

F I N A L R E P O R T

THE NEW IOWA PLAN FOR THE '90s STUDY COMMITTEE

January 1990

AUTHORIZATION AND APPOINTMENTS

The New Iowa Plan For The '90s Study Committee was established by the Legislative Council to "review and assess the effectiveness of programs that have been funded from the Iowa Plan. Focusing on future needs of the state, review and assess alternative spending proposals for Iowa Plan funds, including other states' expenditures of lottery revenues. Make recommendations for the future allocation of Iowa Plan funds. Final meeting date no later than November 20, 1989."

Members serving on the Study Committee were:

Senator Leonard Boswell, Co-chairperson
Representative Thomas Swartz, Co-chairperson
Senator Linn Fuhrman
Senator Beverly Hannon
Senator John Kibbie
Senator Jim Lind
Senator Jack Rife
Senator James Riordan
Senator Richard Running
Representative Wayne Bennett
Representative Eugene Blanshan
Representative Clifford Branstad
Representative John Groninga
Representative William Harbor
Representative Donald Knapp
Representative Charles Poncy

COMMITTEE PROCEEDINGS

The Study Committee was granted three meeting days but held only two. These meetings were held at the State Capitol Building in Des Moines on October 4, 1989, and November 15, 1989.

At the first meeting, Legislative Fiscal Bureau and Legislative Service Bureau staff provided written materials and oral explanations to the Study Committee on the disposition and collection of lottery funds, the history of the lottery legislation, and the need to enact some sort of appropriations language because the current appropriations mechanism ends after

Fiscal Year 1990. When authorization for a state lottery was enacted in 1985, provision was made that the first five years of lottery profits were to be used for economic development related projects and programs. The Study Committee also heard presentations by individuals relating to the potential use of lottery revenues for new programs or with a different focus and relating to the past use of revenue funds for particular programs and the continued use of these funds for those programs. The following individuals made these comments and suggestions:

Dr. Ethan Perkins, The Nature Conservancy
Mr. David Dahlquist, George Butler and Associates
Delegates of the Older Iowans' Legislature
Mr. Richard Timmerman, Acting Director, Iowa Department of
Economic Development
Mr. Harry Bookey, Chairperson, Iowa Product Development
Corporation Board

At the second and last meeting held on November 15, 1989, the Study Committee discussed two bill proposals drafted at the request of the Co-chairpersons by the Legislative Service Bureau that involved the appropriation of lottery profits for environment-related programs. The two bills changed the name of the Iowa Plan Fund for Economic Development to the "Committing the Lottery to Environment, Agriculture, and Natural Resources" Fund, i.e. CLEAN fund. From this CLEAN fund, appropriations were made to various environmental programs.

RECOMMENDATIONS

Although the Study Committee did not take a vote on these specific bill proposals, it did vote on two separate concepts relating to the use of lottery profits.

Neither one of the two conceptual statements voted on by the members received the requisite five votes from each house. Therefore, the Study Committee has made no recommendations. However, the last statement of concept, which is attached and by this reference made a part of this final report, was approved (5 ayes - 1 nay) by the Senate membership but did not receive sufficient aye votes from the House membership for its approval (House vote: 4 ayes - 1 nay).

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IOWA PLAN FOR THE 1990s

In the early 1980s the General Assembly created the lottery-funded Iowa Plan to spur economic development at a time when our economy was at its lowest point. By focusing upon a single goal, we maximized the lottery's benefits and helped dig ourselves out of an agricultural depression.

Now that our economic development initiatives have had time to develop, it is appropriate that they should be funded through the state general fund rather than the lottery. With general fund appropriations, we will, as a minimum, maintain and build upon our current \$34 million commitment to economic development programs.

As we enter the decade of the 1990s, once again we have the opportunity to focus our resources on a single goal with broad implications--environmental quality--and begin to solve a problem which very few states have been able to adequately address. Dedicating all lottery profits to environmental programs can have the two-fold benefit of:

1. allowing Iowans to clearly see the results of lottery spending, through implementation of programs that help to improve the air, soil and water quality in their own communities, and
2. helping to stimulate lottery sales and lottery profits through enhanced interest in these environmental programs, thereby generating more revenue for environmental quality efforts.

The format would involve the depositing of lottery profits into a "Committing the Lottery to Environment, Agriculture, and Natural Resources Fund", i.e. the CLEAN fund from which appropriations would be made for the Fiscal Year 1991 and subsequent fiscal years for programs under the following four categories:

Resources Enhancement and Protection Fund (REAP)
Environmental Protection
Soil Conservation
Energy Efficiency

To ignore or minimize the current problems concerning air quality, water quality and loss of valuable topsoil is to invite more problems and increased costs to solve those problems. As with our economic development initiatives of the 1980s, we must focus a sufficient level of resources toward environmental programs in a way that provides real solutions.

At the same time, we can use these efforts to encourage local initiatives that create jobs and enhance the quality of life in our communities. Since we cannot be certain that lottery revenue will be able to meet all our current or future environmental quality needs, use of the lottery for environmental programs should not necessarily preclude the use of other revenue sources for these programs.