

**REPORT OF THE FISCAL COMMITTEE TO THE
LEGISLATIVE COUNCIL**

June 13, 1996

The Fiscal Committee met June 13, 1996, in Room 22 of the State Capitol.

The Committee made no recommendations to the Council.

The Committee discussed:

■ **Revenue Update:**

- Attachment 1 is a copy of the Estimated Ending Balance of the General Fund at the conclusion of the 1996 Legislative Session. The estimated ending balance for FY 1996 is \$182.1 million and FY 1997 is \$147.6 million. The balances include the April adjustments by the Revenue Estimating Council (REC) for increased revenues and increased tax refunds, and the Governor's item vetoes of \$25.3 million for FY 1997. The 99.0% expenditure limitation ending balance requirement is approximately \$42.0 million.

Exhibit 1 shows a \$56.3 million legislative reduction to the revenues for FY 1997 and Exhibit 2 is a listing by appropriations bills which includes the \$85.0 million increase in school aid for property tax reduction for the FY 1997 budget.

■ **Federal Update:**

- Jon Neiderbach reported on the survey by the LFB regarding FFY 1996 federal funding.
- Telephone conference call with Phil Smith and Nancy Payne, State/Federal Office in Washington, D.C., for an update on federal issues.

■ **Appropriations Transactions**

- Department of Corrections - \$150,000 from the Iowa State Penitentiary to the County Confinement program and a transfer of \$1,500 from six correctional institutions to the inmate Tort Claims Fund.
- Lease-Purchase Notification - Board of Regents \$492,650 to upgrade the central computer processing system at the University of Northern Iowa (UNI).
- Changes to Lease-Purchase Requirements - Senate File 2366 makes the following changes which will allow the State to again enter into lease-purchasing agreements:
 - Transfers the centralized financing of lease-purchase arrangements from the Department of General Services to the Treasurer of State's Office.
 - Limits the total principal amount that the Treasurer of State may enter into on behalf of a state agency to \$1.0 million per year. Lease-purchase agreements in excess of \$1.0 million must be approved by the General Assembly, or the Legislative Council if the General Assembly is not in Session, and the Governor. Prior law required all lease-purchase agreements to be approved by the General

Assembly and the Governor regardless of the amount. In addition, the Legislative Council did not have the authority to approve funding for lease purchases while the General Assembly was not in Session.

- Increases the amount that the Iowa Telecommunications and Technologies Commission may spend for the purchase, lease or lease-purchase of property and services from \$500,000 to \$1.0 million. Lease-purchase agreements in excess of \$1.0 million must be approved by the General Assembly, or the Legislative Council if the General Assembly is not in Session, and the Governor.
- The lease-purchase provisions of SF 2366 do not pertain to the Board of Regents, lease-purchase agreements involving energy conservation improvements, or agreements funded through the Department of Transportation's Materials and Equipment Revolving Fund.
- ICN Update
- ICN Legislative Budget Process - Harold M. (Tommy) Thompson, Chief Operating Officer, made a presentation to the Committee requesting that the ICN be a part of the joint appropriations subcommittee process in lieu of the standing committee process.
- 1996 Interim Issues to be addressed by the Committee
- The tentative date for the next Fiscal Committee meeting is July 17, 1996.

Respectfully submitted,

Senator Larry Murphy
Co-chairperson

Representative Dave Millage
Co-chairperson