283 – Relating to various recreation and conservation activities under the purview of the department of natural resources, providing for repeals, and making penalties applicable. Approved May 25, 2012.

Senate File 2284 – Relating to programs and activities under the purview of the department of education, the state board of education, the board of educational examiners, the state board of regents, school districts, and accredited nonpublic schools. Approved May 25, 2012.

Senate File 2313 – Relating to appropriations to certain state departments, agencies, funds, and certain other entities, providing for regulatory authority, and other properly related matters and including effective date and retroactive applicability provisions. Approved May 25, 2012.

Senate File 2315 – Relating to redesign of publicly funded mental health and disability services by requiring certain core services and addressing other services and providing for establishment of regions, revising related property tax levy provisions, and including effective date and applicability provisions. Approved May 25, 2012.

Senate File 2321 – Relating to the funding of, the operation of, and appropriation of moneys to the college student aid commission, the department for the blind, the department of education, and the state board of regents, and providing effective date provisions. Approved May 25, 2012.

Senate File 2342 – Relating to state taxation by providing specified tax credits for the construction and installation of solar energy systems and geothermal heat pumps, modifying sales and use tax provisions related to property purchased for resale, and creating a sales tax exemption for certain items purchased for use in providing vehicle wash and wax services and including effective date and retroactive and other applicability provisions. Approved May 25, 2012.

Senate File 2343 – Making changes to the controlled substance schedules, applying penalties, and including effective date provisions. Approved May 25, 2012.

GOVERNOR'S ITEM VETO MESSAGES

Senate File 2316

June 7, 2012

The Honorable Matt Schultz
Secretary of State of Iowa
State Capitol Building
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit Senate File 2316, an Act relating to and making appropriations to state departments and agencies from the Rebuild Iowa Infrastructure Fund, the Technology Reinvestment Fund, the Endowment for Iowa's Health Restricted Capitals Fund, and the Mortgage Servicing Settlement Fund, providing for related matters, and including effective date and retroactive applicability provisions.

Senate File 2316 is, therefore, signed on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 1, subsection 9, lettered paragraph b, in its entirety. This item allows \$400,000 to be used for Iowa State University (ISU) College of Veterinary Medicine to modernize animal care facilities. The Board of Regents did not request this item and was not a part of the budget recommendation I submitted to the General Assembly.

I am unable to approve the item designated as Section 3, subsection 5, lettered paragraph a, in its entirety. This item requires the Iowa Communications Network (ICN) to conduct an audit and appraisal prior to any sale or lease of the ICN. An audit and appraisal is premature and unnecessary. If such an audit is needed in the future one could be conducted at that time.

I am unable to approve the items designated as Sections 24, 25 and 26 in their entirety. These items create a permanent \$3 million revenue diversion out of the General Fund completely circumventing the annual appropriation process. This does not work to advance my goals of returning predictability and sustainability back to government budgeting. The Housing Trust Fund's funding level will remain approximately the same as the previous fiscal year. It is my goal to eliminate this bad budgeting practice of automatic diversions from General Fund revenue.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 2316 are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD
Governor

Senate File 2336

May 25, 2012

The Honorable Matt Schultz
Secretary of State of Iowa
State Capitol Building
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit Senate File 2336, an Act relating to appropriations for health and human services and including other related provisions and appropriations, making penalties applicable, and including effective, retroactive, and applicability date provisions.

Senate File 2336 is, therefore, signed on this date with the following exceptions, which I hereby disapprove.

I am concerned that Senate File 2336 does not adequately fund the state share of Medicaid. The legislature was unable to reach an agreement on Medicaid so there has not been an adjustment to the Medicaid appropriation since the last legislative session. It is estimated that the Medicaid appropriation will fall \$30 to \$40 million short of the low-range projections. Sufficient funds will exist in the ending balance to cover any shortfall and the money has not been used for other purposes. Simply put, this is not a good budget practice and should not be continued in the future.

I am unable to approve the designated portion of the item designated as Section 3, subsection 2, lettered paragraph d. This item creates a redundant, overly burdensome

mandate requiring the Iowa Veterans' Home to make expenditure reports monthly to the Legislative Services Agency for fiscal year 2013. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the designated portion of the item designated as Section 7, amending 2011 Iowa Acts, chapter 129, section 119 inserting numbered paragraph 5. This item appropriates \$500,000 to the Food Bank of Iowa. This is a new appropriation. The effect of this disapproval shall cause the \$500,000 contained in this item to revert to the General Fund. I strongly support the Food Bank of Iowa and their important work to help needy Iowans. In fact, I started in the 1980's and annually lead a fund drive to help raise private donations for the Food Bank. I am proud of the generous contributions state of Iowa employees make to the Food Bank. I believe that private donations are the best way to support the Food Bank.

I am unable to approve the item designated as Section 11 in its entirety. This language sets a poor policy precedent because it limits savings that can be achieved in our Medicaid program. The Department of Human Services needs to have the flexibility to manage the Medicaid entitlement program and its cost to the taxpayers.

I am unable to approve the item designated as Section 16 in its entirety. The effect of this disapproval shall cause the \$37,000 contained in this item to revert to the General Fund. It is inappropriate to designate a special reimbursement method directed for one single provider. This issue should be dealt with through the Children's Disability Services workgroup. This group is working together so that unmet needs and reimbursement issues can be addressed as a whole, rather than for certain providers.

I am unable to approve the designated portion of the item designated as Section 29, amending 2011 Iowa Acts, chapter 129, section 138 inserting numbered paragraph 3. This item creates carry-forward language which is unnecessary for the Department of Human Services from fiscal year 2013 to 2014 for field operations. The carry-forward language does not work to advance my goals of returning predictability and sustainability back to government budgeting. Additionally, providing carry-forward language for the Department of Human Services before the fiscal year has begun and before it can be known if funds will exist to carry-forward is inappropriate.

I am unable to approve the designated portion of the item designated as Section 30 amending 2011 Iowa Acts, chapter 129, section 139 inserting numbered paragraph 9. This item creates carry-forward language which is unnecessary for the Department of Human Services from fiscal year 2013 to 2014 for general administration. The carry-forward language does not work to advance my goals of returning predictability and sustainability back to government budgeting. Additionally, providing carry-forward language for the Department of Human Services before the fiscal year has begun and before it can be known if funds will exist to carry-forward is inappropriate.

I am unable to approve the designated portion of the item designated as Section 50, paragraph 3. The effect of this disapproval shall cause the disapproved funds to not be appropriated and the terms of the federal funding shall control disbursement. This item appropriates funds for a child welfare resources fund to pay for infrastructure, supplies, and equipment for private child welfare providers. The Department of Human Services has emphasized the value and effectiveness of care in home and community-based settings over institutions. Psychiatric Medical Institutions for Children already

have the ability to be reimbursed by Medicaid for the costs of infrastructure, supplies and equipment.

I am unable to approve the item designated as Section 73 in its entirety. The effect of this disapproval shall cause the disapproved funds to revert to the community housing revolving loan program. This item diverts critically important funds away from cost effective community-based care. Instead it uses the one-time funds for building or rehabilitation of institutions. Due to scarce state resources, care of children in home and community-based settings must have funding priority.

I am unable to approve the item designated as Section 75 in its entirety. This item creates carry forward language which is unnecessary for the Department of Human Services from fiscal year 2012 to 2013 for the family investment program. This carry-forward language is not needed for this program.

The DHS carry-forward for state supplementary assistance found in Section 78 is not consistent with best budget practices. It is inappropriate, but unfortunately necessary due to federal maintenance of effort requirements. We must return predictability and sustainability back to government budgeting. It is my goal that in next year's biennial budget, the legislature will forgo the use of any carry-forward language for general fund dollars.

The DHS carry-forwards for facilities, field operations and general administration found in Sections 79-83 and 85 are not consistent with best budget practices. They are inappropriate, but unfortunately necessary due to underfunding. We must return predictability and sustainability back to government budgeting. It is my goal that in next year's biennial budget, the legislature will forgo the use of any carry-forward language for general fund dollars.

I am unable to approve the item designated as Section 84 in its entirety. This item creates carry-forward language which is unnecessary for the Department of Human Services from fiscal year 2012 to 2013 for child protection system improvements because the carry-forward for general administration makes this carry-forward unnecessary.

I am unable to approve the item designated as Section 92 in its entirety. This language creates a grant program to provide housing or infrastructure funds for organizations which provide the Psychiatric Medical Institution for Children (PMIC) level of care. It is no longer needed due to the disapproval of Section 73 which would have funded the grant program.

I am unable to approve the item designated as Section 100 in its entirety. Given current uncertainty about what charges may be billed as costs of special education instructional programs, it is expected that all impacted entities will continue existing billing practices through June 30, 2013. Clarification of allowable costs is anticipated by the fiscal year that begins July 1, 2014. The goal is to provide stability and predictability, assuring a high level of educational services and a fair playing field for use of funding for all involved.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 2336 are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD
Governor

GOVERNOR'S VETO MESSAGE

Senate File 2338

May 25, 2012

The Honorable Matt Schultz
Secretary of State of Iowa
State Capitol
Des Moines, Iowa 50319

Dear Mr. Secretary:

Senate File 2338, an Act relating to government operations and efficiency and other related matters and including effective date and applicability provisions, is hereby disapproved and transmitted to you in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa.

Senate File 2338 is hereby disapproved on this date.

I am unable to approve Senate File 2338 for the following reasons:

This legislation purports to make government more efficient; however, the minor changes proposed are not significant. As Governor, I am committed to working with the legislature to restore good budget practices and increase the accountability and efficiency of our state government. Senate File 2338 fails to adequately further these goals and commitments.

The majority of the purported savings is from the Medication Therapy Management (MTM) program. Although I believe the State must find ways to reduce the cost of health care for employees, MTM could end up costing taxpayers more than the program would save. Further, employee benefits should be properly bargained rather than codified into law through legislation. Moreover, the legislature uses onetime money to pay for this ongoing expense. This budget practice must stop in order to achieve my goal of restoring predictability and stability to government budgeting practices.

Additionally, this bill proposes MTM in an inefficient manner, through code, rather than a Request for Proposal (RFP) through the state's medical plan. The most efficient application of MTM would be a program implemented by the Department of Administrative Services (DAS) through a competitive RFP process with strong integration with the programs offered by the State's Pharmacy Benefits Manager and the Administrator of the State's Medical Plan.

At my direction, many of the proposed efficiencies in this bill are already being implemented by the executive branch departments. I have asked state agencies to work diligently to reduce administrative costs such as minimizing printing and paper, reducing energy costs, minimizing administrative overhead, and reducing work space.

My administration is committed to reducing the size and cost of government by 15% through efficiencies and new technologies that allow for savings. I desire to work with the legislature and conduct a comprehensive review of all boards and commissions to eliminate any that are unnecessary and combine any that are duplicative. This comprehensive review of boards and commissions would result in significant savings to Iowa taxpayers.

For the above reasons, I respectfully disapprove of Senate File 2338, in its entirety, in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa.

TERRY E. BRANSTAD
Governor