

CHAPTER 1281

**APPROPRIATIONS OF PETROLEUM OVERCHARGE FUNDS, AND
ENERGY DEVELOPMENT AND CONSERVATION**

H.F. 2469

AN ACT relating to energy development and conservation, making appropriations of the petroleum overcharge funds, and providing an effective date.

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

Section 1. There is appropriated for the fiscal period beginning July 1, 1988, and ending June 30, 1990, the following amounts, or so much thereof as is necessary, from those funds designated within the energy conservation trust created in section 93.11, to the energy and geological resources division of the department of natural resources for disbursement under section 93.11 to the following agencies for the purposes designated:

1. To the division of community action agencies of the department of human rights for qualifying energy conservation programs for low-income persons, including but not limited to energy weatherization projects, which target the highest energy users, and including administrative costs, to be expended first from the balance of the Warner/Imperial fund and supplemented by the Exxon fund for a total appropriation not to exceed:

..... \$ 3,000,000

If additional funding is necessary for the implementation of the provisions of 1988 Iowa Acts, the division of community action agencies of the department of human rights may allocate not more than one hundred fifty thousand (150,000) dollars from the moneys appropriated under this subsection for the funding of such provisions.

2. To the department of natural resources for the following purposes:

a. For deposit in the oil overcharge account of the groundwater protection fund created pursuant to section 455E.11, subsection 2, paragraph "e", and allocated as provided, from the Stripper Well fund:

..... \$ 4,000,000

b. For the state energy conservation program, from the Exxon fund:

..... \$ 118,500

c. For the energy extension service program including seventy thousand (70,000) dollars for the energy extension program at Iowa State University from the Exxon fund:

..... \$ 119,700

**d. To reduce the cost of financing, pursuant to section 19.34, for implementation of energy conservation measures which are identified through comprehensive engineering analysis of state facilities from the Stripper Well fund:*

..... \$ 1,000,000*

3. To the department of economic development for the energy-related activities of the amorphous semiconductor project at Iowa State University, from the Stripper Well fund:

..... \$ 500,000

If the amorphous semiconductor project is not approved, the moneys appropriated under this subsection shall revert to the Stripper Well fund.

4. To the division of community action agencies of the department of human rights for the operation of the affordable heating payment program pilot project from the Exxon fund to the extent to which the project qualifies for such funding, and the remainder shall be appropriated from the Stripper Well fund:

..... \$ 350,000

*Item veto; see message at end of the Act

If the project under this subsection cannot be funded with either Exxon or Stripper Well funds, or both, the moneys appropriated shall revert to their respective funds.

Not more than twenty-five thousand (25,000) dollars of the moneys appropriated under this subsection shall be used for administrative costs. This appropriation is contingent upon and shall only be made if the 1988 Session of the General Assembly enacts House File 683* establishing the affordable heating payment program pilot project.

Sec. 2. There is appropriated an amount up to five percent, but not to exceed two hundred thousand (200,000) dollars, of the allowable petroleum overcharge money appropriated for fiscal year 1989 to be used for administration of the petroleum overcharge programs.

Sec. 3. Notwithstanding section 8.33, the funds appropriated by sections 1 and 2 shall not revert until the completion of the projects.

Sec. 4. 1987 Iowa Acts, chapter 230, section 1, subsection 2, paragraph d, subparagraph (1), is amended by striking the subparagraph.

Sec. 5. 1987 Iowa Acts, chapter 230, section 1, subsection 3, paragraph c, is amended by striking the paragraph.

Sec. 6. 1987 Iowa Acts, chapter 230, section 8, is amended to read as follows:

SEC. 8. 1986 Iowa Acts, chapter 1249, section 4, unnumbered paragraph 1, is amended to read as follows:

There is appropriated from the funds available in the energy conservation trust fund, established in section 93.11, for the fiscal period beginning July 1, 1986, and ending June 30, 1988 1989, to the energy and geological resources division of the department of natural resources for disbursement under section 93.11, the following amounts, or so much thereof as is necessary, to be used for the purposes designated consistent with the expressed legislative intent of this Act:

Sec. 7. Section 93.7, subsections 4, 5, 9, and 11, Code 1987, are amended by striking the subsections.

Sec. 8. Section 93.11, Code Supplement 1987, is amended to read as follows:

93.11 ENERGY CONSERVATION TRUST FUND ESTABLISHED — RECEIPTS AND DISBURSEMENTS.

1. a. The energy conservation trust fund is created within the state treasury. This state on behalf of itself, its citizens, and its political subdivisions accepts any moneys awarded or allocated to the state, its citizens, and its political subdivisions as a result of the federal court decisions and federal department of energy settlements resulting from alleged violations of federal petroleum pricing regulations and deposits the moneys in the energy conservation trust fund.

b. The energy conservation trust fund is established to provide for an orderly, efficient, and effective mechanism to make maximum use of moneys available to the state, in order to increase energy conservation efforts and thereby to save the citizens of this state energy expenditures. The moneys in the accounts in the fund funds in the trust shall be expended only upon appropriation by the general assembly and only for programs which will benefit citizens who may have suffered economic penalties resulting from the alleged petroleum overcharges.

c. The moneys awarded or allocated from each court decision or settlement shall be placed in a separate account fund in the energy conservation trust fund. Notwithstanding section 453.7, interest and earnings on investments from moneys in the fund trust shall be credited proportionately to the accounts in the fund funds in the trust.

*Chapter 1175 herein

d. Unless prohibited by the conditions applying to an account a settlement, the moneys in the energy conservation trust fund may be used for the payment of attorney fees and expenses incurred by the state to obtain the moneys and shall be paid by the director of revenue and finance from the available moneys in the fund trust subject to the approval of the attorney general.

e. However, petroleum overcharge funds moneys received pursuant to claims filed on behalf of the state, its institutions, departments, agencies, or political subdivisions shall be deposited in the general fund of the state to be disbursed directly to the appropriate claimants in accordance with federal guidelines and subject to the approval of the attorney general.

2. The treasurer of state shall be the custodian of the energy conservation trust fund and shall invest the moneys in the fund trust, in consultation with the energy fund disbursement council established in subsection 3 and the investment board of the Iowa public employees' retirement system, in accordance with the following guidelines:

a. To maximize the rate of return on moneys in the fund trust while providing sufficient liquidity to make fund disbursements, including contingency disbursements.

b. To absolutely insure the fund trust against loss.

c. To use such investment tools as are necessary to achieve these purposes.

3. An energy fund disbursement council is established. The council shall be composed of the governor or the governor's designee, the director of the department of management, who shall serve as the council's chairperson, the administrator of the division of community action agencies of the department of human rights, the administrator of the energy and geological resources division of the department of natural resources, and a designee of the director of the department of transportation, who is knowledgeable in the field of energy conservation. The council shall include as nonvoting members two members of the senate appointed by the majority leader of the senate and two members of the house of representatives appointed by the speaker of the house. The legislative members shall be appointed upon the convening and for the period of each general assembly. Not more than one member from each house shall be of the same political party. The council shall be staffed by the energy and geological resources division of the department of natural resources. The attorney general shall provide legal assistance to the council.

The council shall:

a. Oversee the investment of moneys deposited in the energy conservation trust fund.

b. Make recommendations to the governor and the general assembly regarding annual appropriations from the energy conservation trust fund.

c. Work with the energy and geological resources division in adopting administrative rules necessary to administer expenditures from the fund trust, encourage applications for grants and loans, review and select proposals for the funding of competitive grants and loans from the energy conservation trust fund, and evaluate their comparative effectiveness.

d. Monitor expenditures from the fund trust.

e. Approve any grants or contracts awarded from the energy conservation trust fund in excess of five thousand dollars.

f. Prepare, in conjunction with the energy and geological resources division, an annual report to the governor and the general assembly regarding earnings of and expenditures from the energy conservation trust fund.

4. The administrator of the energy and geological resources division of the department of natural resources shall be the administrator of the energy conservation trust fund. The administrator shall disburse moneys appropriated by the general assembly from the accounts funds in the fund trust in accordance with the federal court orders, law and regulation, or settlement conditions applying to the moneys in that account fund, and subject to the approval of

the energy fund disbursement council if such approval is required. The council, after consultation with the attorney general, shall immediately approve the disbursement of moneys from the ~~account funds~~ in the ~~fund trust~~ for projects which meet the federal court orders, law and regulations, or settlement conditions which apply to that ~~account fund~~.

5. The following ~~accounts funds~~ are established in the energy conservation trust ~~fund~~:

a. The Warner/Imperial ~~account fund~~.

b. ~~The Amoco/Beldridge/Nordstrom account.~~

e b. The Exxon ~~account fund~~.

d c. The Stripper Wells ~~account Well fund~~.

e d. The Diamond Shamrock ~~account fund~~.

f. ~~The Amoco Refined account.~~

g. ~~The OKC & Coline account.~~

h. ~~The other funds account.~~

e. ~~The office of hearings and appeals second-stage settlement fund.~~

6. The moneys in the ~~account fund~~ in the energy conservation trust ~~fund~~ distributed to the state as a result of the 1985 federal court decision finding Exxon corporation in violation of federal petroleum pricing regulations shall be expended, to the extent possible, over a period of no more than six years and shall be disbursed for projects which meet the strict guidelines of the five existing federal energy conservation programs specified in Pub. L. No. 97-377, § 155, 96 Stat. 1830, 1919 (1982). The council shall approve the disbursement of moneys from the ~~account fund~~ in the ~~fund trust~~ for other projects only if the project meets one or more of the following conditions:

a. The projects meet the guidelines for allowable projects under a modification order entered by the federal court in the case involving Exxon corporation.

b. The projects meet the guidelines for allowable projects under a directive order entered by the federal court in the case involving Exxon corporation.

c. The projects meet the guidelines for allowable projects under the regulations adopted or written clarifications issued by the United States department of energy.

Sec. 9. Section 93.18, Code 1987, is repealed.

Sec. 10. Sections 93.21, 93.22, 93.23, 93.24, 93.25, 93.26, 93.27, 93.28, 93.29, and 93.30, Code 1987, are repealed.

Sec. 11. If Senate File 2312* is enacted by the Seventy-second General Assembly, 1988 Session, there is appropriated from the general fund of the state to the public broadcasting division of the department of cultural affairs an amount equal to the difference between the eleven million one hundred thousand (11,100,000) dollars appropriated to the state board of regents for construction of the power plant addition at the University of Northern Iowa in that Act and the total amount of the bids let for construction of the project, not to exceed eight hundred seventy thousand (870,000) dollars, to be used by the public broadcasting division to purchase energy efficiency packages for its ultrahigh frequency transmitters.

Sec. 12. Section 9 of this Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 6, 1988, except the item which I hereby disapprove and which is designated as section 1, subsection 2, paragraph d. My reasons for vetoing this item are delineated in the item veto message pertaining to this Act to the Secretary of State this same date, a copy of which is attached hereto.

TERRY E. BRANSTAD, Governor

*Chapter 1284 herein

Dear Madam Secretary:

I hereby transmit House File 2469, an Act relating to energy development and conservation, making appropriations of the petroleum overcharge funds, and providing an effective date.

House File 2469 is approved with the following exception which I hereby disapprove.

I am unable to approve the item designated as Section 1, subsection 2, paragraph d. This item in House File 2469 appropriates \$1 million to the Department of Natural Resources to buy down interest rates by approximately one-half percent on \$10 million worth of energy conservation bonds. These bonds are to be issued to the State of Iowa Facilities Improvement Corporation with the debt service to be paid out of each department's operating budget.

I understand that the State of Iowa Facilities Improvement Corporation has issued bonds in the past in order to finance energy conservation improvements with short pay-back periods. State agencies are now saddled with paying approximately \$19 million of debt service on those bonds for the next ten years.

While I understand there is a continuing need for additional capital expenditures for energy conservation improvements on state property, I believe it would be fiscally unwise for the state to further encumber operating budgets with long-term debt. Indeed, excessive use of the bonding financed out of operating budgets would place state agencies in a fiscal straightjacket. Moreover, the long-term debt financed in operating budgets has put other governmental jurisdictions in deep financial crises.

I understand that the State of Iowa Facilities Improvement Corporation has not planned to issue any additional bonds under its authority and I concur with that decision. Moreover, I believe that with the improving state economy, the state ought to attend to the most critical of these capital needs through direct appropriation. Indeed, with Department of Energy approval, the \$1 million provided for this purpose would be much better used to provide for the actual energy improvements rather than buying down interest rates by one-half percent on \$10 million worth of debt.

In short, appropriating a million dollars to buy down interest rates by one-half percent on \$10 million of additional debt is fiscally unsound and unwise. The state should instead consider capital appropriations for energy conservation needs without encumbering operating budgets with long-term debt service.

For this reason, I hereby respectfully disapprove the designated item in accordance with Amendment 4 of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2469 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*

CHAPTER 1282

**APPROPRIATIONS AND PROVISIONS RELATING TO COMPENSATION,
TRAINING, AND BENEFITS OF STATE OFFICIALS AND EMPLOYEES**

S.F. 2322

AN ACT relating to and making appropriations for the compensation, training, and benefits for public officials and employees, and providing effective dates.

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

Section 1. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amount, or so much thereof as may be necessary, to be used to fund increases in the judicial salaries and related benefits as otherwise provided by law and for the state's contribution to the judicial retirement system provided for in chapter 602 required because of the increased salaries:

..... \$ 1,600,000

Sec. 2.

1. There is appropriated from the general fund of the state to the salary adjustment fund provided for in section 8.43, for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amount, or so much thereof as may be necessary, to be distributed to the various state offices or departments and local agencies or programs to supplement other funds appropriated by the general assembly:

..... \$ 24,081,295

a. Of the funds appropriated to the salary adjustment fund pursuant to this subsection and as a condition of the appropriation to the salary adjustment fund, four hundred eighty thousand (480,000) dollars, or so much thereof as may be necessary, shall be used for the costs of implementing House File 2415,* if enacted by the Seventy-second General Assembly, 1988 Session.

b. Of the funds appropriated to the salary adjustment fund pursuant to this subsection and as a condition of the appropriation to the salary adjustment fund, one hundred forty thousand (140,000) dollars, or so much thereof as may be necessary, shall be used for salary adjustments of elected and appointed state officials.

c. Of the savings received from the implementation of House File 2415,* if enacted by the Seventy-second General Assembly, 1988 Session, and as a condition of the appropriation to the salary adjustment fund pursuant to this subsection, the first three million one hundred thousand (3,100,000) dollars shall be deposited in the salary adjustment fund. The remainder of the savings received shall be deposited in the general fund of the state.

2. There is appropriated from the road use tax fund to the following listed departments for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amounts, or so much thereof as may be necessary, to supplement other funds appropriated by the general assembly:

a. To the state department of transportation:
..... \$ 848,182

b. To the department of public safety:
..... \$ 921,170

c. To the department of inspections and appeals:
..... \$ 30,000

3. There is appropriated from the primary road fund to the state department of transportation, for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amount,

*Chapter 1086 herein