

beginning July 1, 2002, and ending June 30, 2003, takes effect upon enactment and is retroactively applicable to April 1, 2002.

Approved May 10, 2002

CHAPTER 1175

COMPENSATION FOR PUBLIC EMPLOYEES AND ADDITIONAL PROVISIONS

H.F. 2623

AN ACT relating to public funding provisions involving the compensation and benefits for public officials and employees, county mental health allowed growth, regulatory and other properly related matters of the state, making and reducing appropriations, and providing effective dates.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I COMPENSATION AND BENEFITS

Section 1.

1. STATE BOARD OF REGENTS DEMUTUALIZATION PROCEEDS AND UNDERGROUND STORAGE TANK FUND TRANSFERS.

a. The state board of regents shall transfer by June 1, 2002, to the treasurer of state for deposit in the salary adjustment fund the sum of \$30,000,000 from the proceeds received by the state board of regents as a result of the demutualization of the principal mutual holding company. The amount transferred represents the portion of the funds utilized by the state board of regents institutions for employer contributions toward the premiums on insurance policies which were paid from state general fund appropriations for previous fiscal years.

b. Notwithstanding section 455G.3, subsection 1, on July 1, 2002, \$11,100,000 is transferred from the Iowa comprehensive petroleum underground storage tank fund created in section 455G.3, subsection 1, to the salary adjustment fund.

2. COLLECTIVE BARGAINING AGREEMENTS FUNDED — REGENTS DEMUTUALIZATION PROCEEDS — UNDERGROUND STORAGE TANK FUND TRANSFER. The state board of regents demutualization proceeds and underground storage tank fund moneys transferred pursuant to subsection 1 to the salary adjustment fund are appropriated and shall be distributed by the department of management to the various state departments, boards, commissions, councils, and agencies, including the state board of regents, for the fiscal year beginning July 1, 2002, and ending June 30, 2003, in the amount of \$41,100,000, or so much thereof as may be necessary, to fully fund the following annual pay adjustments, expense reimbursements, and related benefits:

a. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the blue collar bargaining unit.

b. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the public safety bargaining unit.

c. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the security bargaining unit.

- d. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the technical bargaining unit.
 - e. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the professional fiscal and staff bargaining unit.
 - f. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the university of northern Iowa faculty bargaining unit.
 - g. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the clerical bargaining unit.
 - h. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the professional social services bargaining unit.
 - i. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the community-based corrections bargaining unit.
 - j. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the judicial branch of government bargaining unit.
 - k. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the patient care bargaining unit.
 - l. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the science bargaining unit.
 - m. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the state university of Iowa graduate student bargaining unit.
 - n. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the state university of Iowa hospital and clinics tertiary health care bargaining unit.
 - o. The annual pay adjustments, related benefits, and expense reimbursements referred to in sections 2 and 3 of this division of this Act for employees not covered by a collective bargaining agreement.
3. In distributing moneys from the salary adjustment fund, the department of management shall take into consideration the special circumstances of those state institutions operating under the net general fund appropriation budgeting system so that such institutions are not adversely affected because of the use of that budgeting system.

Sec. 2. NONCONTRACT STATE EMPLOYEES — GENERAL.

- 1. a. For the fiscal year beginning July 1, 2002, the maximum salary levels of all pay plans provided for in section 19A.9, subsection 2, as they exist for the fiscal year ending June 30, 2002, shall be increased by 3 percent for the pay period beginning October 25, 2002, and any additional changes in the pay plans shall be approved by the governor.
- b. For the fiscal year beginning July 1, 2002, employees may receive a step increase or the equivalent of a step increase.
- 2. The pay plans for state employees who are exempt from chapter 19A and who are included in the department of revenue and finance's centralized payroll system shall be increased in the same manner as provided in subsection 1, and any additional changes in any executive branch pay plans shall be approved by the governor.
- 3. This section does not apply to members of the general assembly, board members, commission members, salaries of persons set by the general assembly pursuant to this division of this Act or salaries of appointed state officers set by the governor, other persons designated, employees designated under section 19A.3, subsection 5, and employees covered by 581 IAC 4.6(3).
- 4. The pay plans for the bargaining eligible employees of the state shall be increased in the same manner as provided in subsection 1, and any additional changes in such executive branch pay plans shall be approved by the governor. As used in this section, "bargaining eligible employee" means an employee who is eligible to organize under chapter 20, but has not done so.
- 5. The policies for implementation of this section shall be approved by the governor.

Sec. 3. STATE EMPLOYEES — STATE BOARD OF REGENTS. Funds from the appropriation in section 1, subsection 2 of this division of this Act, not to exceed \$25,000,000, shall be

allocated to the state board of regents for the purposes of providing increases for state board of regents employees covered by section 1 of this division of this Act and for state board of regents employees not covered by a collective bargaining agreement as follows:

1. For regents merit system employees and merit supervisory employees to fund for the fiscal year, increases comparable to those provided for similar contract-covered employees in this division of this Act.

2. For faculty members and professional and scientific employees to fund for the fiscal year, percentage increases comparable to those provided for contract-covered employees in section 1, subsection 2, paragraph "f", of this division of this Act.

Sec. 4. STATE COURTS — JUSTICES, JUDGES, AND MAGISTRATES.

1. Funds from the appropriation in section 1, subsection 2 of this division of this Act, not to exceed \$4,000,000, shall be allocated to the judicial branch for the purpose of providing increases in salaries for state judges, justices, and magistrates and for increases for other judicial branch employees. The salary rates specified in subsection 2 are for the fiscal year beginning July 1, 2002, effective for the pay period beginning December 20, 2002, and for subsequent fiscal years until otherwise provided by the general assembly.

2. The following annual salary rates shall be paid to the persons holding the judicial positions indicated during the fiscal year beginning July 1, 2002, effective with the pay period beginning December 20, 2002, and for subsequent pay periods.

a. Chief justice of the supreme court:	\$	124,550
b. Each justice of the supreme court:	\$	120,100
c. Chief judge of the court of appeals:	\$	119,980
d. Each associate judge of the court of appeals:	\$	115,540
e. Each chief judge of a judicial district:	\$	114,470
f. Each district judge except the chief judge of a judicial district:	\$	109,810
g. Each district associate judge:	\$	95,700
h. Each associate juvenile judge:	\$	95,700
i. Each associate probate judge:	\$	95,700
j. Each judicial magistrate:	\$	28,530
k. Each senior judge:	\$	6,370

3. Persons receiving the salary rates established under subsection 2 shall not receive any additional salary adjustments provided by this division of this Act.¹

Sec. 5. APPROPRIATIONS FROM ROAD FUNDS.

1. There is appropriated from the road use tax fund to the salary adjustment fund for the fiscal year beginning July 1, 2002, and ending June 30, 2003, the following amount, or so much thereof as may be necessary, to be used for the purpose designated:

To supplement other funds appropriated by the general assembly:

	\$	1,588,368
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2. There is appropriated from the primary road fund to the salary adjustment fund, for the fiscal year beginning July 1, 2002, and ending June 30, 2003, the following amount, or so much thereof as may be necessary, to be used for the purpose designated:

¹ See 2002 Iowa Acts, Second Extraordinary Session, chapter 1003, §218, 233 herein

To supplement other funds appropriated by the general assembly:

..... \$ 8,627,499

3. Except as otherwise provided in this division of this Act, the amounts appropriated in subsections 1 and 2 shall be used to fund the annual pay adjustments, expense reimbursements, and related benefits for public employees as provided in this division of this Act.

Sec. 6. SPECIAL FUNDS — AUTHORIZATION. For departmental revolving, trust, or special funds, except for the primary road fund or the road use tax fund, for which the general assembly has established an operating budget, a supplemental expenditure authorization is provided, unless otherwise provided, in an amount necessary to fund salary adjustments, as provided in this division of this Act.

Sec. 7. GENERAL FUND SALARY MONEYS. Funds appropriated for distribution from the salary adjustment fund in section 1, subsection 2 of this division of this Act relate only to salaries supported from general fund appropriations of the state except for employees of the state board of regents. The funds allocated in this division of this Act for employees of the state board of regents shall exclude general university indirect costs and general university federal funds.

Sec. 8. FEDERAL FUNDS APPROPRIATED. For the fiscal year beginning July 1, 2002, and ending June 30, 2003, all federal grants to and the federal receipts of the agencies affected by this division of this Act which are received and may be expended for purposes of this division of this Act are appropriated for those purposes and as set forth in the federal grants or receipts.

Sec. 9. STATE TROOPER MEAL ALLOWANCE. For the fiscal year beginning July 1, 2002, and ending June 30, 2003, the sworn peace officers in the department of public safety who are not covered by a collective bargaining agreement negotiated pursuant to chapter 20 shall receive the same per diem meal allowance as the sworn peace officers in the department of public safety who are covered by a collective bargaining agreement negotiated pursuant to chapter 20.

Sec. 10. SALARY MODEL COORDINATOR. Of the funds appropriated in section 1, subsection 2, of this division of this Act, \$126,767 for the fiscal year beginning July 1, 2002, is allocated to the department of management for salary and support of the salary model coordinator who shall work in conjunction with the legislative fiscal bureau to maintain the state's salary model used for analyzing, comparing, and projecting state employee salary and benefit information, including information relating to employees of the state board of regents. The department of revenue and finance, the department of personnel, the five institutions under the jurisdiction of the state board of regents, the judicial district departments of correctional services, and the state department of transportation shall provide salary data to the department of management and the legislative fiscal bureau to operate the state's salary model. The format and frequency of provision of the salary data shall be determined by the department of management and the legislative fiscal bureau. The information shall be used in collective bargaining processes under chapter 20 and in calculating the funding needs contained within the annual salary adjustment legislation. A state employee organization as defined in section 20.3, subsection 4, may request information produced by the model, but the information provided shall not contain information attributable to individual employees.

Sec. 11. HEALTH INSURANCE INCENTIVE PROGRAMS. For the fiscal year beginning July 1, 2002, and ending June 30, 2003, the department of revenue and finance shall administer the health insurance incentive programs as contained in the collective bargaining agreements. The incentive payment shall be distributed in the paycheck of an eligible state employee if the employee is employed by a central state agency. Each judicial district department of correctional services and the state board of regents shall provide monthly to the department of reve-

nue and finance a list of their employee counts by benefit plan that qualify for the incentive and the amount of the incentive due. The judicial district department of correctional services and the state board of regents shall include the amount of the incentive payment in their eligible employees' paychecks as soon as the payment is administratively practical.

Sec. 12. **TERMINAL LIABILITY HEALTH INSURANCE SURCHARGE.** For the period beginning July 1, 2002, and ending January 3, 2003, the department of personnel shall include in the rates for the Wellmark Blue Cross/Blue Shield Program 3 Plus, Wellmark Blue Cross/Blue Shield Program 3 plus with a comprehensive major medical overlay, and Iowa Select Preferred Provider Organization health insurance plans a surcharge, as determined by the department of management, on only the employer's share of the health insurance premium cost to fund the state's share of the terminal liability of the existing Wellmark health insurance contract. The department of revenue and finance shall collect the surcharge from state agencies, the state fair board, state board of regents, and the judicial district departments of correctional services. The proceeds of the surcharge shall be credited to the terminal liability health insurance fund created in section 421.46. The health insurance plans provided to state employees covered by the state police officers council collective bargaining agreement are exempt from the surcharge provided in this section.

Sec. 13. 2002 Iowa Acts, Senate File 2304,² section 21, subsection 3, is amended to read as follows:

3. As part of implementing the reduction made in subsection 1, notwithstanding the annual salary rates authorized for justices, judges, and magistrates in 2001 Iowa Acts, chapter 190, section 1, for the fiscal year beginning July 1, 2001, those salary rates shall be reduced by applying a 5 percent reduction to the portion of annual salary attributable to the period beginning on the effective date of this Act through June 30 20, 2002. Subsection 2 does not apply to justices, judges, and magistrates subject to this subsection.

Sec. 14. 2002 Iowa Acts, Senate File 2304,³ section 25, subsections 3 and 4, are amended to read as follows:

3. As part of implementing the reduction made in this section, notwithstanding the annual salary rates authorized for elective executive branch officials in 2000 Iowa Acts, chapter 1219, section 3, for the fiscal year beginning July 1, 2001, the salary rates for such officials shall be reduced by applying a 5 percent reduction to the portion of annual salary attributable to the period beginning on the effective date of this Act through June 30 20, 2002. Subsection 2 does not apply to elective executive branch officials subject to this subsection.

4. As part of implementing the reduction made in this section, notwithstanding the annual salaries established under 2001 Iowa Acts, chapter 190, section 3, for the fiscal year beginning July 1, 2001, each of those salaries shall be reduced by applying a 5 percent reduction to the portion of the salary attributable to the period beginning on the effective date of this Act through June 30 20, 2002. Subsection 2 does not apply to appointed executive branch officers subject to this subsection.

Sec. 15. Section 421.46, subsection 2, Code Supplement 2001, is amended by striking the subsection.

Sec. 16. **EFFECTIVE DATE.** Section 1, subsection 1 of this Act relating to the state board of regents demutualization proceeds transfer, being deemed of immediate importance, takes effect upon enactment.

DIVISION II STATUTORY AND SESSION LAW CHANGES

**Sec. 17. Section 8.63, subsection 4, Code 2001, is amended to read as follows:*

4. ~~a.~~ In order for the innovations fund to be self-supporting, the innovations fund committee

² Chapter 1166 herein

³ Chapter 1166 herein

* Item veto; see message at end of the Act

shall establish repayment schedules for each innovation fund loan awarded. Agencies shall repay the funds over a period not to exceed five years with interest, at a rate to be determined by the innovations fund committee.

b. ~~If the department of management and the department of revenue and finance certify that the savings from a proposed innovations fund project will result in a net increase in the balance of the general fund of the state without a corresponding cost savings to the requesting agency, and if the requesting agency meets all other eligibility requirements, the innovations fund committee may approve the loan for the project and not require repayment by the requesting agency. There is appropriated from the general fund of the state to the department of revenue and finance an amount sufficient to repay the loan amount.*~~

*Sec. 18. Section 12.21, Code 2001, is amended to read as follows:

12.21 ACCEPTING CREDIT CARD PAYMENTS.

1. The treasurer of state may enter into an agreement with a financial institution or other credit card processor to provide credit card receipt processing for state departments which are authorized by the treasurer of state to accept payment by credit card.

2. ~~A department which accepts authorized by the treasurer of state to accept payment by credit card payments may adjust its fees to reflect the cost of credit card receipt processing as determined by the treasurer of state. A fee may be charged by a department for using the credit card payment method notwithstanding any other provision of the Code setting specific fees. The fees charged to a payer shall be the same regardless of payment method unless otherwise permitted in the agreement with the financial institution or credit card processor.~~

3. ~~The credit card charges applied by a financial institution or credit card processor for credit card receipts accepted in accordance with subsection 1 shall be considered to be part of the payment due and accepted. A state department authorized by the treasurer of state to accept payment by credit card shall pay the credit card receipt processing charges from aggregate fees collected.~~

4. The treasurer of state shall adopt rules to implement this section.*

*Sec. 19. Section 14B.203, subsection 3, Code Supplement 2001, is amended to read as follows:

3. In addition to other forms of payment, credit cards shall be accepted in payment for monies owed to a governmental entity as provided in this section, according to rules which shall be adopted by the treasurer of state under section 12.21. ~~The fees to be charged shall not exceed those permitted by statute. A governmental entity may adjust its fees to reflect the cost of processing as determined by the treasurer of state. The discount charged by the credit card issuer may be included in determining the fees to be paid for completing a financial transaction under this section by using a credit card.*~~

*Sec. 20. Section 14B.205, Code 2001, is amended to read as follows:

14B.205 CREDIT CARDS ACCEPTED.

In addition to other forms of payment, credit cards ~~may~~ shall be accepted in accordance with section 12.21 in payment for any fees, including but not limited to interest, penalties, subscriptions, registrations, purchases, applications, licenses, permits, or other filings transmitted or transactions conducted electronically. ~~The fees to be charged shall not exceed those permitted by statute, except that the discount charged by the credit card issuer may be included in determining the fee to be charged for records transmitted or transactions conducted electronically.*~~

*Sec. 21. Section 15.108, subsection 9, paragraph e, Code Supplement 2001, is amended to read as follows:

e. ~~At the director's discretion, accept~~ Accept payment by credit card in accordance with section 12.21 of any fees, interest, penalties, subscriptions, registrations, purchases, or other payments, or any portion of such payments, which are due or collected by the department. ~~The department may adjust the amount of the payment to reflect the costs of processing the pay-~~

* Item veto; see message at end of the Act

~~ment as determined by the treasurer of state and the payment by credit card shall include, in addition to all other charges, any discount charged by the credit card issuer.*~~

Sec. 22. Section 15E.112, subsection 1, Code 2001, is amended to read as follows:

1. A value-added agricultural products and processes financial assistance fund is created within the state treasury under the control of the department. The fund shall consist of moneys allocated from the Iowa strategic investment fund created in section 15.313, those appropriated moneys, and any other moneys available to and obtained or accepted by the department from the federal government or private sources for placement in the fund. The assets of the fund shall be used by the department only for administration and carrying out the purposes of section 15E.111.

Sec. 23. Section 18.75, subsection 6, Code 2001, is amended to read as follows:

6. Have legal custody of all Codes, session laws, books of annotations, tables of corresponding sections, publications, except premium lists published by the Iowa state fair board, containing reprints of statutes or administrative rules, or both, reports of state departments, and reports of the supreme court, and sell, account for, and distribute the same as provided by law. However, the legislative service bureau shall solicit and process orders for the distribution of all printed Codes, session laws, administrative codes and bulletins, court rules, and the state roster.

Sec. 24. Section 18.97A, Code 2001, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The office of the governor, the supreme court, and the legislative council shall control the number of copies of the printed publications enumerated in section 18.97 distributed to recipients in their respective branches.

Sec. 25. Section 124.401A, Code 2001, is amended to read as follows:

124.401A ENHANCED PENALTY FOR MANUFACTURE OR DISTRIBUTION TO PERSONS ON CERTAIN REAL PROPERTY.

In addition to any other penalties provided in this chapter, a person who is eighteen years of age or older who unlawfully manufactures with intent to distribute, distributes, or possesses with intent to distribute a substance or counterfeit substance listed in schedule I, II, or III, or a simulated controlled substance represented to be a controlled substance classified in schedule I, II, or III, to another person who is eighteen years of age or older in or on, or within one thousand feet of the real property comprising a public or private elementary or secondary school, public park, public swimming pool, public recreation center, or on a marked school bus, may be sentenced up to an additional term of confinement of five years.⁴

Sec. 26. Section 124.409, subsection 1, Code 2001, is amended by striking the subsection.⁵

Sec. 27. NEW SECTION. 239B.2B ELIGIBILITY OF NONCITIZENS.

A person who meets the conditions of eligibility under section 239B.2 and who meets either of the following requirements shall be eligible for participation in the family investment program:

1. The person is a conditional resident alien who was battered or subjected to extreme cruelty, or whose child was battered or subjected to extreme cruelty, perpetrated by the person's spouse who is a United States citizen or lawful permanent resident as described in 8 C.F.R. § 216.5(a)(3).

2. The person was battered or subjected to extreme cruelty, or the person's child was battered or subjected to extreme cruelty, perpetrated by the person's spouse who is a United States citizen or lawful permanent resident and the person's petition has been approved or a petition is pending that sets forth a prima facie case that the person has noncitizen status under any of the following categories:

* Item veto; see message at end of the Act

⁴ See 2002 Iowa Acts, Second Extraordinary Session, chapter 1003, §236, 262 herein

⁵ See 2002 Iowa Acts, Second Extraordinary Session, chapter 1003, §237, 262 herein

- a. Status as a spouse or child of a United States citizen or lawful permanent resident under the federal Immigration and Nationality Act, § 204(a)(1), as codified in 8 U.S.C. § 1154(a)(1)(A).
- b. Status as a spouse or child who was battered or subjected to extreme cruelty by a United States citizen or lawful permanent resident, under the federal Immigration and Nationality Act, § 204(a)(iii), as codified in 8 U.S.C. § 1154(a)(1)(A)(iii).
- c. Classification as a person lawfully admitted for permanent residence under the federal Immigration and Nationality Act.
- d. Suspension of deportation and adjustment of status under the federal Immigration and Nationality Act, § 244(a), as in effect before the date of enactment of the federal Illegal Immigration Reform and Immigrant Responsibility Act of 1996.
- e. Cancellation of removal or adjustment of status under the federal Immigration and Nationality Act, § 240A, as codified in 8 U.S.C. § 1229b.
- f. Status as an asylee, if asylum is pending, under the federal Immigration and Nationality Act, § 208, as codified in 8 U.S.C. § 1158.

Sec. 28. Section 249A.3, subsection 2, paragraph a, Code Supplement 2001, is amended to read as follows:

- a. As provided either pursuant to subparagraph (1) or pursuant to subparagraphs (2) and (3):

(1) As allowed under 42 U.S.C. § 1396a(a)(10)(A)(ii)(XIII), individuals with disabilities, who are less than sixty-five years of age, who are members of families whose income is less than two hundred fifty percent of the most recently revised official poverty line guidelines published by the federal office of management and budget United States department of health and human services for the family, who have earned income and who are eligible for supplemental security income or supplemental security income-related medical assistance or additional medical assistance under this section if earnings are disregarded. As allowed by 42 U.S.C. § 1396a(r)(2), unearned income shall also be disregarded in determining whether an individual is eligible for assistance under this paragraph subparagraph. For the purposes of determining the amount of an individual's resources under this paragraph subparagraph and as allowed by 42 U.S.C. § 1396a(r)(2), a maximum of ten thousand dollars of available resources shall be disregarded and any additional resources held in a retirement account, in a medical savings account, or in any other account approved under rules adopted by the department shall also be disregarded. Individuals eligible for assistance under this paragraph subparagraph, whose individual income exceeds one hundred fifty percent of the official poverty line guidelines published by the federal office of management and budget United States department of health and human services for an individual, shall pay a premium. The amount of the premium shall be based on a sliding fee schedule adopted by rule of the department and shall be based on a percentage of the individual's income. The maximum premium payable by an individual whose income exceeds one hundred fifty percent of the official poverty line guidelines shall be commensurate with premiums charged for private the cost of state employees' group health insurance in this state. This paragraph shall be implemented no later than March 1, 2000.

(2) As allowed under 42 U.S.C. § 1396a(a)(10)(A)(ii)(XV), individuals who are at least sixteen years of age but less than sixty-five years of age who, but for earnings in excess of the limit established under 42 U.S.C. § 1396d(q)(2)(B), would be considered to be receiving federal supplemental security income, and who are members of families whose income is less than two hundred fifty percent of the most recently revised official poverty guidelines published by the United States department of health and human services for the family, subject to a resource limit of twelve thousand dollars for an individual and thirteen thousand dollars for a couple. For the purposes of determining the amount of an individual's or couple's resources under this subparagraph, any resources held in a retirement account, in a medical savings account, or in any other account approved under rules adopted by the department shall be disregarded. Individuals eligible for assistance under this subparagraph whose individual income exceeds one hundred fifty percent of the official poverty guidelines for an individual shall pay a

premium. The amount of the premium shall be based on a sliding fee schedule adopted by rule of the department and shall be based on a percentage of the individual's income. The maximum premium payable by an individual whose income exceeds one hundred fifty percent of the official poverty guidelines shall be commensurate with the cost of state employees' group health insurance in this state, but shall not exceed seven and one-half percent of income, unless the individual's income exceeds four hundred fifty percent of the official poverty guidelines.

(3) As allowed under 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVI), employed individuals with a medically improved disability, as defined in 42 U.S.C. § 1396d(v)(1), who are members of families whose income is less than two hundred fifty percent of the most recently revised official poverty guidelines published by the United States department of health and human services for the family, subject to a resource limit of twelve thousand dollars for an individual and thirteen thousand dollars for a couple. For the purposes of determining the amount of an individual's or couple's resources under this subparagraph, any resources held in a retirement account, in a medical savings account, or in any other account approved under rules adopted by the department shall be disregarded. Individuals eligible for assistance under this subparagraph whose individual income exceeds one hundred fifty percent of the official poverty guidelines for an individual shall pay a premium. The amount of the premium shall be based on a sliding fee schedule adopted by rule of the department and shall be based on a percentage of the individual's income. The maximum premium payable by an individual whose income exceeds one hundred fifty percent of the official poverty guidelines shall be commensurate with the cost of state employees' group health insurance in this state, but shall not exceed seven and one-half percent of income, unless the individual's income exceeds four hundred fifty percent of the official poverty guidelines.

Sec. 29. Section 256.67, subsection 1, Code Supplement 2001, is amended to read as follows:

1. Act as administrator and executive secretary of the region library service area in accordance with the objectives and policies adopted by the area board of trustees and with the intent of this chapter.

Sec. 30. Section 260G.4B, subsection 1, Code Supplement 2001, is amended to read as follows:

1. The total amount of program job credits from all employers which shall be allocated for all accelerated career education programs in the state in any one fiscal year shall not exceed the sum of three million dollars in the fiscal year beginning July 1, 2000, three million dollars in the fiscal year beginning July 1, 2001, three million dollars in the fiscal year beginning July 1, 2002, and six million dollars in the fiscal year beginning July 1, 2002 2003, and every fiscal year thereafter. Any increase in program job credits above the six-million-dollar limitation per fiscal year shall be developed, based on recommendations in a study which shall be conducted by the department of economic development of the needs and performance of approved programs in the fiscal years beginning July 1, 2000, and July 1, 2001. The study's findings and recommendations shall be submitted to the general assembly by the department by December 31, 2002. The study shall include but not be limited to an examination of the quality of the programs, the number of program participant placements, the wages and benefits in program jobs, the level of employer contributions, the size of participating employers, and employer locations. A community college shall file a copy of each agreement with the department of economic development. The department shall maintain an annual record of the proposed program job credits under each agreement for each fiscal year. Upon receiving a copy of an agreement, the department shall allocate any available amount of program job credits to the community college according to the agreement sufficient for the fiscal year and for the term of the agreement. When the total available program job credits are allocated for a fiscal year, the department shall notify all community colleges that the maximum amount has been allocated and that further program job credits will not be available for the remainder of the fiscal

year. Once program job credits have been allocated to a community college, the full allocation shall be received by the community college throughout the fiscal year and for the term of the agreement even if the statewide program job credit maximum amount is subsequently allocated and used.

Sec. 31. Section 368.4, Code 2001, as amended by 2002 Iowa Acts, House File 582,⁶ if enacted, is amended to read as follows:

368.4 ANNEXING MORATORIUM.

A city, following notice and hearing, may by resolution agree with another city or cities to refrain from annexing specifically described territory for a period not to exceed ten years and, following notice and hearing, may by resolution extend the agreement for subsequent periods not to exceed ten years each. Notice of a hearing shall be served by regular mail at least thirty days before the hearing on the city development board, on the board of supervisors of the county in which the territory is located, and on all persons owning land within the area subject to the agreement. The notice shall include the time and place of the hearing, describe the territory subject to the proposed agreement, and the general terms of the agreement. After passage of a resolution by the cities approving the agreements, a copy of the agreement and a copy of any resolution extending an agreement shall be filed with the city development board within ten days of enactment. If such an agreement is in force, the board shall dismiss a petition or plan which violates the terms of the agreement.

Sec. 32. Section 368.26, if enacted by 2002 Iowa Acts, House File 582,⁷ is amended to read as follows:

368.26 FAILURE TO PROVIDE MUNICIPAL SERVICES.

If a city fails to provide municipal services to territory involuntarily annexed, according to the plan filed pursuant to section 368.11, within three years after city taxes are imposed in the annexed territory, the city development board shall initiate proceedings to sever the annexed territory from the city. However, a city may appeal to the board for an additional three years to provide municipal services if good cause is shown. A petition for severance filed pursuant to this section shall be filed and acted upon in the same manner as a petition under section 368.11. For purposes of this section and ~~section 368.11, subsection 14~~, "municipal services" means services selected by a landowner to be provided by the city, including, but not limited to, water supply, sewage disposal, street and road maintenance, and police and fire protection, if the provision of such services is within the legal authority of the annexing city.

*Sec. 33. Section 421.17, subsection 31, Code Supplement 2001, is amended to read as follows:

~~31. At the director's discretion, accept Accept payment of taxes, penalties, interest, and fees, or any portion thereof of the payment, by credit card in accordance with section 12.21. The director may adjust the payable amount to reflect the costs of processing the payment as determined by the treasurer of state and the payment by credit card shall include, in addition to all other charges, any discount charged by the credit card issuer.*~~

*Sec. 34. Section 421.17, subsection 34, paragraph f, Code Supplement 2001, is amended to read as follows:

~~f. At the director's discretion, the The department may shall accept payment of debts, interest, and fees, or any portion of the payment by credit card in accordance with section 12.21. The director may adjust the payable amount to reflect the costs of processing the payment as determined by the treasurer of state and the payment by credit card shall include, in addition to all other charges, any discount charge by the credit card issuer.*~~

*Sec. 35. Section 455A.4, subsection 5, Code 2001, is amended to read as follows:

~~5. The department may accept payment of any fees, interest, penalties, subscriptions, or other payments due or collected by the department, or any portion of such payments, by credit card~~

⁶ Chapter 1132 herein

⁷ Chapter 1132 herein

* Item veto; see message at end of the Act

~~in accordance with section 12.21. The department may adjust the amount of the payment to reflect the costs of processing the payment as determined by the treasurer of state and the payment by credit card shall include, in addition to all other charges, any discount charged by the credit card issuer.*~~

Sec. 36. Section 476.97, subsection 11, paragraph g, subparagraph (4), Code 2001, as amended by 2002 Iowa Acts, Senate File 429,⁸ section 2, is amended by striking the subparagraph and inserting in lieu thereof the following:

(4) Rates may be adjusted by the board to reflect any changes in revenues, expenses, and investment due to exogenous factors beyond the control of the local exchange carrier, including, but not limited to, the effects of local competition. The board shall have one hundred eighty days to consider rate changes proposed under this subparagraph, but for good cause may grant one extension of sixty days, not to exceed a total of two hundred forty days.

Sec. 37. Section 514I.5, subsection 3, Code 2001, is amended to read as follows:

3. Members appointed by the governor shall serve two-year staggered terms as designated by the governor, and legislative members of the board shall serve two-year terms. The filling of positions reserved for the public representatives, vacancies, membership terms, payment of compensation and expenses, and removal of the members are governed by chapter 69. Members of the board are entitled to receive reimbursement of actual expenses incurred in the discharge of their duties. Public members of the board are also eligible to receive compensation as provided in section 7E.6. The members shall select a chairperson on an annual basis from among the membership of the board.

Sec. 38. Section 541A.1, subsection 7, Code 2001, is amended to read as follows:

7. "Individual development account" means a either of the following:

a. A financial instrument which that is certified to have the characteristics described in section 541A.2 by the operating organization.

b. A financial instrument that is certified by the operating organization to have the characteristics described in and funded by a federal individual development account program under which federal and state funding contributed to match account holder deposits is deposited by an operating organization in accordance with federal law and regulations, and which includes but is not limited to any of the programs implemented under the following federal laws:

(1) The federal Personal Responsibility and Work Opportunity Act of 1996, 42 U.S.C. § 604(h).

(2) The federal Assets for Independence Act, Pub. L. No. 105-285, Title IV.

Sec. 39. Section 541A.3, subsection 1, unnumbered paragraph 1, Code 2001, is amended to read as follows:

Payment by the state of a savings refund on amounts of up to two thousand dollars per calendar year that an account holder deposits in the account holder's account. Moneys transferred to an individual development account from another individual development account shall not be considered an account holder deposit for purposes of determining a savings refund. Payment of a savings refund either shall be made directly to the account holder's account or to an operating organization's central reserve account for later distribution to the account holder's account in the most appropriate manner as determined by the administrator. The state savings refund shall be the indicated percentage of the amount deposited:

Sec. 40. Section 541A.3, subsection 5, Code 2001, is amended to read as follows:

5. The administrator shall coordinate the filing of claims for savings refunds authorized under subsection 1, between account holders, operating organizations, and the department of revenue and finance. Claims approved by the administrator may be paid by the department of revenue and finance to each account, ~~or for an aggregate amount for distribution to the accounts in a particular financial institution, or to an operating organization's central reserve account for later distribution to the account holders' accounts~~ depending on the efficiency for

* Item veto; see message at end of the Act

⁸ Chapter 1060 herein

issuing the refunds. Claims shall be initially filed with the administrator on or before a date established by the administrator. Claims approved by the administrator shall be paid from the general fund of the state in the manner specified in section 422.74.

Sec. 41. Section 546.10, subsection 3, unnumbered paragraph 2, if enacted by Senate File 2326,⁹ section 32, is amended to read as follows:

Notwithstanding subsection 5, eighty-five percent of the funds received annually resulting from an increase in licensing fees ~~approved and implemented~~ on or after July ~~April~~ 1, 2002, by a licensing board or commission listed in subsection 1, is appropriated to the professional licensing and regulation division to be allocated to the board or commission for the fiscal year beginning July 1, 2002, and succeeding fiscal years, for purposes related to the duties of the board or commission, including but not limited to additional full-time equivalent positions. The director of revenue and finance shall draw warrants upon the treasurer of state from the funds appropriated as provided in this section and shall make the funds available to the professional licensing division on a monthly basis during each fiscal year.

**Sec. 42. Section 556.12, subsection 1, Code 2001, is amended to read as follows:*

*1. If a report has been filed with the treasurer of state, or property has been paid or delivered to the treasurer of state, for the fiscal year ending on June 30 as required by section 556.11, the treasurer of state shall provide for the publication annually of at least one notice ~~not later than which notice shall not be published between the following September 10 and the following November 30~~ 10. Each notice shall be published at least once each week for two successive weeks in an English language newspaper of general circulation in the county in this state in which is located the last known address of any person to be named in the notice. If an address is not listed or if the address is outside this state, the notice shall be published in the county in which the holder of the abandoned property has its principal place of business within this state.**

Sec. 43. Section 602.1302, subsection 3, Code 2001, is amended to read as follows:

3. A revolving fund is created in the state treasury for the payment of jury and witness fees, and mileage, ~~and costs related to summoning jurors~~ by the judicial branch. The judicial branch shall deposit any reimbursements to the state for the payment of jury and witness fees and mileage in the revolving fund. Notwithstanding section 8.33, unencumbered and unobligated receipts in the revolving fund at the end of a fiscal year do not revert to the general fund of the state. The judicial branch shall on or before February 1 file a financial accounting of the moneys in the revolving fund with the legislative fiscal bureau. The accounting shall include an estimate of disbursements from the revolving fund for the remainder of the fiscal year and for the next fiscal year.

Sec. 44. Section 602.8108, subsection 5, Code Supplement 2001, is amended to read as follows:

5. A court technology and modernization fund is established as a separate fund in the state treasury. The state court administrator shall allocate one million dollars of the moneys received under subsection 2 to be deposited in the fund, which shall be administered by the supreme court and shall be used as follows:

a. ~~Eighty percent shall be used~~ to enhance the ability of the judicial branch to process cases more quickly and efficiently, to electronically transmit information to state government, local governments, law enforcement agencies, and the public, and to improve public access to the court system. ~~Moneys in this paragraph shall not be used for the Iowa court information system.~~

b. ~~Twenty percent shall be used in equal amounts to facilitate alternative dispute resolution and methods to resolve domestic abuse cases, which may include personnel for hearings under section 236.4.~~

⁹ The phrase "if enacted by 2002 Iowa Acts, Senate File 2326," probably intended; Senate File 2326 is chapter 1171 herein

* Item veto; see message at end of the Act

Sec. 45. 2001 Iowa Acts, chapter 182, section 7, subsection 2, is amended by adding the following new paragraph:

NEW PARAGRAPH. g. Notwithstanding section 8.33, any moneys which exceed the amount budgeted in the fiscal year beginning July 1, 2001, and ending June 30, 2002, that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure by the veterans home until the close of the succeeding fiscal year. For the purposes of this paragraph, "moneys" means cash receipts, accruals attributable to the fiscal year beginning July 1, 2001, and ending June 30, 2002, and the amount of the estimated reversions to the general fund, as last agreed to by the state revenue estimating conference during fiscal year beginning July 1, 2001.

Sec. 46. 2001 Iowa Acts, chapter 191, section 14, subsection 2, is amended by adding the following new paragraph:

NEW PARAGRAPH. f. Notwithstanding section 232.143, subsection 1, a region may exceed its budget target for group foster care by up to twenty percent in the fiscal year beginning July 1, 2001, and ending June 30, 2002, provided the overall funding allocated by the department for all child welfare services in the region is not exceeded. It is the intent of the general assembly that for the fiscal year beginning July 1, 2002, the budget targets for group foster care will be determined at levels so that special statutory authority for exceeding the budget targets beyond the amount authorized in section 232.143, subsection 1, will not be necessary.

Sec. 47. Section 904.108, subsection 1, paragraph o, Code Supplement 2001, is amended to read as follows:

o. Establish and maintain a correctional training center at the Mount Pleasant correctional facility program.

Sec. 48. IOWA CONGRESSIONAL MEDAL OF HONOR RECIPIENTS. The department of cultural affairs shall conduct a study to identify an appropriate location in the state capitol for a plaque and display honoring the Iowa recipients of the congressional medal of honor. The department shall report the findings and recommendations of the study to the governor and general assembly on or before December 31, 2002.

Sec. 49. DUPLICATION AND REORGANIZATION REVIEWS. In implementing the requirements of 2002 Iowa Acts, Senate File 2326, division I, if enacted, involving the department of general services, department of management, department of personnel, and information technology department identifying duplicative positions or studying the reorganization of state government, those departments shall consult with the departments that may be affected, consider previously conducted studies or reviews, and identify the projected impacts of recommended changes upon the general fund of the state, road use tax fund, and any other affected funding source.

Sec. 50. CHEROKEE MENTAL HEALTH INSTITUTE — RELOCATION OF SEXUALLY VIOLENT PREDATORS UNIT. In implementing the relocation of the unit for commitment of sexually violent predators from Oakdale to the state mental health institute at Cherokee in the fiscal year beginning July 1, 2002, in accordance with the requirement in the appropriation for the unit in 2002 Iowa Acts, Senate File 2326,¹⁰ if enacted, it is the intent of the general assembly that the department of human services complete the renovation of space at the institute and the relocation of the unit as expeditiously as possible. If requested by the department of human services as necessary to complete the renovation of space and relocation as expeditiously as possible, notwithstanding any provision of law or rule to the contrary, the department of general services shall grant a waiver for purposes of the renovation project from those requirements in administrative rule and policy that would otherwise govern the length of time the renovation project components are noticed.

* Item veto; see message at end of the Act

¹⁰ Chapter 1171 herein

Sec. 51. MEDICAL ASSISTANCE — DENTAL SERVICES FOR ADULTS. In addition to other dental services provided to adults under the medical assistance program in accordance with 2002 Iowa Acts, House File 2245,¹¹ section 7, subsection 2, the following services shall be provided:

1. Root canal treatments on permanent anterior teeth.
2. General anesthesia and intravenous sedation if necessitated by the physical or mental disability of the patient.

The department may adopt emergency rules to implement this section in accordance with the provisions of 2002 Iowa Acts, Senate File 2326,¹² division VI, section 135, if enacted.

Sec. 52. EXPENDITURE REPORTS. For the fiscal year beginning July 1, 2002, the department of agriculture and land stewardship and the department of natural resources shall each file a written report on a quarterly basis with the chairpersons and ranking members of the joint appropriations subcommittee on agriculture and natural resources and the legislative fiscal bureau regarding all expenditures of moneys appropriated from the general fund of the state or from other funds available to either department during the quarter and the number of full-time equivalent positions allocated during the quarter.

Sec. 53. IPERS POSITIONS. The number of full-time equivalent positions authorized the Iowa public employees' retirement system division in 2002 Iowa Acts, Senate File 2326,¹³ section 15, subsection 1, if enacted, is increased by 2.00 full-time equivalent positions.

Sec. 54. 2002 Iowa Acts, Senate File 2326,¹⁴ section 25, unnumbered paragraph 4, if enacted, is amended to read as follows:

If 2002 Iowa Acts, House File 681,¹⁵ is enacted and provides for the pledging of collateral in relation to the deposit of uninsured public funds, then the treasurer of state is authorized not more than the following additional full-time equivalent positions for the purposes provided for in that Act:

.....	FTEs	2.00
	<u>FTE</u>	<u>1.00</u>

Sec. 55. 2002 Iowa Acts, Senate File 2326,¹⁶ section 39, if enacted, is amended by adding the following new subsection:

NEW SUBSECTION. 5. Of the amount appropriated in this section, \$1,250,000 shall be used for salaries, support, maintenance, and miscellaneous purposes for activities regarding animal agriculture.

Sec. 56. SCHOOL FOR THE DEAF POSITIONS. 2002 Iowa Acts, Senate File 2326,¹⁷ section 81, subsection 5, if enacted, is amended to read as follows:

5. STATE SCHOOL FOR THE DEAF

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	7,891,351
.....	FTEs	<u>117.29</u>
		<u>129.60</u>

**Sec. 57. SCOPE OF PRACTICE REVIEW COMMITTEE. 2002 Iowa Acts, Senate File 2326, section 91, subsection 10, paragraph a, if enacted, is amended to read as follows:*

a. The department may expend funds received from licensing fees in addition to amounts appropriated in this subsection, if those additional expenditures are directly the result of

¹¹ Chapter 1165 herein

¹² Chapter 1171 herein

* Item veto; see message at end of the Act

¹³ Chapter 1171 herein

¹⁴ Chapter 1171 herein

¹⁵ Chapter 1096 herein

¹⁶ Chapter 1171 herein

¹⁷ Chapter 1171 herein

~~a scope of practice review committee or~~ unanticipated litigation costs arising from the discharge of an examining board's regulatory duties. Before the department expends or encumbers funds for ~~a scope of practice review committee or~~ an amount in excess of the funds budgeted for an examining board, the director of the department of management shall approve the expenditure or encumbrance. The amounts necessary to fund any unanticipated litigation ~~or scope of practice review committee~~ expense in the fiscal year beginning July 1, 2002, shall not exceed 5 percent of the average annual fees generated by the boards for the previous two fiscal years.*

*Sec. 58. 2002 Iowa Acts, Senate File 2326, section 92, subsection 6, if enacted, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The appropriation in this subsection is contingent upon the appointment of an administrator of the division on the status of African-Americans and the appointment of all nine members to the commission on the status of African-Americans.*

Sec. 59. SCOPE OF PRACTICE REVIEW COMMITTEE. 2002 Iowa Acts, Senate File 2326, section 98, if enacted, is repealed.

Sec. 60. 2002 Iowa Acts, Senate File 2326,¹⁸ section 99, subsection 1, if enacted, is amended to read as follows:

1. To be credited to the family investment program account and used for assistance under the family investment program under chapter 239B:

.....	\$	45,618,447
		<u>46,508,982</u>

Sec. 61. 2002 Iowa Acts, Senate File 2326,¹⁹ section 99, subsection 11, unnumbered paragraph 2, if enacted, is amended to read as follows:

Pregnancy prevention grants shall be awarded to programs in existence on or before July 1, 2002, if the programs are comprehensive in scope and have demonstrated positive outcomes. Grants shall be awarded to pregnancy prevention programs which are developed after July 1, 2002, if the programs are comprehensive in scope and are based on existing models that have demonstrated positive outcomes. Grants shall comply with the requirements provided in 1997 Iowa Acts, chapter 208, section 14, subsections 1 and 2, including the requirement that grant programs must emphasize sexual abstinence. Priority in the awarding of grants shall be given to programs that serve areas of the state which demonstrate the highest percentage of unplanned pregnancies of females age or older but younger than age 18 within the geographic area to be served by the grant.

In addition to the full-time equivalent positions funded in this division of this Act, the department may use a portion of the funds appropriated in this subsection to employ an employee in up to 1.00 full-time equivalent position for the administration of programs specified in this subsection.

Sec. 62. 2002 Iowa Acts, Senate File 2326,²⁰ section 127, subsection 1, paragraph a, if enacted, is amended to read as follows:

a. ~~Notwithstanding 2001 Iowa Acts, chapter 192, section 4, subsection 2, paragraph "b", the modified price-based case-mix reimbursement rate upon which the reimbursement rate for nursing facilities is determined shall only include an additional inflation factor to the extent of the funding budgeted and appropriated specifically for nursing facility reimbursement based on a case-mix reimbursement methodology in this division of this Act or in other appropriations. For the fiscal year beginning July 1, 2002, and ending June 30, 2003, nursing facilities shall be reimbursed as provided in 2002 Iowa Acts, House File 2613,²¹ if enacted.~~ Nursing facilities reimbursed under the medical assistance program shall submit annual cost reports and additional documentation as required by rules adopted by the department.

* Item veto; see message at end of the Act

¹⁸ Chapter 1171 herein

¹⁹ Chapter 1171 herein

²⁰ Chapter 1171 herein

²¹ Chapter 1172 herein

Sec. 63. 2002 Iowa Acts, Senate File 2326,²² section 134, if enacted, is amended to read as follows:

SEC. 134. COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES (MH/MR/DD) ALLOWED GROWTH FACTOR ADJUSTMENT AND ALLOCATIONS — DISTRIBUTION FOR FY 2002-2003.

1. For the fiscal year beginning July 1, 2002, the moneys appropriated in 2001 Acts, chapter 176, section 1, as amended by this division of this Act, for distribution to counties of the county mental health, mental retardation, and developmental disabilities allowed growth factor adjustment, shall be distributed as provided in this section in lieu of the provisions of section 331.438, subsection 2, and section 331.439, subsection 3, and chapter 426B, as follows:

a. The first ~~\$2,000,000~~ 500,000 shall be credited to the risk pool created in the property tax relief fund and shall be distributed pursuant to section 426B.5, subsection 2.

b. The remaining ~~\$12,500,000~~ 14,000,000 shall be distributed as provided in this section.

2. The following formula amounts shall be utilized only to calculate preliminary distribution amounts for fiscal year 2002-2003 under this section by applying the indicated formula provisions to the formula amounts and producing a preliminary distribution total for each county:

a. For calculation of an allowed growth factor adjustment amount for each county in accordance with the formula in section 331.438, subsection 2, paragraph "b":

..... \$ 12,000,000

b. For calculation of a distribution amount for eligible counties from the per capita expenditure target pool created in the property tax relief fund in accordance with the requirements in section 426B.5, subsection 1:

..... \$ 12,492,712
14,492,712

c. For calculation of a distribution amount for counties from the mental health and developmental disabilities (MH/DD) community services fund in accordance with the formula provided in this division of this Act:

..... \$ 18,127,352

3. Notwithstanding any contrary provisions of sections 225C.7, 331.438, subsection 2, 331.439, subsection 3, and 426B.5, the moneys allocated for distribution in subsection 1, paragraph "b", and in any other Act of the Seventy-ninth General Assembly, 2002 Session, for distribution to counties in the fiscal year beginning July 1, 2002, for purposes of the mental health and developmental disabilities (MH/DD) community services fund under section 225C.7, and for the allowed growth factor adjustment for services paid under a county's section 331.424A mental health, mental retardation, and developmental disabilities services fund and as calculated under subsection 2 to produce preliminary distribution amounts for counties shall be subject to withholding as provided in this section.

4. After applying the applicable statutory distribution formulas to the amounts indicated in subsection 2 for purposes of formula calculations to produce preliminary distribution totals, the department of human services shall apply a withholding factor to adjust an eligible individual county's preliminary distribution total. An ending balance percentage for each county shall be determined by expressing the county's ending balance on a modified accrual basis under generally accepted accounting principles for the fiscal year beginning July 1, 2001, in the county's mental health, mental retardation, and developmental disabilities services fund created under section 331.424A, as a percentage of the county's gross expenditures from that fund for that fiscal year. The withholding factor for a county shall be the following applicable percent:

a. For an ending balance percentage of less than 10 percent, a withholding factor of 0 percent.

b. For an ending balance percentage of 10 through 24 percent, a withholding factor of 25 41.47 percent.

c. For an ending balance percentage of 25 through 34 percent, a withholding factor of 60 percent.

d. For an ending balance percentage of 35 through 44 percent, a withholding factor of 85 percent.

e. For an ending balance percentage of 45 percent or more, a withholding factor of 100 percent.

²² Chapter 1171 herein

5. The total withholding amounts applied pursuant to subsection 4 shall be equal to a withholding target amount of \$11,992,712 ~~12,492,712~~ and the appropriation made in this division of this Act for the MH/DD community services fund and the appropriation made in 2001 Iowa Acts, chapter 176, section 1, as amended by this division of this Act shall be reduced by the amount necessary to attain the withholding target amount. If the department of human services determines that the amount to be withheld in accordance with subsection 4 is not equal to the target withholding amount, the department shall adjust the withholding factors listed in subsection 4 as necessary to achieve the withholding target amount. However, in making such adjustments to the withholding factors, the department shall strive to minimize changes to the withholding factors for those ending balance percentage ranges that are lower than others and shall not adjust the zero withholding factor specified in subsection 4, paragraph "a".

6. A In order to be eligible for a funding distribution under this section, a county must levy at least 70 percent of the maximum allowed for the county's services fund under section 331.424A for taxes due and payable in the fiscal year beginning July 1, 2002, and comply with the December 1, 2002, filing deadline for the county annual financial report in accordance with section 331.403. The amount that would otherwise be available for distribution to a county that fails to so comply shall be proportionately distributed among the eligible counties.

7. The department of human services shall authorize the issuance of warrants payable to the county treasurer for the distribution amounts due the counties eligible under this section and notwithstanding prior practice for the MH/DD community services fund, the warrants shall be issued in January 2003.

Sec. 64. 2002 Iowa Acts, Senate File 2326,²³ section 104, subsection 12, if enacted, is amended to read as follows:

~~12. If federal funding is received or if moneys are appropriated, the department may participate~~ Of the moneys appropriated in this section, \$150,000 shall be used as state matching funds, in combination with federal and private funds, for participation in a federal home telecare pilot program intended to manage health care needs of subpopulations of Iowans and specifically including subpopulations of Iowans who require high utilization of health care services and represent a disproportionate share of consumption of health care services. The program shall be administered by the Iowa telecare consortium, which is a collaboration of public, private, academic, and governmental participants coordinated by Des Moines university — osteopathic medical center. The program may direct telecare services to persons with diagnoses of specific nonacute chronic illnesses, which may include, but are not limited to, chronic obstructive pulmonary disease, congestive heart disease, diabetes, and asthma. Des Moines university — osteopathic medical center shall submit a report to the general assembly by January 15, 2003, regarding the status of the pilot program. The program guidelines shall be consistent with those specified under 2001 Iowa Acts, chapter 191, section 7, subsection 15.

*Sec. 65. 2002 Iowa Acts, Senate File 2326, section 154, subsection 2, unnumbered paragraph 2, if enacted, is amended to read as follows:

*Riverboat enforcement costs shall be billed in accordance with section 99F.10, subsection 4, and section 99F.10A. The costs shall be not more than the department's estimated expenditures, including salary adjustment, for riverboat enforcement for the fiscal year. The costs billed to the riverboats shall not be more than \$1,280,000 in excess of the amount billed to the riverboats in the fiscal year beginning July 1, 2001. Racetrack enforcement costs shall be billed in accordance with section 99D.14, subsection 7, and section 99D.14A. The costs shall be not more than the department's estimated expenditures, including salary adjustment, for racetrack enforcement for the fiscal year. The costs billed to the racetracks shall not be more than \$420,000 in excess of the amount billed to the racetracks in the fiscal year beginning July 1, 2001.**

Sec. 66. PUBLIC TRANSIT ASSISTANCE APPROPRIATION. 2002 Iowa Acts, Senate File 2326, section 175, subsection 14, if enacted, is amended by striking the subsection.

²³ Chapter 1171 herein

* Item veto; see message at end of the Act

**Sec. 67. PUBLIC TRANSIT ASSISTANCE APPROPRIATION. Notwithstanding section 312.2, subsection 14, the amount appropriated from the general fund of the state under section 312.2, subsection 14, to the state department of transportation for public transit assistance under chapter 324A for the fiscal year beginning July 1, 2001, and ending June 30, 2002, is reduced by the following amount:*

..... \$ 1,107,938*

Sec. 68. Chapter 2A, Code 2001, is repealed.

Sec. 69. EFFECTIVE DATE — CONTINGENCY — REPORT TO CODE EDITOR. The section of this division of this Act amending section 249A.3, relating to the optional category of individuals covered under the medical assistance program relating to persons with disabilities who have earned income, takes effect only if the department does not win the appeal against the centers for Medicare and Medicaid of the United States department of health and human services relating to the state plan amendment. The department shall notify the Code editor when the department is notified of a decision on the appeal in order to identify an effective date.

Sec. 70. EFFECTIVE DATE. The section in this Act relating to dental services for adults under the medical assistance program, being deemed of immediate importance, takes effect upon enactment.

Sec. 71. EFFECTIVE DATE. The section of this division of this Act that amends 2001 Iowa Acts, chapter 182, section 7, being deemed of immediate importance, takes effect upon enactment.

Sec. 72. EFFECTIVE DATE. The provision of this division of this Act amending 2001 Iowa Acts, chapter 191, section 14, relating to the department of human services exceeding its budget target for group foster care by up to twenty percent in fiscal year 2001-2002.²⁴

DIVISION III CORRECTIVE AMENDMENTS

Sec. 73. Section 8.55, subsection 2, paragraph d, if enacted by 2002 Iowa Acts, House File 2075,²⁵ section 1, is amended to read as follows:

d. Notwithstanding paragraph “a”, any moneys in excess of the maximum balance in the economic emergency fund after the distribution of the surplus in the general fund of the state at the conclusion of each fiscal year and after the appropriate ~~amount~~ amounts have been transferred pursuant to paragraphs “b” and “c” shall not be transferred to the general fund of the state but shall be transferred to the endowment for Iowa’s health account of the tobacco settlement trust fund. The total amount transferred, in the aggregate, under this paragraph for all fiscal years shall not exceed the difference between fifty-one million five hundred thousand dollars and the amounts transferred to the endowment for Iowa’s health account to repay the amounts transferred or appropriated from the endowment for Iowa’s health account in 2002 Iowa Acts, House File 2245,²⁶ 2002 Iowa Acts, Senate File 2304,²⁷ and 2002 Iowa Acts, Senate File 2315.²⁸

Sec. 74. Section 10D.1, unnumbered paragraph 1, as enacted by 2002 Iowa Acts, Senate File 2210,²⁹ section 3, is amended to read as follows:

As used in this section chapter, unless the context otherwise requires:

* Item veto; see message at end of the Act

²⁴ See 2002 Iowa Acts, Second Extraordinary Session, chapter 1003, §245, 262 herein

²⁵ Chapter 1169 herein

²⁶ Chapter 1165 herein

²⁷ Chapter 1166 herein

²⁸ Chapter 1167 herein

²⁹ Chapter 1028 herein

Sec. 75. Section 15E.42, subsection 3, as enacted by 2002 Iowa Acts, House File 2271,³⁰ section 2, is amended to read as follows:

3. "Investor" means an individual making a cash investment in a qualifying business or a person making a cash investment in a community-based seed capital fund. "Investor" does not include a person which is a current or previous owner, member, or shareholder in a qualified qualifying business.

Sec. 76. Section 15E.43, subsection 1, paragraph a, as enacted by 2002 Iowa Acts, House File 2271,³¹ section 3, is amended to read as follows:

a. For tax years beginning on or after January 1, 2002, a tax credit shall be allowed against the taxes imposed in chapter 422, division II, for a portion of an individual taxpayer's equity investment, as provided in subsection 2, in a qualified qualifying business. An individual shall not claim a tax credit under this paragraph of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual.

Sec. 77. Section 15E.224, subsection 1, as enacted by 2002 Iowa Acts, House File 2078,³² section 4, is amended to read as follows:

1. An Iowa capital investment corporation may be organized as a private, not-for-profit corporation under chapter 504A. The Iowa capital investment corporation is not a public corporation or instrumentality of the state and shall not enjoy any of the privileges and shall not be required to comply with the requirements of a state agency. Except as otherwise provided in this division, this division does not exempt the corporation from the requirements under state law which apply to other corporations organized under chapter 504A. The purposes of an Iowa capital investment corporation shall be to organize the Iowa fund of funds, to select a venture capital investment fund allocation manager to select venture capital fund investments by the Iowa fund of funds, to negotiate the terms of a contract with the venture capital investment fund allocation manager, to execute the contract with the selected venture capital investment fund allocation manager on behalf of the Iowa fund of funds, to receive investment returns from the Iowa fund of funds, and to reinvest the investment returns in additional venture capital investments designed to result in a significant potential to create jobs and to diversify and stabilize the economy of the state. The corporation shall not exercise governmental functions and shall not have members. The obligations of the corporation are not obligations of this state or any political subdivision of this state within the meaning of any constitutional or statutory debt limitations, but are obligations of the corporation payable solely and only from the corporation's funds. The corporation shall not and cannot pledge the credit or taxing power of this state or any political subdivision of this state or make its debts payable out of any moneys except those of the corporation.

Sec. 78. Section 29A.90, subsection 3, if enacted by 2002 Iowa Acts, Senate File 2124,³³ section 24, is amended to read as follows:

3. "Military service" means full-time active state service or state active duty, as defined in section 29A.1, for a period of at least ninety consecutive days, commencing on or after the effective date of this division of this Act.

Sec. 79. Section 41.1, subsection 28, Code 2001, as amended by 2001 Iowa Acts, First Extraordinary Session, chapter 1, section 2,³⁴ is amended to read as follows:

28. The twenty-eighth representative district in Dubuque county shall consist of those portions of Dubuque and Table Mound townships and the city of Dubuque bounded by a line commencing at the point Asbury road intersects the east corporate limit of the city of Asbury, then proceeding first south, and then in a clockwise manner along the corporate limits of the city of Asbury until it intersects the west east boundary of Dubuque Center township, then proceeding first south, and then in a clockwise manner along the west boundary of Dubuque Center township until it intersects the east boundary of Vernon township and the corporate

³⁰ Chapter 1006 herein

³¹ Chapter 1006 herein

³² Chapter 1005 herein

³³ Chapter 1117 herein

³⁴ Text of section 41.1, subsection 28, as amended by 2001 Iowa Acts, First Extraordinary Session, chapter 1, §2 appeared in Code Supplement 2001

limits of the city of Dubuque, then proceeding first west south, and then in a counterclockwise manner along the corporate limits of the city of Dubuque until it intersects the south boundary of Dubuque township, then proceeding east along the south boundary of Dubuque township until it intersects the corporate limits of the city of Dubuque, then proceeding first east, and then in a counterclockwise manner along the corporate limits of the city of Dubuque until it intersects the east boundary of Table Mound township, then proceeding north along the boundary of Table Mound township until it intersects the corporate limits of the city of Dubuque, then proceeding first east, and then in a counterclockwise manner along the corporate limits of the city of Dubuque until it intersects the Peosta channel of the Mississippi river, then proceeding southwesterly along the Peosta channel until it intersects East Sixteenth street, then proceeding southwesterly along East Sixteenth street until it intersects Kerper boulevard, then proceeding northerly along Kerper boulevard until it intersects Fengler street, then proceeding northwest along Fengler street until it intersects the I & M Rail Link tracks, then proceeding southwest along the I & M Rail Link tracks until it intersects the extension of Stafford street, then proceeding westerly along the extension of Stafford street until it intersects Garfield avenue, then proceeding southwest along Garfield avenue until it intersects East Twentieth street, then proceeding southwesterly along East Twentieth street until it intersects Central avenue, then proceeding northwest along Central avenue until it intersects West Twenty-third street, then proceeding southwesterly along West Twenty-third street until it intersects Valeria street, then proceeding northwesterly along Valeria street until it intersects Kaufmann avenue, then proceeding southeast along Kaufmann avenue until it intersects Hempstead street, then proceeding southwest along Hempstead street until it intersects Montcrest street, then proceeding westerly along Montcrest street until it intersects Portland street, then proceeding southwest along Portland street until it intersects Abbott street, then proceeding south along Abbott street until it intersects Lowell street, then proceeding east along Lowell street until it intersects Harold street, then proceeding south along Harold street until it intersects Clarke drive, then proceeding easterly along Clarke drive until it intersects Foye street, then proceeding southerly along Foye street until it intersects West Locust street, then proceeding west along West Locust street until it intersects Kirkwood street, then proceeding southwest along Kirkwood street until it intersects Cox street, then proceeding southeast along Cox street until it intersects Loras boulevard, then proceeding southwest along Loras boulevard until it intersects Wood street, then proceeding southeast along Wood street until it intersects University avenue, then proceeding east along University avenue until it intersects Delhi street, then proceeding southwest along Delhi street until it intersects West Fifth street, then proceeding southeast along West Fifth street until it intersects College street, then proceeding southerly along College street until it intersects West Third street, then proceeding southwest along West Third street until it intersects North Grandview avenue, then proceeding south along North Grandview avenue until it intersects Hale street, then proceeding west along Hale street until it intersects North Algona street, then proceeding north along North Algona street until it intersects Bennett street, then proceeding west along Bennett street until it intersects McCormick street, then proceeding northerly along McCormick street until it intersects Mineral street, then proceeding west along Mineral street until it intersects O'Hagen street, then proceeding north along O'Hagen street until it intersects Pearl street, then proceeding west along Pearl street until it intersects Finley street, then proceeding northwest along Finley street until it intersects University avenue, then proceeding northeast along University avenue until it intersects Asbury road, then proceeding northwesterly along Asbury road until it intersects Wilbricht lane, then proceeding west along Wilbricht lane until it intersects Flora Park road, then proceeding southwesterly along Flora Park road until it intersects Pennsylvania avenue, then proceeding west along Pennsylvania avenue until it intersects Churchill drive, then proceeding north along Churchill drive until it intersects St. Anne drive, then proceeding west along St. Anne drive until it intersects Carter road, then proceeding north along Carter road until it intersects Hillcrest road, then proceeding west along Hillcrest road until it intersects John F. Kennedy road, then proceeding north along John F. Kennedy road until it intersects Hillcrest road, then proceeding west along Hillcrest road until it intersects Key Largo drive, then proceeding south along Key Largo drive until it intersects Keymeer

drive, then proceeding east along Keymeer drive until it intersects Key Way drive, then proceeding south along Key Way drive until it intersects the north fork of Catfish creek, then proceeding west along the north fork of Catfish creek until it intersects the extension of Winne court, then proceeding north along Winne court and its extension until it intersects Hillcrest road, then proceeding east along Hillcrest road until it intersects the north branch of the north fork of Catfish creek, then proceeding northwesterly along the north branch of the north fork of Catfish creek until it intersects the northwest branch of the north fork of Catfish creek, then proceeding northwest along the northwest branch of the north fork of Catfish creek until it intersects Asbury road, then proceeding west along Asbury road to the point of origin.

Sec. 80. Section 53.7, subsection 2, Code 2001, as amended by 2002 Iowa Acts, House File 2409,³⁵ section 11, is amended to read as follows:

2. It is unlawful for any public officer or employee, or any person acting under color of a public officer or employee, to knowingly require a public employee to solicit an application or request for an application for an absentee ballot, or ~~to knowingly requires that~~ require an employee to take an affidavit or request for an affidavit in connection with an absentee ballot application.

Sec. 81. Section 256F.4, subsections 1 and 3, if enacted by 2002 Iowa Acts, Senate File 348,³⁶ section 4, are amended to read as follows:

1. Within fifteen days after approval of a charter school application submitted in accordance with section 256F.3, subsection 2, a school board shall report to the department the name of the charter school applicant ~~entry~~, the proposed charter school location, and its projected enrollment.

3. A charter school shall not discriminate in its student admissions policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, or status as a person with a disability. However, a charter school may limit admission to students who are within a particular range of ~~age~~ ages or ~~grade level~~ levels or on any other basis that would be legal if initiated by a school district. Enrollment priority shall be given to the siblings of students enrolled in a charter school.

Sec. 82. Section 303A.7, subsection 1, as enacted by 2002 Iowa Acts, House File 2571,³⁷ section 8, is amended to read as follows:

1. An Iowa cultural trust grant account is created in the office of the treasurer ~~of state~~ under the control of the board to receive interest attributable to the investment of trust fund moneys as required by section 303A.4, subsection 4. The moneys in the grant account are appropriated to the board for purposes of the Iowa cultural trust created in section 303A.4. Moneys in the grant account shall not be subject to appropriation for any other purpose by the general assembly, but shall be used only for the purposes of the Iowa cultural trust. The treasurer of state shall act as custodian of the grant account and disburse moneys contained in the grant account as directed by the board. The board shall make expenditures from the grant account consistent with the purposes of the Iowa cultural trust.

Sec. 83. Section 356.36A, as enacted by 2002 Iowa Acts, Senate File 2278,³⁸ section 1, is amended to read as follows:

356.36A. CONFINEMENT AND DETENTION REPORT — DESIGN PROPOSALS.

The division of criminal and juvenile justice planning of the department of human rights, in consultation with the department of corrections, the Iowa county attorneys association, the Iowa state sheriff's association, the Iowa association of chiefs of police and peace officers, a statewide organization representing rural property taxpayers, the Iowa league of cities, and the Iowa board of supervisors association, shall prepare a report analyzing the confinement and detention needs of jails and facilities established pursuant to ~~chapter~~ chapters 356 and 356A. The report for each type of jail or facility shall include but is not limited to an inventory of prisoner space, daily prisoner counts, options for detention of prisoners with mental illness

³⁵ Chapter 1071 herein

³⁶ Chapter 1124 herein

³⁷ Chapter 1115 herein

³⁸ Chapter 1051 herein

or substance abuse service needs, and the compliance status under section 356.36 for each jail or facility. The report shall contain an inventory of recent jail or facility construction projects in which voters have approved the issuance of general obligation bonds, essential county purpose bonds, revenue bonds, or bonds issued pursuant to chapter 422B. The report shall be revised periodically as directed by the administrator of the division of criminal and juvenile justice planning. The first submission of the report shall include recommendations on offender data needed to estimate jail space needs in the next two, three, and five years, on a county, geographic region, and statewide basis, which may be based upon information submitted pursuant to section 356.49.

Sec. 84. Section 359.49, subsection 7A, unnumbered paragraph 1, as enacted by 2002 Iowa Acts, House File 2448,³⁹ section 1, is amended to read as follows:

A township that has entered into an agreement with a municipality to receive fire protection service or emergency medical service from the municipality may request that a portion of its taxes be paid directly to the municipality providing the fire protection service or emergency medical service. Each year, the township must note its request on the budget and must attach a copy of the emergency services agreement to each copy of the budget transmitted to the county auditor. The auditor shall direct the county treasurer as to what portion of the township taxes to disburse to the municipality providing the fire protection service or emergency medical service.

Sec. 85. Section 453A.58, subsection 1, paragraph a, as created in 2002 Iowa Acts, Senate File 2317,⁴⁰ section 4, if enacted, is amended to read as follows:

a. The tobacco product manufacturer of the brand, or any predecessor tobacco product manufacturer of the brand, is a participating manufacturer ~~in compliance with~~ as described in section 453C.2, subsection 1.

Sec. 86. Section 453A.58, subsection 2, as created in 2002 Iowa Acts, Senate File 2317,⁴¹ section 4, if enacted, is amended to read as follows:

2. A distributor shall not affix stamps or cause stamps to be affixed to individual packages of any brand of cigarettes, subsequent to notice to the distributor by the department of revenue and finance that the tobacco product manufacturer is ~~in violation of chapter 453C~~ not in compliance with subsection 1 with reference to that brand.

Sec. 87. Section 453A.59, subsection 1, paragraph a, as created in 2002 Iowa Acts, Senate File 2317,⁴² section 5, if enacted, is amended to read as follows:

a. A participating manufacturer ~~pursuant to~~ described in section 453C.2, subsection 1.

Sec. 88. Section 490.732, subsection 4, if enacted by 2002 Iowa Acts, House File 2509,⁴³ section 22, is amended to read as follows:

4. An agreement authorized by this section shall cease to be effective when shares of the corporation are listed on a national securities exchange or regularly ~~traced~~ traded in a market maintained by one or more members of a national or affiliated securities association. If the agreement ceases to be effective for any reason, the board of directors may, if the agreement is contained or referred to in the corporation's articles of incorporation or bylaws, adopt an amendment to the articles of incorporation or bylaws, without shareholder action, to delete the agreement and any references to it.

Sec. 89. Section 490.853, subsection 3, unnumbered paragraph 1, if enacted by 2002 Iowa Acts, House File 2509,⁴⁴ section 47, is amended to read as follows:

Authorizations under this section shall be made according to ~~the~~ one of the following:

³⁹ Chapter 1056 herein

⁴⁰ Chapter 1163 herein

⁴¹ Chapter 1163 herein

⁴² Chapter 1163 herein

⁴³ Chapter 1154 herein

⁴⁴ Chapter 1154 herein

Sec. 90. Section 490.1003, subsection 2, if enacted by 2002 Iowa Acts, House File 2509,⁴⁵ section 56, is amended to read as follows:

2. Except as provided in ~~section~~ sections 490.1005, 490.1007, and 490.1008, after adopting the proposed amendment, the board of directors must submit the amendment to the shareholders for their approval. The board of directors must also transmit to the shareholders a recommendation that the shareholders approved the amendment, unless the board of directors makes a determination that because of conflicts of interest or other special circumstances it should not make such a recommendation, in which case the board of directors must transmit to the shareholders the basis for the determination.

Sec. 91. Section 490.1303, subsection 2, paragraph b, Code 2001, as amended by 2002 Iowa Acts, House File 2509,⁴⁶ section 80, if enacted, is amended to read as follows:

b. Does so with respect to all shares of the class of or series that are beneficially owned by the beneficial shareholder.

Sec. 92. Section 524.814, Code 2001, is amended to read as follows:
524.814 PLEDGE OF ASSETS.

Pursuant to a resolution of its board of directors, a state bank may lend or pledge its assets for the following purposes, and for no other purposes:

1. To secure deposits of the state bank or a bank that is an affiliate of the state bank when a customer is required to obtain such security, or a bank is required to provide security, by the laws of the United States, by any agency or instrumentality of the United States, by the laws of the state of Iowa, by the state board of regents, by a resolution or ordinance relating to the issuance of bonds, by the terms of any interstate compact or by order of any court of competent jurisdiction. The lending of securities to a bank that is an affiliate, or the pledging of securities for the account of a bank that is an affiliate, shall be on terms and conditions that are consistent with safe and sound banking practices.

2. To secure money borrowed by the state bank, provided that capital notes or debentures issued pursuant to section 524.404 shall not in any event be secured by a pledge of assets or otherwise.

3. To secure participations sold to the federal agricultural mortgage corporation.

Sec. 93. Section 633.4213, subsection 1, Code Supplement 2001, as amended by 2002 Iowa Acts, House File 2531,⁴⁷ section 12, if enacted, is amended to read as follows:

1. The trustee shall inform each qualified beneficiary of ~~their~~ the beneficiary's right to receive an annual accounting and a copy of the trust instrument. The trustee shall also inform each qualified beneficiary about the process necessary to obtain an annual accounting or a copy of the trust instrument, if not provided. The trustee shall further inform the beneficiary whether the beneficiary will, or will not, receive an annual accounting if the beneficiary fails to take any action. If a beneficiary has previously been provided the notice required by this section, additional notice shall not be required due to a change of trustees or a change in the composition of the qualified beneficiaries.

Sec. 94. Section 724.26, as amended by 2002 Iowa Acts, House File 2363,⁴⁸ section 4, is amended to read as follows:

724.26 POSSESSION, RECEIPT, TRANSPORTATION, OR DOMINION AND CONTROL OF FIREARMS AND OFFENSIVE WEAPONS BY FELONS.

A person who is convicted of a felony in a state or federal court, or who is adjudicated delinquent on the basis of conduct that would constitute a felony if committed by an adult, and who knowingly has under the person's dominion and control or possession, ~~or~~ receives, or transports or causes to be transported a firearm or offensive weapon is guilty of a class "D" felony.

⁴⁵ Chapter 1154 herein

⁴⁶ Chapter 1154 herein

⁴⁷ Chapter 1107 herein

⁴⁸ Chapter 1055 herein; see also 2002 Iowa Acts, Second Extraordinary Session, chapter 1003, §243, 262 herein

Sec. 95. 2001 Iowa Acts, chapter 174, section 1, subsection 1, unnumbered paragraph 3, as enacted by 2002 Iowa Acts, Senate File 2315,⁴⁹ section 4, is amended to read as follows:

For the fiscal year beginning July 1, 2002, and ending June 30, 2003, of the \$75,000,000 to be deposited in the endowment for Iowa's health account of the tobacco settlement trust fund under this subsection, ~~the first~~ \$20,000,000 is appropriated to the department of management to pay that part of foundation aid which represents the allowable growth amounts for all school districts. An appropriation from the general fund of the state for foundation aid which is supplanted by the appropriation made in this subsection, shall be reduced by the amount of the appropriation which supplants it.

Sec. 96. 2002 Iowa Acts, Senate File 348,⁵⁰ section 14, if enacted, is amended to read as follows:

SEC. 14. EXPEDITED APPLICATION PROCEDURE. The state board of education shall develop an expedited charter school application procedure for the fiscal year beginning July 1, ~~2003~~ 2002, for purposes of receiving federal planning funds issued pursuant to the federal Elementary and Secondary Education Act of 1965, Title X, Part C, as codified in 20 U.S.C. § 8061-8067.

Sec. 97. 2002 Iowa Acts, Senate File 2326,⁵¹ section 38, subsection 2, if enacted, is amended to read as follows:

2. If House File ~~2524~~ 2617⁵² is enacted by the Seventy-ninth General Assembly, 2002 Session, the amount appropriated in subsection 1 shall be increased by \$38,000. The increased amount shall be used to fill a vacant position in the dairy products control bureau.

Sec. 98. 2002 Iowa Acts, Senate File 2326,⁵³ section 175, subsection 2, unnumbered paragraph 2, if enacted, is amended to read as follows:

If total approved claims for reimbursement for nonpublic school pupil transportation claims exceed the amount appropriated in this section subsection, the department of education shall prorate the amount of each claim.

Sec. 99. 2002 Iowa Acts, House File 2378,⁵⁴ section 10, subsection 1, if enacted, is amended to read as follows:

1. Section 4 of this Act, amending section 15E.193C, subsections 2, 5, and 10, Code Supplement 2001, being deemed of immediate importance, takes effect April 30, 2002, and, if approved by the governor after April 30, 2002, shall apply retroactively to April 30, 2002.

Sec. 100. 2002 Iowa Acts, Senate File 2275,⁵⁵ sections 170 through 174, if enacted, are repealed.

Sec. 101. 2002 Iowa Acts, House File 2453,⁵⁶ section 6, if enacted, is repealed.

Sec. 102. EFFECTIVE DATE. The sections in this division of this Act amending new Code section 29A.90, subsection 3, and 2002 Iowa Acts, Senate File 348,⁵⁷ section 14, being deemed of immediate importance, take effect upon enactment.

Sec. 103. CONTINGENT EFFECTIVE DATE. The section in this division of this Act amending section 524.814 is effective contingent upon the enactment of 2002 Iowa Acts, House File 681.⁵⁸

⁴⁹ Chapter 1167 herein

⁵⁰ Chapter 1124 herein

⁵¹ Chapter 1171 herein

⁵² Chapter 1148 herein

⁵³ Chapter 1171 herein

⁵⁴ Chapter 1145 herein

⁵⁵ Chapter 1119 herein

⁵⁶ Chapter 1098 herein

⁵⁷ Chapter 1124 herein

⁵⁸ Chapter 1096 herein

DIVISION IV
MH/MR/DD — FY 2003-2004 ALLOWED GROWTH

Sec. 104. COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES ALLOWED GROWTH FACTOR ADJUSTMENT AND ALLOCATIONS — FISCAL YEAR 2003-2004. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For distribution to counties of the county mental health, mental retardation, and developmental disabilities allowed growth factor adjustment, as provided in this section in lieu of the provisions of section 331.438, subsection 2, and section 331.439, subsection 3, and chapter 426B:

..... \$ 19,073,638

1. The funding appropriated in this section is the allowed growth factor adjustment for fiscal year 2003-2004, and is allocated as follows:

a. For distribution as provided in this section:

..... \$ 17,073,638

b. For deposit in the risk pool created in the property tax relief fund and for distribution in accordance with section 426B.5, subsection 2:

..... \$ 2,000,000

2. The following formula amounts shall be utilized only to calculate preliminary distribution amounts for fiscal year 2003-2004 under this section by applying the indicated formula provisions to the formula amounts and producing a preliminary distribution total for each county:

a. For calculation of an allowed growth factor adjustment amount for each county in accordance with the formula in section 331.438, subsection 2, paragraph “b”:

..... \$ 12,000,000

b. For calculation of a distribution amount for eligible counties from the per capita expenditure target pool created in the property tax relief fund in accordance with the requirements in section 426B.5, subsection 1:

..... \$ 12,492,712

c. For calculation of a distribution amount for counties from the mental health and developmental disabilities (MH/DD) community services fund in accordance with the formula provided in 2002 Iowa Acts, Senate File 2326,⁵⁹ section 119, subsection 1:

..... \$ 18,127,352

3. Notwithstanding any contrary provisions of sections 225C.7, 331.438, subsection 2, 331.439, subsection 3, and 426B.5, the moneys allocated for distribution in subsection 1, paragraph “b”, and in any other Act of the Eightieth General Assembly, 2003 Session, for distribution to counties in the fiscal year beginning July 1, 2003, for purposes of the mental health and developmental disabilities (MH/DD) community services fund under section 225C.7, and for the allowed growth factor adjustment for services paid under a county’s section 331.424A mental health, mental retardation, and developmental disabilities services fund and as calculated under subsection 2 to produce preliminary distribution amounts for counties shall be subject to withholding as provided in this section.

4. After applying the applicable statutory distribution formulas to the amounts indicated in subsection 2 for purposes to produce preliminary distribution totals, the department of human services shall apply a withholding factor to adjust an eligible individual county’s preliminary distribution total. An ending balance percentage for each county shall be determined by expressing the county’s ending balance on a modified accrual basis under generally accepted accounting principles for the fiscal year beginning July 1, 2002, in the county’s mental health, mental retardation, and developmental disabilities services fund created under section 331.424A, as a percentage of the county’s gross expenditures from that fund for that fiscal year. The withholding factor for a county shall be the following applicable percent:

⁵⁹ Chapter 1171 herein

- a. For an ending balance percentage of less than 10 percent, a withholding factor of 0 percent.
- b. For an ending balance percentage of 10 through 24 percent, a withholding factor of 25 percent.
- c. For an ending balance percentage of 25 through 34 percent, a withholding factor of 60 percent.
- d. For an ending balance percentage of 35 through 44 percent, a withholding factor of 85 percent.
- e. For an ending balance percentage of 45 percent or more, a withholding factor of 100 percent.

5. The total withholding amounts applied pursuant to subsection 4 shall be equal to a withholding target amount of \$7,419,074 and the appropriation enacted by the Eightieth General Assembly, 2003 Session, for the MH/DD community services fund shall be reduced by the amount necessary to attain the withholding target amount. If the department of human services determines that the amount to be withheld in accordance with subsection 4 is not equal to the target withholding amount, the department shall adjust the withholding factors listed in subsection 4 as necessary to achieve the withholding target amount. However, in making such adjustments to the withholding factors, the department shall strive to minimize changes to the withholding factors for those ending balance percentage ranges that are lower than others and shall not adjust the zero withholding factor specified in subsection 4, paragraph "a".

6. A county must comply with both the requirements listed in this subsection to be eligible to receive a funding distribution under this section. The amount that would otherwise be available for distribution to a county that fails to so comply shall be proportionately distributed among the eligible counties. Both of the following requirements are applicable:

a. A county must comply with the December 1, 2003, filing deadline for the county annual financial report in accordance with section 331.403.

b. A county must levy the⁶⁰ not less than 70 percent of the maximum amount allowed for the county's mental health, mental retardation, and developmental disabilities services fund under section 331.424A for taxes due and payable in the fiscal year beginning July 1, 2003.

7. The department of human services shall authorize the issuance of warrants payable to the county treasurer for the distribution amounts due the counties eligible under this section and notwithstanding prior practice for the MH/DD community services fund, the warrants shall be issued in January 2004.

DIVISION V APPROPRIATION ADJUSTMENTS

Sec. 105. SECRETARY OF STATE. 2002 Iowa Acts, Senate File 2326,⁶¹ section 23, subsection 2, if enacted, is amended to read as follows:

2. BUSINESS SERVICES

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,433,235
		<u>1,533,235</u>
.....	FTEs	32.00

Sec. 106. 2002 Iowa Acts, Senate File 2326,⁶² section 79, subsections 17 and 18, if enacted, are amended to read as follows:

17. STUDENT ACHIEVEMENT AND TEACHER QUALITY PROGRAM

For purposes, as provided in law, of the student achievement and teacher quality program established pursuant to chapter 284:

.....	\$	7,750,000
		<u>16,100,000</u>

Notwithstanding section 8.33, any moneys remaining unencumbered or unobligated from the moneys allocated as provided in this subsection shall not revert but shall remain available

⁶⁰ According to enrolled Act

⁶¹ Chapter 1171 herein

⁶² Chapter 1171 herein

in the succeeding fiscal year for expenditure for the purposes designated. The provisions of section 8.39 shall not apply to the funds appropriated pursuant to this subsection.

18. COMMUNITY COLLEGES

For general state financial aid, including general financial aid to merged areas in lieu of personal property tax replacement payments, to merged areas as defined in section 260C.2, for vocational education programs in accordance with chapters 258 and 260C:

.....	\$	137,585,680
		<u>138,585,680</u>

The funds appropriated in this subsection shall be allocated as follows:

a. Merged Area I	\$	6,602,820
		<u>6,650,811</u>
b. Merged Area II	\$	7,755,900
		<u>7,812,271</u>
c. Merged Area III	\$	7,205,055
		<u>7,257,423</u>
d. Merged Area IV	\$	3,521,678
		<u>3,547,274</u>
e. Merged Area V	\$	7,367,785
		<u>7,421,336</u>
f. Merged Area VI	\$	6,826,113
		<u>6,875,727</u>
g. Merged Area VII	\$	9,849,174
		<u>9,920,760</u>
h. Merged Area IX	\$	12,113,770
		<u>12,201,815</u>
i. Merged Area X	\$	19,011,042
		<u>19,149,218</u>
j. Merged Area XI	\$	20,177,551
		<u>20,324,204</u>
k. Merged Area XII	\$	7,949,367
		<u>8,007,145</u>
l. Merged Area XIII	\$	8,174,348
		<u>8,233,761</u>
m. Merged Area XIV	\$	3,563,670
		<u>3,589,571</u>
n. Merged Area XV	\$	11,213,616
		<u>11,295,119</u>
o. Merged Area XVI	\$	6,253,791
		<u>6,299,245</u>

Sec. 107. REGENTS INSTITUTIONS. The amounts appropriated from the general fund of the state to the state board of regents for the state university of Iowa, the Iowa state university of science and technology, and the university of northern Iowa, in 2002 Iowa Acts, Senate File 2326,⁶³ section 81, subsections 2, 3, and 4, if enacted, for the fiscal year beginning July 1, 2002, and ending June 30, 2003, are reduced by the following amount:

.....	\$	5,000,000
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The state board of regents shall apply the reduction made in this section to the appropriations made to the indicated institutions in a manner so that an institution's appropriation is reduced in proportion to the amount the institution's appropriation in 2002 Iowa Acts, Senate File 2326,⁶⁴ section 81, bears to the total amount appropriated in that section to the three institutions.

Sec. 108. MEDICAL ASSISTANCE. 2002 Iowa Acts, Senate File 2326,⁶⁵ section 104, unnumbered paragraph 2, if enacted, is amended to read as follows:

For medical assistance reimbursement and associated costs as specifically provided in the

⁶³ Chapter 1171 herein

⁶⁴ Chapter 1171 herein

⁶⁵ Chapter 1171 herein

reimbursement methodologies in effect on June 30, 2002, except as otherwise expressly authorized by law, including reimbursement for abortion services, which shall be available under the medical assistance program only for those abortions which are medically necessary:

..... \$ 416,607,073
412,907,073

Sec. 109. CHILDREN'S HEALTH INSURANCE PROGRAM. 2002 Iowa Acts, Senate File 2326,⁶⁶ section 106, unnumbered paragraph 2, if enacted, is amended to read as follows:

For maintenance of the healthy and well kids in Iowa (hawk-i) program pursuant to chapter 514I for receipt of federal financial participation under Title XXI of the federal Social Security Act, which creates the state children's health insurance program:

..... \$ 9,958,412
11,458,412

Sec. 110. 2002 Iowa Acts, Senate File 2326,⁶⁷ section 172, if enacted, is amended to read as follows:

SEC. 172. EDUCATIONAL EXCELLENCE. Notwithstanding section 294A.25, subsection 1, the amount appropriated from the general fund of the state under section 294A.25, subsection 1, to the department of education for phase III moneys for the fiscal year beginning July 1, 2002, and ending June 30, 2003, is reduced by the following amount:

..... \$ 11,750,000
14,000,000

Sec. 111. UNDERGROUND STORAGE TANK FUND. Notwithstanding section 455G.3, subsection 1, there is transferred from the Iowa comprehensive petroleum underground storage tank fund created in section 455G.3, subsection 1, to the department of education during the fiscal year beginning July 1, 2002, and ending June 30, 2003, the following amount, to be used for the purposes designated:

For purposes, as provided in law, of the student achievement and teacher quality program established pursuant to chapter 284:

..... \$ 8,900,000

Moneys transferred in this section are appropriated to the department to be used for the purposes designated. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year. The provisions of section 8.39 do not apply to the moneys appropriated in this section.

Sec. 112. PREMIUM TAX REVENUES. Notwithstanding any provision of law to the contrary, if 2002 Iowa Acts, Senate File 2318,⁶⁸ is enacted, before any premium tax revenues are credited to the general fund of the state for the fiscal year beginning July 1, 2002, and ending June 30, 2003, the following amount of the revenues first received is appropriated to the department of education for the fiscal year beginning July 1, 2002, and ending June 30, 2003, to be used for the purposes designated:

For purposes, as provided in law, of the student achievement and teacher quality program established pursuant to chapter 284:

..... \$ 10,000,000

Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year. The provisions of section 8.39 do not apply to the moneys appropriated in this section.

Sec. 113. REBUILD IOWA INFRASTRUCTURE FUND — GAMBLING REVENUES. Notwithstanding section 8.57, subsection 5, there is transferred from pari-mutuel wagering and gambling revenues credited to the rebuild Iowa infrastructure fund created in section 8.57,

⁶⁶ Chapter 1171 herein

⁶⁷ Chapter 1171 herein

⁶⁸ Chapter 1158 herein

subsection 5, for public vertical infrastructure projects, to the department of education for the fiscal year beginning July 1, 2002, and ending June 30, 2003, the following amount, to be used for the purposes designated:

For purposes, as provided in law, of the student achievement and teacher quality program established pursuant to chapter 284:

..... \$ 5,000,000

Moneys transferred in this section are appropriated to the department to be used for the purposes designated. Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year. The provisions of section 8.39 do not apply to the moneys appropriated in this section.

Approved May 10, 2002, with exceptions noted.

THOMAS J. VILSACK, Governor

Dear Secretary Culver:

I hereby transmit House File 2623, an Act relating to public funding provisions involving the compensation and benefits for public officials and employees, county mental health allowed growth, regulatory and other properly related matters of the state, making and reducing appropriations, and providing effective dates.

This Administration has made clear from day one that our top priority for Iowa is education. Over the past four years, our investment in education has paid tremendous dividends in more quality teachers, smaller classes, and better results. We have seen record interest in higher education, record enrollment in our colleges, and record employment in our workforce. House File 2623 makes an important investment in Iowa's K - 12 schools by funding the student achievement and teacher quality program. This is a vital investment not only in our young people, but also in the future of our state.

House File 2623 is, therefore, signed on this date with the following exceptions, which I hereby disapprove.

I am unable to approve Section 17. This section would eliminate the requirement that innovation projects produce savings and eliminates the standing appropriation to repay the Innovations Fund for savings that do not accrue directly to a department. This would reduce the flexibility of the program.

I am unable to approve Sections 18, 19, 20, 21, 33, 34 and 35. This administration has continually supported improvement of customer service to Iowa citizens through the use of information technology and advanced telecommunications services. The use of credit card transactions as a way to pay for certain government services is one example of this commitment to improved customer service. We will continue to support efforts to improve customer service, however, the above referenced sections of this bill relating to the use of credit card transactions, while well intended, would adversely impact these efforts as well as the citizens of Iowa. There is no funding provided to departments to make system changes required to allow the intake of credit card payments. In addition, the language does not allow for the capture of transaction fees associated with credit card processing. A credit card payment system without the proper technology and funding to support it will result in poor system performance and customer dissatisfaction.

I am unable to approve Section 42, which amends section 556.12, subsection 1, relating to notice and publication requirements of unclaimed property, commonly referred to as The

Great Iowa Treasure Hunt. This language is contrary to Section Nine of the Uniform Unclaimed Property Act of 1995, which section 556.12, subsection 1 is based on; and the proposed language would unduly restrict the flexibility of the State Treasurer in scheduling the workload of personnel available to return property to Iowans.

I am unable to approve Section 49. This section requires the departments of personnel, information technology and general services to identify duplicative job responsibilities throughout state government and report these positions to the Oversight Committee by Sept. 1, 2002. These determinations on an enterprise-wide basis are already being done.

I am unable to approve Section 52. This section requires the departments of agriculture and natural resources to file a written report on a quarterly basis with the appropriations subcommittee regarding all expenditures of moneys during the quarter and the number of FTEs allocated during the quarter. This information is obtainable by the Legislative Fiscal Bureau from the state's accounting and personnel systems, and no mandate is needed to enable legislators to access it.

I am unable to approve Sections 57 and 59. These sections would eliminate the Scope of Practice Review Committee (SPRC) related to the Department of Public Health. This is the only science-based forum available to work out scope of practice issues between health care professions. Most health care organizations do not support eliminating the SPRC: three-fourths of the Iowa health care providers in a recent survey favored keeping the SPRC process as it is or keeping it with some modifications.

I am unable to approve Section 58. This section would make the appropriation to the division on the Status of African-Americans contingent on the appointment of all nine members to the Commission on the Status of African-Americans. This language raises the prospect that the entire budget for the division would be in jeopardy anytime there is a vacancy on the commission. It is not appropriate to unfairly single out one commission for a different standard, and this is not a precedent we want to set for any commission.

I am unable to approve Section 65. This section limits the costs for riverboat enforcement that can be billed to riverboats, which is an amount less than 100% of costs for riverboat enforcement in fiscal year 2003. If retained, this would act as a cap in future years, which would generate a lower percentage of actual costs in each future fiscal year. The limitation on track gaming creates a situation where there are not sufficient expenditures in track gaming and pari-mutuel to even approach an additional \$420,000. This provision would lead to a reduction in revenue that is not reflected in the Legislature's budget assumptions.

I am unable to approve Sections 66 and 67. Section 66 amends the 2002 Iowa Acts, Senate File 2326, section 175, subsection 14 pertaining to Public Transit Assistance, by striking the subsection. I have approved the funding of Public Transit Assistance as provided in Senate File 2326, section 175, subsection 14. Section 67 proposes to reduce the amount appropriated from the General Fund of the state to the Department of Transportation for Public Transit Assistance for fiscal year 2002, by \$1,107,938. These dollars have already been allocated and likely spent by local public transit systems. To seek their repayment would have serious impacts on public transit services.

For the above reasons, I respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2623 are hereby approved as of this date.

Sincerely,
THOMAS J. VILSACK, *Governor*