

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

**June 4, 1997**

The Fiscal Committee met June 4, 1997, in the Speaker's Conference Room of the State Capitol.

The Committee made the following recommendation to the Council regarding the changes in Senate File 2366 for State of Iowa lease-purchase agreements.

Senate File 2366, passed during the 1996 Legislative Session, limits the total principal lease-purchase amount 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. (See the attached memo from Dave Reynolds, LFB.)

Because timing can be a critical element in securing an optional interest rate for a lease-purchase agreement, and because the Legislative Council does not always meet on a monthly basis, the Committee recommends that the Legislative Council delegate authority for approval of lease-purchase agreements to the Fiscal Committee when the General Assembly is not in session. The Fiscal Committee is currently notified on a monthly basis of all proposed lease-purchase agreements.

The Committee also discussed three other options concerning this issue. These are outlined in the attached memo as Options 1-3.

The Committee also discussed:

- A revenue update presented by Dennis Prouty, Director, Legislative Fiscal Bureau (LFB).
- An update on federal issues by Phil Smith, State/Federal Washington Office.
- Appropriations Transfers:
  - \$40,000 transfer to the Department of Public Safety, Division of Criminal Investigation (DCI) from the Division of Administrative Services (\$20,000) and the Division of Capitol Police (\$20,000).
  - \$525,000 transfer to the Department of Revenue and Finance, State Financial management Division from the Compliance Division (\$275,000) and Internal Resource Management (\$250,000).

- Lease-purchase Notifications:
  - The Department of Human Services for energy improvements at the Eldora State Training School. Total cost of the lease-purchase agreement is \$297,008 including \$240,000 in principal and \$57,008 in interest.
  - The Department of General Services to refinance six Xerox copiers which are currently financed by the Xerox Corporation. The total cost of the agreement is \$348,876, including \$314,208 principal and \$34,668 in interest.
- An Iowa Communications Network update by Douglas Wulf, LFB. This included reviewing the financial statements for the period ending April 30, 1997. The net cash (deficit) from operations and equipment is higher than anticipated.
- Over collection of health insurance premiums by Blue Cross Blue Shield was reviewed by Larry Sigel, LFB. The State of Iowa will receive \$12.4 million from Blue Cross Blue Shield due to an accounting error.
- The status of the Oversight/Communications Committee.
- Issues for possible consideration by the Committee during this interim.

The next meeting is tentatively scheduled for Tuesday, July 22, 1997, in the State Capitol.

Respectfully submitted,

Senator Derryl McLaren  
Co-chairperson

Representative Dave Millage  
Co-chairperson