



THOMAS J. VILSACK
GOVERNOR

OFFICE OF THE GOVERNOR

SALLY J. PEDERSON
LT. GOVERNOR

May 30, 2003

The Honorable Chester Culver
Secretary of State
State Capitol Building
L O C A L

Dear Mr. Secretary:

I hereby transmit **Senate File 458**, an act relating to public expenditure and regulatory matters, compensating public employees, making and reducing appropriations, modifying sales and use taxes, modifying the investment tax credits and premium taxes on mutual insurance associations, providing for related matters, making penalties applicable, and providing effective dates.

Senate File 458 is approved on this date with the following exceptions, which I hereby disapprove:

I am unable to approve the item designated as Section 13 in its entirety. This section prohibits local governments from prorating state funded property tax credits to taxpayers based upon the amount of the appropriations available in relation to total credit claims. I am concerned that this provision would further reduce funding for local governments, beyond the significant reductions that have already been made.

I am unable to approve the item designated as Section 23 in its entirety. This language creates a new funding stream for a single county hospital. I am sympathetic to the struggle of a hospital providing services to the poor and needy. However, creating an inequity is no way to properly help a struggling hospital. Appropriate Medicare reimbursement is a more appropriate remedy for the ills of a struggling hospital.

I am unable to approve the item designated as Section 103 in its entirety. This section places sanctions based on the performance, or lack of performance, on outcomes for young children. This appears to set the stage for increased pressure of inappropriate assessment of young children as well as unrealistic expectations on Community Empowerment Areas to show a percent of improvement. In addition, the language regarding penalties by a reduction in



funds for not meeting an established percent improvement does not support the purpose or intent of Community Empowerment.

I am unable to approve the items designated as Sections 106, 107, and 153 in their entirety. This language would change the merit status of the Iowa Law Enforcement Academy's director. This change is punitive and unnecessarily would destabilize the position and the work of the director.

I am unable to approve the item designated as Section 110 in its entirety. American justice requires that those wrongly injured by the negligence of others have the right to fully recover any damages for their injuries. No system of justice can reverse the physical effects of an injury, but justice can be served when an injured party is made financially whole. Section 110 creates a privileged class of wrongdoers – those who hurt and injure attendees at a county fair. Efforts to create such a special class of wrongdoers that is immune from suit in a budget bill adds insult to injury

I am unable to approve the item designated as Section 133 in its entirety, which will allow the sanitary landfills with an active methane collection system to accept yard waste. This action will be a major step backwards for integrated solid waste management creating a need for communities to expand existing facilities or find new property for landfills. Yard waste is best managed at a composting facility and is one of the keys in improving Iowa's water quality. Collecting methane from landfills is still relatively inefficient. As urged by numerous recycling groups who support integrated solid waste management, pollution is best prevented by not disposing of yard waste at a landfill.

I am unable to approve the item designated as Section 145 in its entirety. This proposed language undermines the existing process that already exists in Code of Iowa (904.76) authority to sell land. This process can be utilized for any possible land purchases and must be maintained to ensure the security needs and future long-term needs of the department that may arise.

I am unable to approve the item designated as Section 146 in its entirety. This language directs the Department of Revenue and Finance to pay a claim that has been denied. An appeal was heard and a decision rendered denying the claim. The integrity of the State Appeal Board must not and will not be compromised.

I am unable to approve the item designated as Section 147 in its entirety. This language directs the State Appeal Board to pay a claim that had been denied. The Department of Education previously denied the claim. No appeal was filed and the time expired to do so. The integrity of the State claims process must not and will not be compromised. This section appears to infringe on the authority of the executive branch and State Appeal Board.

I am unable to approve the item designated as Section 151. This section provides funding from team-based variable pay moneys for a reading instruction pilot program. This proposed program would duplicate current efforts under the federally funded reading program, Reading First, and take critical funding away from the team based variable pay program.

I am unable to approve the item designated as Division VII, Section 156, Subsections 4, 7 & 8 in their entirety. These sections deal with smallpox vaccinations. Subsection 4 would require a set aside of Homeland Security federal funds for an unauthorized purpose. Subsection 7 requires vaccinations to be administered by a specific process which at this time is not approved by the FDA. Subsection 8 gives inappropriate duties and responsibilities for the coordination of vaccines and pharmaceuticals to the Emergency Management Division. Such supplies should emanate from the Center for Disease Control to the Health Department.

I am unable to approve the item designated as Division IX of SF 458, which provides a process for the privatization of the Iowa Communications Network (ICN), in its entirety. The design and implementation of the ICN does not easily support privatization. Careful study of a plan to privatize the network should be done with consideration of the network architecture, critical facilities, as well as the impact to education and homeland security.

Education has been and continues to be one of the highest priorities of this administration. I do not believe that potential adverse impacts on our State's education system were given adequate, if any, consideration. All levels of education depend upon the ICN for provision of education throughout Iowa. The ICN also plays a vital role in our state's homeland security. All homeland security functions would need to be maintained. In some cases, this would require new federal waivers and new agreements involving federal departments. These may not be easily forthcoming.


An issue of the magnitude of the State's fiber optic network should be worked through the legislative process as a separate bill, receiving full consideration by committees and adequate information for full debate. This amendment was attached during the final hours of the legislative session and left inadequate time for the public including authorized users, the Commission or ICN staff to provide information to policy makers in order for them to make a fully informed decision.

I am unable to approve the item designated as Section 179 in its entirety. This section limits the creation of a local government organization review committee to only counties with a population in excess of 100,000. Creating one process for large urban counties and not allowing small rural counties unnecessarily discriminates between local governments located in urban and rural

areas. We are and should always be one Iowa. This important value is compromised in Section 179.

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 **Senate File 458** are hereby approved as of this date.

Sincerely,



Thomas J. Vilsack
Governor

TJV:jmc

cc: Secretary of the Senate
Chief Clerk of the House



SENATE FILE 458

AN ACT

RELATING TO PUBLIC EXPENDITURE AND REGULATORY MATTERS,
COMPENSATING PUBLIC EMPLOYEES, MAKING AND REDUCING
APPROPRIATIONS, MODIFYING SALES AND USE TAXES, MODIFYING
THE INVESTMENT TAX CREDITS AND PREMIUM TAXES ON MUTUAL
INSURANCE ASSOCIATIONS, PROVIDING FOR RELATED MATTERS,
MAKING PENALTIES APPLICABLE, AND PROVIDING EFFECTIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

MH/MR/DD ALLOWED GROWTH

Section 1. Section 426B.5, subsection 2, paragraph d,
subparagraphs (1) and (6), Code 2003, are amended to read as
follows:

(1) A county must apply to the board for assistance from
the risk pool on or before ~~April 1~~ January 25 to cover an
unanticipated net expenditure amount in excess of the county's
current fiscal year budgeted net expenditure amount for the
county's services fund. The risk pool board shall make its
final decisions on or before February 25 regarding acceptance
or rejection of the applications for assistance and the total
amount accepted shall be considered obligated. For purposes
of applying for risk pool assistance and for repaying unused
risk pool assistance, the current fiscal year budgeted net
expenditure amount shall be deemed to be the higher of either
the budgeted net expenditure amount in the management plan
approved under section 331.439 for the fiscal year in which
the application is made or the prior fiscal year's net
expenditure amount.

(6) The total amount of risk pool assistance shall be limited to the amount available in the risk pool for a fiscal year. If the total amount of eligible assistance exceeds the amount available in the risk pool the amount of assistance paid shall be prorated among the counties eligible for assistance. Moneys remaining unexpended or unobligated in the risk pool ~~at the close of a fiscal year shall remain available for distribution in the succeeding fiscal year~~ following the risk pool board's decisions made pursuant to subparagraph (1) shall be distributed to the counties eligible to receive funding from the allowed growth factor adjustment appropriation for the fiscal year using the distribution methodology applicable to that appropriation.

Sec. 2. COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES ALLOWED GROWTH FACTOR ADJUSTMENT AND ALLOCATIONS -- FISCAL YEAR 2004-2005.

1. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2004, and ending June 30, 2005, 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:

..... \$ 23,738,749

2. The funding appropriated in this section is the allowed growth factor adjustment for fiscal year 2004-2005, and is allocated as follows:

a. For distribution as provided by law:

..... \$ 21,738,749

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

Sec. 3. 2002 Iowa Acts, chapter 1175, section 104, subsections 2, 4 and 5, as amended by 2003 Iowa Acts, House File 667, section 41, are amended to read as follows:

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~~
14,492,000

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 the appropriation made for the MH/DD community services fund for the fiscal year beginning July 1, 2003:

..... \$ 17,727,890

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:

a. For an ending balance percentage of less than 10 percent, a withholding factor of 0 percent. In addition to the county's adjusted distribution total, a county that is subject to this paragraph "a" shall receive an inflation adjustment equal to 2.6 percent of the gross expenditures reported for the county's services fund for that fiscal year.

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-~~ d. For an ending balance percentage of 45 35 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~~ \$9,418,362. 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 or the inflation adjustment percentage specified in subsection 4, paragraph "a".

DIVISION II

STANDING APPROPRIATIONS -- REDUCTIONS

Sec. 4. GENERAL ASSEMBLY. The appropriations made pursuant to section 2.12 for the expenses of the general assembly and legislative agencies for the fiscal year beginning July 1, 2003, and ending June 30, 2004, are reduced by the following amount:

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

Sec. 5. REBUILD IOWA INFRASTRUCTURE FUND. Notwithstanding section 8.56, subsection 4, there is appropriated from the cash reserve fund to the rebuild Iowa infrastructure fund created in section 8.57 for the fiscal year beginning July 1, 2002, and ending June 30, 2003, the following amount:

..... \$ 2,150,000

Sec. 6. ENVIRONMENT FIRST FUND. Notwithstanding the amount of the standing appropriation from the rebuild Iowa infrastructure fund under section 8.57A, subsection 4, there is appropriated from the rebuild Iowa infrastructure fund to the environment first fund, in lieu of the appropriation made in section 8.57A, for the fiscal year beginning July 1, 2002, and ending June 30, 2003, the following amount:

..... \$ 18,445,000

Sec. 7. AT-RISK CHILDREN PROGRAMS. Notwithstanding the standing appropriation in section 279.51, subsection 1, the amount appropriated from the general fund of the state under section 279.51, subsection 1, to the department of education for the fiscal year beginning July 1, 2003, and ending June 30, 2004, is reduced by the following amount:

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

The amount of the reduction in this section shall be prorated among the programs specified in section 279.51, subsection 1, paragraphs "a", "b", and "c".

Sec. 8. 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, 2003, and ending June 30, 2004, is reduced by the following amount:

..... \$ 1,298,675

Sec. 9. Section 294A.25, subsection 1, Code 2003, is amended to read as follows:

1. For the fiscal year beginning July 1, ~~2000~~ 2003, and for each succeeding year, there is appropriated from the general fund of the state to the department of education the amount of ~~eighty~~ fifty-six million eight hundred ninety-one thousand three hundred thirty-six dollars to be used to improve teacher salaries. The moneys shall be distributed as provided in this section.

Sec. 10. EFFECTIVE DATE. The sections of this division of this Act relating to the appropriations made to the rebuild Iowa infrastructure fund and environment first fund for the fiscal year beginning July 1, 2002, being deemed of immediate importance, take effect upon enactment.

DIVISION III

STANDING APPROPRIATIONS -- LIMITATIONS

Sec. 11. Notwithstanding the standing appropriations in the following designated sections for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the amounts appropriated from the general fund of the state pursuant to those sections for the following designated purposes shall not exceed the following amounts:

1. For compensation of officers and enlisted persons and their expenses while on state active duty as authorized in section 29A.27:

..... \$ 432,450

2. For payment for nonpublic school transportation under section 285.2:

..... \$ 7,799,550

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

3. For printing cigarette tax stamps under section 453A.7:

..... \$ 110,055

4. For the state's share of the cost of the peace officers' retirement benefits under section 411.20:

..... \$ 2,816,189

5. For payment of livestock production credit refunds under section 422.121:

..... \$ 1,815,735

6. For reimbursement for the homestead property tax credit under section 425.1:

..... \$105,585,004

7. For reimbursement for the agricultural land and family farm tax credits under section 426.1:

..... \$ 35,497,624

8. For reimbursement for the military service tax credit under section 426A.1A:

..... \$ 2,569,712

9. For administration expenses of the state unemployment compensation law under chapter 96:

..... \$ 450,000

10. For payment of certain interest costs due the federal government under the federal Cash Management and Improvement Act under section 421.31:

..... \$ 550,000

11. For funding the state's deferred compensation program established for state employees under section 509A.12:

..... \$ 56,501

Sec. 12. ELDERLY AND DISABLED CREDIT. Notwithstanding the standing appropriation in section 425.39, the amount appropriated from the general fund of the state under section 425.39, for the fiscal year beginning July 1, 2003, and ending

June 30, 2004, for purposes of implementing the elderly and disabled credit and reimbursement portion of the extraordinary property tax and reimbursement division of chapter 425, shall not exceed \$16,651,800. The director shall pay, in full, all claims to be paid during the fiscal year beginning July 1, 2003, for reimbursement of rent constituting property taxes paid. If the amount of claims for credit for property taxes due to be paid during the fiscal year beginning July 1, 2003, exceeds the amount remaining after payment to renters, the director of revenue and finance shall prorate the payments to the counties for the property tax credit. In order for the director to carry out the requirements of this section, notwithstanding any provision to the contrary in sections 425.16 through 425.39, claims for reimbursement for rent constituting property taxes paid filed before May 1, 2004, shall be eligible to be paid in full during the fiscal year ending June 30, 2004, and those claims filed on or after May 1, 2004, shall be eligible to be paid during the fiscal year beginning July 1, 2004, and the director is not required to make payments to counties for the property tax credit before June 15, 2004.

Sec. 13. REDUCTION IN CREDITS NOT APPLICABLE. The provision in section 25B.7 relating to the proration of the property tax credits does not apply with respect to the amount of state reimbursement for property tax credits under this division.

Disapproved
DN
5.30.03

DIVISION IV

REVENUE ADJUSTMENTS -- APPROPRIATIONS

Sec. 14. IOWA ECONOMIC EMERGENCY AND RESERVE FUNDS -- EARNINGS. Notwithstanding section 8.55, subsection 4, and section 8.56, subsection 1, for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the interest and earnings on moneys deposited in the Iowa economic emergency fund and the cash reserve fund shall be credited to the general fund of the state.

Sec. 15. USE OF REVERSIONS. Notwithstanding section 8.62, if on June 30, 2004, a balance of an operational appropriation, as defined in section 8.62, except for the balances of charter agencies, as defined in section 7J.1, if enacted by 2003 Iowa Acts, Senate File 453, remains unexpended or unencumbered, the balance shall revert to the general fund of the state as provided in section 8.33.

Sec. 16. KEEP IOWA BEAUTIFUL FUND. For the fiscal years beginning July 1, 2002, and July 1, 2003, moneys credited to the keep Iowa beautiful fund in accordance with section 422.12A are appropriated to the state department of transportation to be used for the purposes provided in section 314.28.

Sec. 17. ENDOWMENT FOR IOWA'S HEALTH. For the fiscal year beginning July 1, 2003, and ending June 30, 2004, of the \$70,000,000 to be deposited in the endowment for Iowa's health account of the tobacco settlement trust fund under 2001 Iowa Acts, chapter 174, section 1, subsection 1, the following amount shall instead be deposited in the general fund of the state:

..... \$ 20,000,000

Sec. 18. JUNIOR OLYMPICS. There is appropriated from the general fund of the state to the department of economic development 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 providing assistance to a city or nonprofit organization hosting the national junior olympics:

..... \$ 50,000

Sec. 19. REBUILD IOWA INFRASTRUCTURE FUND. Notwithstanding section 8.57, subsection 5, there is appropriated from the rebuild Iowa infrastructure fund created in section 8.57, subsection 5, to the general fund of the state during the fiscal year beginning July 1, 2003, and ending June 30, 2004, the following amount:

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

Sec. 20. IOWA LAW ENFORCEMENT ACADEMY. 2003 Iowa Acts, Senate File 439, section 10, subsection 1, unnumbered paragraph 2, if enacted, is amended to read as follows:

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

..... \$ ~~1,700,276~~29
1,047,629
..... FTEs 30.05

Sec. 21. MILITARY PAY DIFFERENTIAL. There is appropriated from the cash reserve fund to the department of revenue and finance or its successor agency for the period beginning March

19, 2003, and ending June 30, 2003, the following amount, or so much thereof as is necessary, for the purposes designated:

For a military pay differential program and health insurance retention program for individuals activated for the armed services of the United States, for employees on the central payroll system:

..... \$ 1,810,000

Of the funds appropriated in this section, up to \$10,000 is transferred to the Iowa department of public health for allocation to community mental health centers to provide counseling services to persons who are members of the national guard and reservists activated but as yet not sent to combat zones and to the persons' family members. The sessions shall be provided on a first come, first served basis and shall be limited to three visits per family.

The department or agency receiving funds under this section shall report monthly to the fiscal committee of the legislative council on the use of the funds.

Notwithstanding section 8.33, unencumbered or unobligated funds remaining on June 30, 2003, from the appropriation made in this section shall not revert but shall remain available to be used for the purposes designated in the following fiscal year.

Sec. 22. ASSISTED LIVING PROGRAMS. Notwithstanding section 231C.6, any fees remaining on June 30, 2003, in the assisted living program fund created pursuant to section 231C.6 are appropriated to the department of inspections and appeals for the fiscal year beginning July 1, 2003, and ending June 30, 2004, to carry out the purposes of chapter 231C.

Sec. 23. COUNTY HOSPITALS. 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, for the purpose designated:

For support of operational expenses of county hospitals in counties having a population of two hundred twenty-five thousand or more:

..... \$ 312,000

Sec. 24. WORKFORCE DEVELOPMENT. There is appropriated from the general fund of the state to the Iowa department of workforce development for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the following amount, or so much thereof as is necessary, for the purpose designated:

Approved
5/30/03

For salaries and support and for the following full-time equivalent positions:

.....	\$	250,000
.....	FTEs	5.00

The appropriation in this section shall be used for four OSHA inspectors and one workers' compensation compliance officer. The appropriation in this section is contingent upon the enactment of 2003 Iowa Acts, Senate File 344, by the Eightieth General Assembly, 2003 Regular Session.

Sec. 25. UNEMPLOYMENT TRUST FUND. There is appropriated from moneys transferred to the state on March 13, 2002, pursuant to section 903(d) of the federal Social Security Act, as amended, to the department of workforce development, the following amount, to be deposited, under the direction of the department of workforce development, in the unemployment compensation fund for the payment of unemployment benefits and for the establishment of the unemployment compensation reserve fund:

.....	\$	40,000,000
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Sec. 26. UNEMPLOYMENT TAX AND CLAIM SYSTEM. There is appropriated from moneys transferred to the state on March 13, 2002, pursuant to section 903(d) of the federal Social Security Act, as amended, to the department of workforce development, the following amount for purposes of automation and technology for the unemployment tax and claim system:

.....	\$	20,000,000
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Sec. 27. ENHANCED SERVICES TO CLAIMANTS. There is appropriated from moneys transferred to the state on March 13, 2002, pursuant to section 903(d) of the federal Social Security Act, as amended, to the department of workforce development the following amount for purposes of infrastructure improvements and the administrative and technology costs associated with enhanced services to unemployment benefit claimants for workforce and labor exchange services:

.....	\$	20,700,000
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Sec. 28. FEDERAL FISCAL RELIEF FUNDING. If the one hundred eighth United States Congress enacts an economic stimulus package that includes the provision of discretionary funding to the state to provide state or local government fiscal relief, the funding shall be deposited in the fund created by section 8.41.

Sec. 29. Section 8.55, subsection 2, paragraph c, Code 2003, is amended to read as follows:

c. 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 has been transferred pursuant to paragraph "b", shall not be transferred to the general fund of the state but shall be transferred to the senior living trust fund. The total amount transferred, in the aggregate, under this paragraph for all fiscal years shall not exceed fifty-one one hundred eighteen million five-hundred-thousand dollars.

Sec. 30. Section 8.55, subsection 2, paragraph d, Code 2003, 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 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 sixty one hundred one million five seven hundred fifty-one 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, chapter 1165, 2002 Iowa Acts, chapter 1166, 2002 Iowa Acts, chapter 1167, and 2002 Iowa Acts, Second Extraordinary Session, chapter 1003, and 2003 Iowa Acts, House File 685.

Sec. 31. Section 8.57, subsection 1, paragraph a, unnumbered paragraph 1, Code Supplement 2001, as enacted by 2002 Iowa Acts, Second Extraordinary Session, chapter 1001, section 28, is amended to read as follows:

The "cash reserve goal percentage" for fiscal years beginning on or after July 1, ~~2003~~ 2004, is seven and one-half percent of the adjusted revenue estimate. For each fiscal year ~~beginning-on-or-after-July-1, 2003~~, in which the appropriation of the surplus existing in the general fund of the state at the conclusion of the prior fiscal year pursuant

to paragraph "b" was not sufficient for the cash reserve fund to reach the cash reserve goal percentage for the current fiscal year, there is appropriated from the general fund of the state an amount to be determined as follows:

Sec. 32. Section 96.9, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 8. UNEMPLOYMENT COMPENSATION RESERVE FUND.

a. A special fund to be known as the unemployment compensation reserve fund is created in the state treasury. The reserve fund is separate and distinct from the unemployment compensation fund. All moneys collected as reserve contributions, as defined in paragraph "b", shall be deposited in the reserve fund. The moneys in the reserve fund may be used for the payment of unemployment benefits and shall remain available for expenditure in accordance with the provisions of this subsection. The treasurer of state shall be the custodian of the reserve fund and shall disburse the moneys in the reserve fund in accordance with this subsection and the directions of the director of the department of workforce development.

b. If the balance in the reserve fund on July 1 of the preceding calendar year for calendar year 2004 and each year thereafter is less than one hundred fifty million dollars, a percentage of contributions, as determined by the director, shall be deemed to be reserve contributions for the following calendar year. If the percentage of contributions, termed the reserve contribution tax rate, is not zero percent as determined pursuant to this subsection, the combined tax rate of contributions to the unemployment compensation fund and to the unemployment compensation reserve fund shall be divided so that a minimum of fifty percent of the combined tax rate equals the unemployment contribution tax rate and a maximum of fifty percent of the combined tax rate equals the reserve contribution tax rate except for employers who are assigned a combined tax rate of five and four-tenths. For those employers, the reserve contribution tax rate shall equal zero and their combined tax rate shall equal their unemployment contribution rate. When the reserve contribution tax rate is determined to be zero percent, the unemployment contribution rate for all employers shall equal one hundred percent of the combined tax rate. The reserve contributions collected in any

calendar year shall not exceed fifty million dollars. The provisions for collection of contributions under section 96.14 are applicable to the collection of reserve contributions. Reserve contributions shall not be deducted in whole or in part by any employer from the wages of individuals in its employ. All moneys collected as reserve contributions shall not become part of the unemployment compensation fund but shall be deposited in the reserve fund created in this subsection.

c. Moneys in the reserve fund shall only be used to pay unemployment benefits to the extent moneys in the unemployment compensation fund are insufficient to pay benefits during a calendar quarter.

d. The interest earned on the moneys in the reserve fund shall be deposited in and credited to the reserve fund.

e. Moneys from interest earned on the unemployment compensation reserve fund shall be used by the department only upon appropriation by the general assembly and only for purposes contained in section 96.7, subsection 12, for department of workforce development rural satellite offices, and for administrative costs to collect the reserve contributions.

Sec. 33. Section 256D.4, subsection 2, unnumbered paragraph 1, Code 2003, is amended to read as follows:

~~For each fiscal year in the fiscal period beginning July 1, 2001, and ending June 30, 2003, moneys~~ Moneys appropriated pursuant to section 256D.5, subsection 3, shall be allocated to school districts as follows:

Sec. 34. Section 256D.5, subsection 3, Code 2003, is amended to read as follows:

3. For each fiscal year of the fiscal period beginning July 1, 2001, and ending June 30, ~~2003~~ 2004, the sum of thirty million dollars.

Sec. 35. Section 260G.4B, subsection 1, Code 2003, 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, four million dollars in

the fiscal year beginning July 1, 2003, and six million dollars in the fiscal year beginning July 1, ~~2003~~ 2004, 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. 36. Section 294A.25, subsection 10, Code 2003, is amended to read as follows:

10. For the each fiscal year beginning ~~July 1, 2001~~ and ending June 30, 2002, to the department of education ~~from phase-III-moneys~~ the amount of forty-seven thousand dollars for the Iowa mathematics and science coalition.

Sec. 37. Section 427B.19A, subsection 1, as amended by 2003 Iowa Acts, Senate File 453, if enacted, is amended to read as follows:

1. The industrial machinery, equipment and computers property tax replacement fund is created. For the fiscal year beginning July 1, 1996, through the fiscal year ending June 30, 2004, there is appropriated annually from the general fund of the state to the department of revenue and finance to be credited to the industrial machinery, equipment and computers property tax replacement fund, an amount sufficient to implement this division. However, for the fiscal year beginning July 1, 2003, the amount appropriated to the department of revenue and finance to be credited to the industrial machinery, equipment and computers tax replacement fund is ~~ten~~ eleven million two hundred eighty-one thousand six hundred eighty-five dollars.

Sec. 38. 2001 Iowa Acts, chapter 174, section 1, subsection 2, as amended by 2002 Iowa Acts, chapter 1174, section 8, is amended to read as follows:

2. There is appropriated from the general fund of the state to the endowment for Iowa's health account of the tobacco settlement trust fund created in section 12E.12, for the designated fiscal years, the following amounts, to be used for the purposes specified in section 12E.12 for the endowment for Iowa's health account:

FY 2001-2002	\$ 7,248,000
FY 2003-2004	\$ 28,251,000
	<u>0</u>
FY 2004-2005	\$ 29,785,000
FY 2005-2006	\$ 29,562,000
FY 2006-2007	\$ 17,773,000

Sec. 39. 2002 Iowa Acts, chapter 1173, section 18, is amended to read as follows:

SEC. 18. POOLED TECHNOLOGY FUNDING -- PRIOR ALLOCATIONS -- NONREVERSION. Notwithstanding section 8.33, moneys appropriated and allocated in 2001 Iowa Acts, chapter 189, section 5, subsection 1, which remain unobligated or unexpended at the close of the fiscal year for which they were appropriated shall not revert, but shall remain available for expenditure for the purposes for which they were appropriated and allocated, for the fiscal ~~year~~ period beginning July 1, 2002, and ending June 30, ~~2003~~ 2004.

Sec. 40. 2002 Iowa Acts, Second Extraordinary Session, chapter 1001, section 33, is amended to read as follows:

SEC. 33. EFFECTIVE DATE -- APPLICABILITY. The amendments to the following designated Code provisions in this division of this Act take effect July 1, ~~2003~~ 2004:

- 1. Section 8.55, subsection 2, paragraph "a".
- 2. Section 8.56, subsection 4, paragraph "b".
- 3. Section 8.57, subsection 1, paragraph "a".

Sec. 41. FRANCHISE TAX REVENUE ALLOCATION. There is appropriated from the franchise tax revenues deposited in the general fund of the state to the department of revenue and finance for the fiscal year beginning July 1, 2003, and ending June 30, 2004, \$8,800,000 to be allocated as follows:

- 1. Sixty percent to the general fund of the city from which the tax is collected.
- 2. Forty percent to the county from which the tax is collected.

If the financial institution maintains one or more offices for the transaction of business, other than its principal office, a portion of its franchise tax shall be allocated to each office, based upon a reasonable measure of the business activity of each office. The director of revenue and finance shall prescribe, for each type of financial institution, a method of measuring the business activity of each office. Financial institutions shall furnish all necessary information for this purpose at the request of the director. The allocation shall be distributed quarterly.

Sec. 42. 2003 Iowa Acts, Senate File 453, section 28, if enacted, is repealed.

RACING AND GAMING COMMISSION

Sec. 43. 2002 Iowa Acts, Second Extraordinary Session, chapter 1003, section 9, subsection 1, is amended to read as follows:

1. RACETRACK REGULATION

There is appropriated from the general fund of the state to the racing and gaming commission of the department of inspections and appeals for the fiscal year beginning July 1, 2002, and ending June 30, 2003, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

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

..... \$ 2,083,762

2,163,762

..... FTEs 24.78

Of the funds appropriated in this subsection, \$85,576 shall be used to conduct an extended harness racing season.

Sec. 44. 2003 Iowa Acts, House File 655, section 24, if enacted, is amended to read as follows:

SEC. 24. READY TO WORK PROGRAM COORDINATOR. There is appropriated from ~~the-surplus-funds-in-the-long-term disability-reserve-fund-and~~ the workers' compensation trust fund to the department of personnel 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 purposes designated:

For the salary, support, and miscellaneous expenses for the ready to work program and coordinator:

..... \$ 89,416

~~The-moneys-appropriated-pursuant-to-this-section-shall-be taken-in-equal-proportions-from-the-long-term-disability reserve-fund-and-the-workers'-compensation-trust-fund-~~

Sec. 45. 2003 Iowa Acts, House File 655, section 34, if enacted, is amended to read as follows:

SEC. 34. READY TO WORK PROGRAM COORDINATOR. There is appropriated from ~~the-surplus-funds-in-the-long-term disability-reserve-fund-and~~ the workers' compensation trust fund to the department of administrative 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 purposes designated:

For the salary, support, and miscellaneous expenses for the ready to work program and coordinator:

..... \$ 89,416

~~The-moneys-appropriated-pursuant-to-this-section-shall-be taken-in-equal-proportions-from-the-long-term-disability reserve-fund-and-the-workers'-compensation-trust-fund-~~

Sec. 46. CONTINGENT CASH RESERVE APPROPRIATION.

1. There is appropriated from the cash reserve fund to the general fund of the state for the fiscal year beginning July 1, 2002, and ending June 30, 2003, for the purposes of reducing or preventing any overdraft on or deficit in the general fund of the state, an amount not to exceed \$50,000,000.

2. The appropriation made in subsection 1 is contingent upon all of the following having occurred:

a. The revenue estimating conference estimate of general fund receipts made during the last quarter of the fiscal year was or the actual fiscal year receipts and accruals were at least one-half of one percent less than the comparable estimate made during the third quarter of the fiscal year.

b. The governor has implemented the uniform reductions in appropriations required in section 8.31 as a result of paragraph "a" and such reduction was insufficient to prevent an overdraft on or deficit in the general fund of the state or the governor did not implement uniform reductions in appropriations because of the lateness of the estimated or actual receipts and accruals under paragraph "a".

c. The balance of the general fund of the state at the end of the fiscal year prior to the appropriation made in subsection 1 was negative.

d. The governor has issued an official proclamation and has notified the cochairpersons of the fiscal committee of the legislative council and the legislative services agency that the contingencies in paragraphs "a" through "c" have occurred and the reasons why the uniform reductions specified in paragraph "b" were insufficient or were not implemented to prevent an overdraft on or deficit in the general fund of the state.

3. If an appropriation is made pursuant to subsection 1 for a fiscal year, there is appropriated from the general fund of the state to the cash reserve fund for the following fiscal year, the amount of the appropriation made pursuant to subsection 1.

Sec. 47. EFFECTIVE DATE. The following provisions of this division of this Act, being deemed of immediate importance, take effect upon enactment:

1. The section appropriating moneys from the keep Iowa beautiful fund.

2. The section amending 2002 Iowa Acts, chapter 1173, section 18, relating to the nonreversion of pooled technology funding.

3. The section appropriating moneys from the cash reserve fund for the military pay differential program. This section applies retroactively to March 19, 2003.

4. The section appropriating moneys from the assisted living program fund.

5. The section making the contingent appropriation from the cash reserve fund.

6. The section amending 2002 Iowa Acts, Second Extraordinary Session, chapter 1003, section 9, relating to racetrack regulation.

7. The amendment to section 96.9.

DIVISION V

COMPENSATION AND BENEFITS

Sec. 48. COLLECTIVE BARGAINING AGREEMENTS FUNDED -- GENERAL FUND. There is appropriated from the general fund of the state to the salary adjustment fund for distribution by the department of management to the various state departments, boards, commissions, councils, and agencies, and to the state board of regents for those persons employed at the state school for the deaf and the Iowa braille and sight saving school, for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the amount of \$28,000,000, or so much thereof as may be necessary, to fully fund annual pay adjustments, expense reimbursements, and related benefits implemented pursuant to the following:

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

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

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

4. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the technical bargaining unit.

5. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the professional fiscal and staff bargaining unit.

6. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the clerical bargaining unit.

7. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the professional social services bargaining unit.

8. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the community-based corrections bargaining unit.

9. The collective bargaining agreements negotiated pursuant to chapter 20 for employees in the judicial branch of government bargaining units.

10. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the patient care bargaining unit.

11. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the science bargaining unit.

12. The annual pay adjustments, related benefits, and expense reimbursements referred to in the sections of this division of this Act for employees not covered by a collective bargaining agreement.

Of the amount appropriated in this section, \$2,668,000 shall be allocated to the judicial branch for the purpose of funding annual pay adjustments, expense reimbursements, and related benefits implemented for judicial branch employees. In distributing the remainder of the amount appropriated in this section, the department of management, in order to address essential public protection functions and recognizing the availability of funds appropriated in other Acts of the general assembly and other sources, shall give priority, in descending order, to the department of corrections, department of human services, and department of public safety, and then to the remaining state departments, boards, commissions, councils, and agencies to which the appropriation is applicable.

Sec. 49. NONCONTRACT STATE EMPLOYEES -- GENERAL.

1. a. For the fiscal year beginning July 1, 2003, 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, 2003, shall be increased by 2 percent for the pay period beginning June 20, 2003, and any additional changes in the pay plans shall be approved by the governor.

b. For the fiscal year beginning July 1, 2003, 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. However, commencing July 1, 2003, the consumer advocate shall receive an annual salary in the same salary range as the chairperson and members of the utilities board.

3. This section does not apply to members of the general assembly, board members, commission members, salaries of persons set by the general assembly in statute, 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. 50. STATE EMPLOYEES -- STATE BOARD OF REGENTS.

1. Funds from the appropriation made in this division of this Act from the general fund of the state to the salary adjustment fund shall be allocated by the department of management to the state board of regents for the purposes of providing increases for state board of regents employees at the state school for the deaf and the Iowa braille and sight saving school who are addressed by that appropriation and employees of the schools who are not covered by a collective bargaining agreement.

2. The state board of regents office and the state university of Iowa, Iowa state university of science and technology, and the university of northern Iowa shall provide from available sources pay adjustments, expense reimbursements, and related benefits to fully fund the following:

a. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the university of northern Iowa faculty bargaining unit.

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

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

d. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the state university of Iowa graduate student bargaining unit.

e. 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.

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

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

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

i. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the technical bargaining unit.

j. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the professional fiscal and staff bargaining unit.

k. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the clerical bargaining unit.

l. The annual pay adjustments, related benefits, and expense reimbursements referred to in the sections of this division of this Act for employees not covered by a collective bargaining agreement.

Sec. 51. 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, 2003, and ending June 30, 2004, 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:

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

2. There is appropriated from the primary road fund to the salary adjustment fund, for the fiscal year beginning July 1, 2003, and ending June 30, 2004, 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:

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

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. 52. SPECIAL FUNDS -- AUTHORIZATION. To 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 otherwise provided in this division of this Act.

Sec. 53. GENERAL FUND SALARY MONEYS. Funds appropriated from the general fund of the state in 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 at the state school for the deaf and the Iowa braille and sight saving school. The funds appropriated from the general fund of the state for employees at the state school for the deaf and the Iowa braille and sight saving school of the state board of regents shall exclude general university indirect costs and general university federal funds.

Sec. 54. FEDERAL FUNDS APPROPRIATED. 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. 55. STATE TROOPER MEAL ALLOWANCE. 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. 56. SALARY MODEL COORDINATOR. Of the funds appropriated in this division of this Act from the general fund of the state, \$126,767 for the fiscal year beginning July

1, 2003, 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 eight 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.

DIVISION VI

CORRECTIVE PROVISIONS

Sec. 57. Section 8A.202, subsection 2, paragraph e, if enacted by 2003 Iowa Acts, House File 534, is amended by striking the paragraph and inserting in lieu thereof the following:

e. Developing and maintaining an electronic repository for public access to reference copies of agency mandated reports, newsletters, and publications in conformity with section 304B.10, subsection 1, paragraph "h". The department shall develop technical standards for an electronic repository in consultation with the state librarian and the state archivist.

Sec. 58. 2003 Iowa Acts, House File 289, section 1, is amended by striking the section and inserting in lieu thereof the following:

SECTION 1. Section 12C.1, subsection 2, paragraph e, Code 2003, as amended by 2003 Iowa Acts, Senate File 395, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (6) Moneys placed in a depository for the purpose of completing an electronic financial transaction pursuant to section 8A.222 or 331.427.

Sec. 59. Section 99E.9, subsection 2, Code 2003, as amended by 2003 Iowa Acts, House File 171, section 31, is amended to read as follows:

2. Subject to the approval of the board, the commissioner may enter into contracts for the operation and marketing of the lottery, except that the board may by rule designate classes of contracts other than major procurements which do not require prior approval by the board. A major procurement shall be as the result of competitive bidding with the contract being awarded to the responsible vendor submitting the lowest and best proposal. However, before a contract for a major procurement is awarded, the division of criminal investigation of the department of public safety shall conduct a thorough background investigation of the vendor to whom the contract is to be awarded. The commissioner and board shall consult with the division of criminal investigation and shall provide, by rule, for the scope of the thorough background investigations and due diligence with regard to the background investigations to be conducted in connection with major procurements. The vendor shall submit to the division of criminal investigation appropriate investigation authorizations to facilitate this investigation. The background investigation by the division of criminal investigation may include a national criminal history record check through the federal bureau of investigation. The screening of vendors or their employees through the federal bureau of investigation shall be conducted by submission of fingerprints through the state criminal history repository to the federal bureau of investigation. As used in this subsection, "major procurement" means consulting agreements and the major procurement contract with a business organization for the printing of tickets, or for purchase or lease of equipment or services essential to the operation of a lottery game.

Sec. 60. Section 99G.10, subsection 2, if enacted by 2003 Iowa Acts, Senate File 453, section 72, is amended to read as follows:

2. Subject to the approval of the board, the chief executive officer shall have the sole power to designate

particular employees as key personnel, but may take advice from the department of personnel in making any such designations. All key personnel shall be exempt from the merit system described in chapter ~~19A~~ 8A, article 4. The chief executive officer and the board shall have the sole power to employ, classify, and fix the compensation of key personnel. All other employees shall be employed, classified, and compensated in accordance with ~~chapters-19A~~ chapter 8A, article 4, and chapter 20.

Sec. 61. Section 99G.22, subsection 1, if enacted by 2003 Iowa Acts, Senate File 453, is amended to read as follows:

1. The authority shall investigate the financial responsibility, security, and integrity of any lottery system vendor who is a finalist in submitting a bid, proposal, or offer as part of a major procurement contract. Before a major procurement contract is awarded, the division of criminal investigation of the department of public safety shall conduct a background investigation of the vendor to whom the contract is to be awarded. The chief executive officer and board shall consult with the division of criminal investigation and shall provide for the scope of the background investigation and due diligence to be conducted in connection with major procurement contracts. At the time of submitting a bid, proposal, or offer to the authority on a major procurement contract, the authority shall require that each vendor submit to the division of criminal investigation appropriate investigation authorization to facilitate this investigation, together with an advance of funds to meet the anticipated investigation costs. If the division of criminal investigation determines that additional funds are required to complete an investigation, the vendor will be so advised. The background investigation by the division of criminal investigation may include a national criminal history ~~record~~ check through the federal bureau of investigation. The screening of vendors or their employees through the federal bureau of investigation shall be conducted by submission of fingerprints through the state criminal history ~~record~~ repository to the federal bureau of investigation.

Sec. 62. Section 99G.37, subsection 2, if enacted by 2003 Iowa Acts, Senate File 453, section 90, is amended to read as follows:

2. In any bidding process, the authority may administer its own bidding and procurement or may utilize the services of the department of ~~general~~ administrative services, ~~or its successor,~~ or other state agency.

Sec. 63. Section 99G.38, subsection 3, if enacted by 2003 Iowa Acts, Senate File 453, section 91, is amended to read as follows:

3. The state of Iowa offset program, as provided in section ~~421.17~~ 8A.504, shall be available to the authority to facilitate receipt of funds owed to the authority.

Sec. 64. Section 135.150, subsection 3, as enacted by 2003 Iowa Acts, House File 396, section 1, is amended to read as follows:

3. "Director" means the director ~~or the director's designee~~ of public health or the director's designee.

Sec. 65. Section 135.154, subsection 7, as enacted by 2003 Iowa Acts, House File 396, section 5, is amended to read as follows:

7. Treat or order that individuals exposed to or infected with disease receive treatment or prophylaxis. Treatment or prophylaxis shall be administered by any qualified person authorized to do so by the department. Treatment or prophylaxis shall not be provided or ordered if the treatment or prophylaxis is reasonably likely to lead to serious harm to the affected individual. To prevent the spread of communicable or potentially communicable disease, the department may isolate or quarantine, pursuant to chapter 139A and the rules implementing chapter 139A and this division of this chapter, any individual who is unable or unwilling to undergo treatment or prophylaxis pursuant to this section.

Sec. 66. Section 170.6, subsection 1, paragraph b, if enacted by 2003 Iowa Acts, House File 624, is amended to read as follows:

b. Failed to provide notice or access to the department of natural resources and the department of agriculture and land stewardship as required by section 170.5.

Sec. 67. Section 231.56A, if enacted by 2003 Iowa Acts, Senate File 416, section 1, is amended to read as follows:

231.56A ELDER ABUSE INITIATIVE, EMERGENCY SHELTER, AND SUPPORT SERVICES PROJECTS.

1. Through the state's service contract process adopted pursuant to section 8.47, the department shall identify area

agencies on aging that have demonstrated the ability to provide a collaborative response to the immediate needs of elders in the area agency on aging service area for the purpose of implementing elder abuse initiative, emergency shelter, and support services projects. The projects shall be implemented only in the counties within an area agency on aging service area that have a multidisciplinary team established pursuant to section 235B.1.

2. The target population of the projects shall be any elder residing in the service area of an area agency on aging who meets both of the following conditions:

a. Is the subject of a report of suspected dependent adult abuse pursuant to chapter 235B.

b. Is not receiving assistance under a county management plan approved pursuant to section 331.439.

3. The area agencies on aging implementing the projects shall identify allowable emergency shelter and support services, state funding, outcomes, reporting requirements, and approved community resources from which services may be obtained under the projects. The area agency on aging shall identify at least one provider of case management services for the project area.

4. The area agencies on aging shall implement the projects and shall coordinate the provider network through the use of referrals or other engagement of community resources to provide services to elders.

5. The department shall award funds to the area agencies on aging in accordance with the state's service contract process. Receipt and expenditures of moneys under the projects are subject to examination, including audit, by the department.

6. This section shall not be construed and is not intended as, and shall not imply, a grant of entitlement for services to individuals who are not otherwise eligible for the services or for utilization of services that do not currently exist or are not otherwise available.

Sec. 68. Section 232.71B, subsection 7A, if enacted by 2003 Iowa Acts, House File 558, section 1, is amended to read as follows:

7A. PROTECTIVE DISCLOSURE. If the department determines that disclosure is necessary for the protection of a child, the department may disclose to a subject of a child abuse

report referred to in section 235A.15, subsection 2, paragraph "a", that an individual is listed in the child or dependent adult abuse registry or is required to register with the sex offender registry in accordance with chapter 692A.

Sec. 69. Section 235B.3, subsection 6A, if enacted by 2003 Iowa Acts, House File 558, section 2, is amended to read as follows:

6A. If the department determines that disclosure is necessary for the protection of a dependent adult, the department may disclose to a subject of a dependent adult abuse report referred to in section 235B.6, subsection 2, paragraph "a", that an individual is listed in the child or dependent adult abuse registry or is required to register with the sex offender registry in accordance with chapter 692A.

Sec. 70. Section 304B.3, subsections 4, 8, and 9, if enacted by 2003 Iowa Acts, House File 648, section 6, are amended to read as follows:

4. The director of revenue ~~and-finance~~.

8. The director of the department of ~~general~~ administrative services.

~~9.--The-director-of-the-information-technology-department.~~

Sec. 71. Section 321.69, subsection 9, as amended by 2003 Iowa Acts, House File 502, section 3, is amended to read as follows:

9. ~~This~~ Except for subsection 9A, this section does not apply to motor trucks and truck tractors with a gross vehicle weight rating of sixteen thousand pounds or more, vehicles more than nine model years old, motorcycles, motorized bicycles, and special mobile equipment. This section does apply to motor homes. The requirement in subsection 1 that the new certificate of title and registration receipt shall state on the face of the title the total cumulative dollar amount of damage does not apply to a vehicle with a certificate of title bearing a designation that the vehicle was previously titled on a salvage certificate of title pursuant to section 321.52, subsection 4, paragraph "b", or to a vehicle with a certificate of title bearing a "REBUILT" or "SALVAGE" designation pursuant to section 321.24, subsection 4 or 5. ~~This~~ Except for subsection 9A, this section does not apply to new motor vehicles with a true mileage, as defined in section 321.71, of one thousand miles or less, unless such vehicle has incurred damage as defined in subsection 2.

Sec. 72. Section 356.7, subsection 1, as amended by 2003 Iowa Acts, House File 650, section 1, if enacted, is amended to read as follows:

1. The county sheriff, or a municipality operating a temporary municipal holding facility or jail, may charge a prisoner who is eighteen years of age or older and who has been convicted of a criminal offense or sentenced for contempt of court for violation of a domestic abuse order for the actual administrative costs relating to the arrest and booking of that prisoner, and for room and board provided to the prisoner while in the custody of the county sheriff or municipality. Moneys collected by the sheriff or municipality under this section shall be credited ~~respectfully~~ respectively to the county general fund or the city general fund and distributed as provided in this section. If a prisoner who has been convicted of a criminal offense or sentenced for contempt of court for violation of a domestic abuse order fails to pay for the administrative costs and the room and board, the sheriff or municipality may file a room and board reimbursement claim with the district court as provided in subsection 2. The county attorney may file the reimbursement claim on behalf of the sheriff and the county or the municipality. The attorney for the municipality may also file a reimbursement claim on behalf of the municipality. This section does not apply to prisoners who are paying for their room and board by court order pursuant to sections 356.26 through 356.35.

Sec. 73. Section 459.401, subsection 2, paragraph a, subparagraph (3A), if enacted by 2003 Iowa Acts, House File 644, section 18, is amended to read as follows:

(3A) A commercial manure service license fee as provided in section ~~359.316~~ 459.316.

Sec. 74. Section 505A.1, article V, section 2, paragraph a, subparagraph (3), if enacted by 2003 Iowa Acts, House File 647, section 54, is amended to read as follows:

(3) Four members from those compacting states with less than two percent of the market, based on the premium volume described in subparagraph (1), with one selected from each of the four zone regions of the national association of insurance commissioners as provided in the bylaws.

Sec. 75. Section 508.31A, subsection 2, paragraph b, Code 2003, as amended by 2003 Iowa Acts, House File 647, section 7, if enacted, is amended to read as follows:

b. A funding agreement issued pursuant to paragraph "a", subparagraph (1), (2), or (3), shall be for a total amount of not less than one million dollars.

Sec. 76. Section 692A.13, subsection 9, if enacted by 2003 Iowa Acts, House File 558, section 3, is amended to read as follows:

9. If the department of human services determines that disclosure is necessary for the protection of a child or a dependent adult, the department may disclose to a subject of a child abuse report referred to in section 235A.15, subsection 2, paragraph "a", or to a subject of a dependent adult abuse report referred to in section 235B.6, subsection 2, paragraph "a", that an individual is listed in the child or dependent adult abuse registry or is required to register under this chapter.

Sec. 77. Section 901.5, subsection 7A, paragraph d, as enacted by 2003 Iowa Acts, House File 404, section 1, is amended to read as follows:

d. Violation of a no-contact order issued under this section is punishable by summary contempt proceedings. A hearing in a contempt proceeding brought pursuant to this subsection shall be held not less than five days and not more than fifteen days after the issuance of a rule to show cause, as set by the court, unless the defendant is already in custody at the time of the alleged violation in which case the hearing shall be held not less than five days and not more than forty-five days after the issuance of the rule to show cause.

Sec. 78. 2003 Iowa Acts, Senate File 155, section 26, is repealed.

Sec. 79. 2003 Iowa Acts, Senate File 155, section 56, is repealed.

Sec. 80. 2003 Iowa Acts, Senate File 453, section 44, subsection 8, if enacted, is amended to read as follows:

8. STATUTORY REQUIREMENTS. The requirements of sections ~~18-6~~ 8A.311 and 72.3 and the administrative rules implementing section 8.47 are not applicable to the services procurement process used to implement the outcomes-based service system redesign in accordance with this section. The department of human services may enter into competitive negotiations and proposal modifications with each successful contractor as necessary to implement the provisions of this section.

Sec. 81. 2003 Iowa Acts, House File 601, section 2, is amended by striking the section and inserting in lieu thereof the following:

SEC. 2. Section 56.5, subsection 2, paragraph d, Code 2003, is amended by striking the paragraph.

Sec. 82. 2003 Iowa Acts, House File 624, section 22, if enacted, is amended to read as follows:

SEC. 22. HUNTING PRESERVES AND GAME BREEDERS -- AUTOMATIC CERTIFICATION. ~~Any~~ A fence enclosing farm deer kept on land which is owned by a person licensed pursuant to section 484B.5 or 481A.61 ~~and which is enclosed with a fence~~ on the effective date of this Act shall be deemed to comply with construction requirements of section 170.4 and shall be automatically certified by the department of agriculture and land stewardship without ~~submitting~~ submission of an application. The landowner is not required to notify the department of natural resources concerning removal of whitetail as otherwise required pursuant to section 170.5.

Sec. 83. 2003 Iowa Acts, House File 648, section 1, if enacted, is repealed.

Sec. 84. CONTINGENT EFFECTIVE DATES.

1. The section of this division of this Act amending section 8A.202, subsection 2, if enacted by 2003 Iowa Acts, House File 534, takes effect if House File 648, relating to the management of state archives and records, is enacted by the Eightieth General Assembly, 2003 Regular Session.

2. The sections of this division of this Act amending sections 12C.1, 99G.10, 99G.37, and 99G.38 take effect only if House File 534 is enacted by the Eightieth General Assembly, 2003 Regular Session.

3. The sections of this division of this Act amending section 304B.3, if enacted by 2003 Iowa Acts, House File 648, and repealing 2003 Iowa Acts, House File 648, section 1, if enacted, take effect if House File 534, establishing a department of administrative services, is enacted by the Eightieth General Assembly, 2003 Regular Session.

4. The section of this division of this Act repealing 2003 Iowa Acts, Senate File 155, section 26, takes effect if 2003 Iowa Acts, House File 614, relating to elections, is enacted by the Eightieth General Assembly, 2003 Regular Session.

Sec. 85. Section 7J.1, subsection 1, if enacted by 2003 Iowa Acts, Senate File 453, is amended to read as follows:

7J.1 CHARTER AGENCIES.

1. DESIGNATION OF CHARTER AGENCIES -- PURPOSE. The governor may, by executive order, designate ~~up to five~~ state departments or agencies, as described in section 7E.5, other than the department of administrative services, if the department is established in law, or the department of management, as a charter agency by July 1, 2003. The designation of a charter agency shall be for a period of five years which shall terminate as of June 30, 2008. The purpose of designating a charter agency is to grant the agency additional authority as provided by this chapter while reducing the total appropriations to the agency.

Sec. 86. Section 7J.1, subsection 3, paragraph a, if enacted by 2003 Iowa Acts, Senate File 453, is amended to read as follows:

a. It is the intent of the general assembly that state general fund operating appropriations to a charter agency for any the fiscal year beginning July 1, 2003, and ending June 30, 2004, shall be reduced~~, with a target reduction of ten percent for each charter agency,~~ from the appropriation that would otherwise have been enacted for that charter agency which, along with any additional generated revenue to the general fund of the state attributed to the reinvention process as determined by the department of management, over that already committed to the general fund of the state by a charter agency, will achieve an overall target of fifteen million dollars.

Sec. 87. Section 7J.2, if enacted by 2003 Iowa Acts, Senate File 453, is amended to read as follows:

7J.2 CHARTER AGENCY ~~LOAN~~ GRANT FUND.

1. A charter agency ~~loan~~ grant fund is created in the state treasury under the control of the department of management for the purpose of providing funding to support innovation by those state agencies designated as charter agencies in accordance with section 7J.1. Innovation purposes shall include but are not limited to training, development of outcome measurement systems, management system modifications, and other modifications associated with transition of operations to charter agency status. Moneys in the fund are appropriated to the department of management for the purposes described in this subsection.

2. A charter agency requesting a loan grant from the fund shall complete an application process designated by the director of the department of management. ~~Minimum-loan requirements-for-charter-agency-requests-shall-be-determined by-the-director.~~

~~3.--In-order-for-the-fund-to-be-self-supporting, the director-of-the-department-of-management-shall-establish repayment-schedules-for-each-loan-awarded.--An-agency-shall repay-the-loan-over-a-period-not-to-exceed-five-years-with interest, at-a-rate-to-be-determined-by-the-director.~~

~~4.~~ 3. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the charter agency loan grant fund shall be credited to the charter agency loan grant fund. Notwithstanding section 8.33, moneys credited to the charter agency loan grant fund shall not revert to the fund from which appropriated at the close of a fiscal year.

Sec. 88. Section 8.23, subsection 1, paragraph a, Code 2003, is amended by striking the paragraph.

Sec. 89. Section 8.31, Code 2003, is amended to read as follows:

8.31 ~~QUARTERLY-REQUISITIONS---~~ ALLOTMENTS OF APPROPRIATIONS -- EXCEPTIONS -- MODIFICATIONS.

1. a. Before an appropriation ~~for-administration, operation-and-maintenance~~ of any department or establishment ~~shall-become~~ becomes available, ~~there-shall-be-submitted~~ the department or establishment shall submit to the director of the department of management, ~~not-less-than-twenty-days-before the-beginning-of-each-quarter-of-each-fiscal-year,~~ a requisition for an allotment of the ~~amount-estimated-to-be necessary-to-carry-on-its-work~~ appropriation according to dates identified in the requisition during the ensuing-quarter fiscal year by which portions of the appropriation will be needed. The department or establishment shall submit the requisition by June 1, prior to the start of a fiscal year or by another date identified by the director. The requisition shall contain details of proposed expenditures as may be required by the director ~~of-the-department-of-management~~ subject to review by the governor.

b. The director of the department of management shall approve the allotments subject to review by the governor, unless it is found that the estimated budget resources during the fiscal year are insufficient to pay all appropriations in

full, in which event such allotments may be modified to the extent the governor may deem necessary in order that there shall be no overdraft or deficit in the several funds of the state at the end of the fiscal year, and the director shall submit copies of the allotments thus approved or modified to the head of the department or establishment concerned, who shall set up such allotments on the books and be governed accordingly in the control of expenditures.

~~Allotments-of-appropriations-made-for-equipment, land, permanent-improvements, and other capital projects may, however, be allotted in one amount by major classes or projects for which they are expendable without regard to quarterly periods. For fiscal years beginning on or after July 1, 1989, allotments of appropriations for equipment, land, permanent improvements, and other capital projects, except where contracts have been entered into with regard to the acquisition or project prior to July 1, 1989, shall not be allotted in one amount but shall be allotted at quarterly periods as provided in this section.~~

2. Allotments thus made in accordance with subsection 1 may be subsequently modified by the director of the department of management at the direction of the governor either upon the written request of the head of the department or establishment concerned, or in the event the governor finds that the estimated budget resources during the fiscal year are insufficient to pay all appropriations in full, upon the governor's own initiative to the extent the governor may deem necessary in order that there shall be no overdraft or deficit in the several funds of the state at the end of the fiscal year; and the head of the department or establishment shall be given notice of a modification in the same way as in the case of original allotments.

3. ~~Provided, however, that the~~ The allotment requests of all departments and establishments collecting governmental fees and other revenue which supplement a state appropriation shall attach to the summary of requests a statement showing how much of the proposed allotments are to be financed from ~~(1)~~ state appropriations, ~~(2)~~ stores, and ~~(3)~~ repayment receipts.

4. The procedure to be employed in controlling the expenditures and receipts of the state fair board and the institutions under the state board of regents, whose

collections are not deposited in the state treasury, is that outlined in section 421.31, subsection 6.

5. If the governor determines that the estimated budget resources during the fiscal year are insufficient to pay all appropriations in full, the reductions shall be uniform and prorated between all departments, agencies and establishments upon the basis of their respective appropriations.

6. Allotments from appropriations for the foreign trade offices of the department of economic development, if the appropriations are described by line item in the department's appropriation Act or another Act, may be made ~~without-regard to-quarterly-periods~~ as is necessary to take advantage of the most favorable foreign currency exchange rates.

Sec. 90. Section 8.57, subsection 1, paragraph c, Code 2003, is amended to read as follows:

c. The amount appropriated in this section is not subject to the provisions of section 8.31, relating to ~~quarterly~~ requisitions and allotment, or to section 8.32, relating to conditional availability of appropriations.

Sec. 91. Section 12B.10, subsection 6, paragraph d, subparagraph (4), Code 2003, is amended to read as follows:

(4) For investments of short-term operating funds, the funds shall not be invested in investments having effective maturities exceeding sixty-three months.

Sec. 92. Section 12B.10A, subsection 6, paragraph d, subparagraph (4), Code 2003, is amended to read as follows:

(4) For investments of short-term operating funds, the funds shall not be invested in investments having effective maturities exceeding sixty-three months.

Sec. 93. Section 12C.27, Code 2003, is amended by striking the section and inserting in lieu thereof the following:

12C.27 FAILURE TO MAINTAIN REQUIRED COLLATERAL.

If the treasurer of state determines that a bank fails to comply with chapter 12C.22, subsections 2 and 3, the treasurer of state may restrict that bank from accepting uninsured public funds and shall notify the office of thrift supervision, the office of the comptroller of the currency, or the superintendent as applicable, who may take such action against the bank, its board of directors and officers as permitted by law.

Sec. 94. Section 12E.12, subsection 8, Code 2003, is amended to read as follows:

8. With respect to the payment of certain debt service, the debt service to be paid shall be those installments of debt service on bonds selected by the treasurer of state and identified in the authority's tax certificate delivered at the time of the issuance of the bonds issued pursuant to this chapter, or as otherwise selected by the treasurer of state. Once the bonds and the installments of debt service thereon are so selected, that debt service and bonds shall not be paid, or provided to be paid, from any other source including the state or any of its departments or agencies. Provided, however, that if funds are not appropriated to pay debt service on such bonds when due, the issuing agency shall pay ~~such~~ the debt service from any available source as provided in the bond covenants ~~for such bonds~~. To the extent that this section does not allow proceeds of previously issued refunding bonds to be applied for the purpose of the refunding, the issuing agency may expend such proceeds to improve, remodel, or repair buildings or other infrastructure upon authorization of the issuing agency's authority.

Sec. 95. Section 15E.42, subsection 3, Code 2003, is amended to read as follows:

3. "Investor" means an individual making a cash investment in a qualifying business or an individual taxed on income from a revocable trust's 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 qualifying business.

Sec. 96. Section 15E.43, subsection 1, paragraph a, Code 2003, 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 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. However, an individual receiving income from a revocable trust's investment in a qualified business may claim a tax credit under this paragraph against the taxes imposed in chapter 422, division II, for a portion of the revocable trust's equity

investment, as provided in subsection 2, in a qualified business.

Sec. 97. Section 15E.43, subsection 1, Code 2003, is amended by adding the following new paragraph:

NEW PARAGRAPH. d. In the case of a tax credit allowed against the taxes imposed in chapter 422, division II, where the taxpayer died prior to redeeming the entire tax credit, the remaining credit can be redeemed on the decedent's final income tax return.

Sec. 98. Section 15E.45, subsection 2, paragraph c, Code 2003, is amended to read as follows:

c. The fund has no fewer than ten ~~individual~~ investors who are not affiliates, with no single investor and affiliates of that investor together owning a total of more than twenty-five percent of the ownership interests outstanding in the fund.

Sec. 99. Section 15E.51, subsection 4, Code 2003, is amended to read as follows:

4. A taxpayer shall not claim a tax credit under this section if the taxpayer is a venture capital investment fund allocation manager for the Iowa fund of funds created in section 15E.65 or an investor that receives a tax credit for ~~an~~ the same investment in a community-based seed capital fund as defined in 2002 Iowa Acts, House File 2271.

Sec. 100. Section 15E.193B, subsection 4, Code 2003, is amended to read as follows:

4. The eligible housing business shall complete its building or rehabilitation within two years from the time the business begins construction on the single-family homes and dwelling units. The failure to complete construction or rehabilitation within two years shall result in the eligible housing business becoming ineligible and subject to the repayment requirements and penalties enumerated in subsection 7. The department may extend the prescribed two-year completion period for any project which has not been completed if the department determines that completion within the two-year period is impossible or impractical as a result of a substantial loss caused by flood, fire, earthquake, storm, or other catastrophe. For purposes of this subsection, "substantial loss" means damage or destruction in an amount in excess of thirty percent of the project's expected eligible basis as set forth in the eligible housing business's application.

Sec. 101. NEW SECTION. 16.181 HOUSING TRUST FUND.

1. a. A housing trust fund is created within the authority. The moneys in the housing trust fund are annually appropriated to the authority to be used for the development and preservation of affordable housing for low-income people in the state. Payment of interest, recaptures of awards, or other repayments to the housing trust fund shall be deposited in the fund. Notwithstanding section 12C.7, interest or earnings on moneys in the housing trust fund or appropriated to the fund shall be credited to the fund. Notwithstanding section 8.33, unencumbered and unobligated moneys remaining in the fund at the close of each fiscal year shall not revert but shall remain available for expenditure for the same purposes in the succeeding fiscal year.

b. Assets in the housing trust fund shall consist of all of the following:

(1) Any assets received by the authority from the Iowa housing corporation.

(2) Any assets transferred by the authority for deposit in the housing trust fund.

(3) Any other moneys appropriated by the general assembly and any other moneys available to and obtained or accepted by the authority for placement in the housing trust fund.

c. The authority shall create the following programs within the housing trust fund:

(1) Local housing trust fund program. Sixty percent of available moneys in the housing trust fund shall be allocated for the local housing trust fund program. Any moneys remaining in the local housing trust fund program on April 1 of each fiscal year which have not been awarded to a local housing trust fund may be transferred to the project-based housing program at any time prior to the end of the fiscal year.

(2) Project-based housing program. Forty percent of the available moneys in the housing trust fund shall be allocated to the project-based housing program.

2. a. In order to be eligible to apply for funding from the local housing trust fund program, a local housing trust fund must be approved by the authority and have all of the following:

(1) A local governing board recognized by the city, county, council of governments, or regional officials as the board responsible for coordinating local housing programs.

(2) A housing assistance plan approved by the authority.

(3) Sufficient administrative capacity in regard to housing programs.

(4) A local match requirement approved by the authority.

b. An award from the local housing trust fund program shall not exceed ten percent of the balance in the program at the beginning of the fiscal year plus ten percent of any deposits made during the fiscal year.

c. By December 31 of each year, a local housing trust fund receiving moneys from the local housing trust fund program shall submit a report to the authority itemizing expenditures of the awarded moneys.

3. In an area where no local housing trust fund exists, a person may apply for moneys from the project-based housing program.

4. The authority shall adopt rules pursuant to chapter 17A necessary to administer this section.

Sec. 102. Section 25.1, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Notwithstanding subsections 1 and 2, and section 25.2, the state appeal board shall not consider claims for refund of the unused portion of vehicle registration fees collected under section 321.105.

Sec. 103. Section 28.9, subsection 2, Code 2003, is amended to read as follows:

2. a. A school ready children grants account is created in the Iowa empowerment fund under the authority of the director of the department of education. Moneys credited to the account shall be distributed by the department of education in the form of grants to community empowerment areas pursuant to criteria established by the Iowa board in accordance with law.

b. The distribution formula utilized by the Iowa board for school ready children grants in the fiscal year beginning July 1, 2004, and for each succeeding fiscal year, shall specifically incorporate the following components:

(1) A minimum statewide performance baseline shall be established for the core indicators of performance identified pursuant to section 28.8, subsection 1, paragraph "a".

(2) A community empowerment area must maintain its designated status in good standing and must have received continued approval of its school ready children grant plan.

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(3) The community empowerment area must identify how the core indicators of performance will be addressed by the area and select two or more of the core indicators that will achieve a minimum percentage of improvement identified by the area, subject to approval by the Iowa board. The community empowerment area's data for the calendar year preceding the year in which the area initially received a school ready children grant shall be used as the area's baseline year.

(4) If an area achieves the identified percentage level of improvement in the preceding calendar year, the area's minimum grant amount shall be the annualized grant amount received in the area's initial year of funding. The Iowa board may implement provisions for averaging the performance levels over two or more years and other approaches to apply the requirements of this paragraph "b" in an equitable manner.

(5) If an area does not achieve the identified percentage level of improvement in the preceding calendar year, the area shall receive a reduction from the area's minimum grant amount. If the identified percentage level of improvement is achieved in the next succeeding calendar year, the area's minimum grant amount shall be restored.

Sec. 104. Section 29C.8, subsection 3, Code 2003, is amended by adding the following new paragraphs:

NEW PARAGRAPH. f. (1) Approve and support the development and ongoing operations of an urban search and rescue team to be deployed as a resource to supplement and enhance emergency and disaster operations.

(2) A member of an urban search and rescue team acting under the authority of the administrator or pursuant to a governor's disaster proclamation as provided in section 29C.6 shall be considered an employee of the state under chapter 669 and shall be afforded protection as an employee of the state under section 669.21. Disability, workers' compensation, and death benefits for team members working under the authority of the administrator or pursuant to the provisions of section 29C.6 shall be paid by the state in a manner consistent with the provisions of chapter 85, 410, or 411 as appropriate, depending on the status of the member.

NEW PARAGRAPH. g. Develop, implement, and support a uniform incident command system to be used by state agencies to facilitate efficient and effective assistance to those affected by emergencies and disasters. This system shall be

consistent with the requirements of the United States occupational safety and health administration and a national incident management system.

Sec. 105. Section 29C.20, subsection 1, Code 2003, is amended to read as follows:

1. a. A contingent fund is created in the state treasury for the use of the executive council which may be expended for the ~~purpose-of-paying~~ following purposes:

(1) Paying the expenses of suppressing an insurrection or riot, actual or threatened, when state aid has been rendered by order of the governor, ~~and-for-repairing.~~

(2) Repairing, rebuilding, or restoring state property injured, destroyed, or lost by fire, storm, theft, or unavoidable cause, ~~and-for-repairing.~~

(3) Repairing, rebuilding, or restoring state property ~~which that~~ is fiberoptic cable and ~~which that~~ is injured or destroyed by a wild animal, ~~and-for-aid-to.~~

(4) Paying the expenses incurred by and claims of an urban search and rescue team when acting under the authority of the administrator and the provisions of section 29C.6 and disaster medical assistance teams when acting under the provisions of section 135.153.

(5) (a) Aiding any governmental subdivision in an area declared by the governor to be a disaster area due to natural disasters or to expenditures necessitated by the governmental subdivision toward averting or lessening the impact of the potential disaster, where the effect of the disaster or action on the governmental subdivision is the immediate financial inability to meet the continuing requirements of local government.

(b) Upon application by a governmental subdivision in such an area, accompanied by a showing of obligations and expenditures necessitated by an actual or potential disaster in a form and with further information the executive council requires, the aid may be made in the discretion of the executive council and, if made, shall be in the nature of a loan up to a limit of seventy-five percent of the showing of obligations and expenditures. The loan, without interest, shall be repaid by the maximum annual emergency levy authorized by section 24.6, or by the appropriate levy authorized for a governmental subdivision not covered by section 24.6. The aggregate total of loans shall not exceed

one million dollars during a fiscal year. A loan shall not be for an obligation or expenditure occurring more than two years previous to the application.

b. When a state department or agency requests that moneys from the contingent fund be expended to repair, rebuild, or restore state property injured, destroyed, or lost by fire, storm, theft, or unavoidable cause, or to repair, rebuild, or restore state property which that is fiberoptic cable and which that is injured or destroyed by a wild animal, or for payment of the expenses incurred by and claims of an urban search and rescue team when acting under the authority of the administrator and the provisions of section 29C.6, the executive council shall consider the original source of the funds for acquisition of the property before authorizing the expenditure. If the original source was other than the general fund of the state, the department or agency shall be directed to utilize moneys from the original source if possible. The executive council shall not authorize the repairing, rebuilding, or restoring of the property from the disaster aid contingent fund if it determines that moneys from the original source are available to finance the project.

Sec. 106. Section 80B.5, Code 2003, is amended to read as follows:

80B.5 ADMINISTRATION.

The administration of the Iowa law enforcement academy and council Act shall be vested in the office of the governor. A ~~director-of-the-academy-and-such-staff~~ Staff as may be necessary for ~~it~~ the law enforcement academy to function shall be employed pursuant to the Iowa merit system.

Sec. 107. NEW SECTION. 80B.5A DIRECTOR.

The governor shall appoint the director of the Iowa law enforcement academy, subject to senate confirmation, to a four-year term beginning and ending as provided in section 69.19.

Sec. 108. Section 99G.9, subsection 3, paragraph j, if enacted by 2003 Iowa Acts, Senate File 453, is amended by striking the paragraph.

Sec. 109. Section 99G.40, subsection 5, if enacted by 2003 Iowa Acts, Senate File 453, is amended to read as follows:

5. The authority shall adopt the same fiscal year as that used by state government and shall be audited annually by the auditor of state or a certified public accounting firm

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appointed by the auditor. The auditor of state or a designee conducting an audit under this chapter shall have access and authority to examine any and all records of licensees necessary to determine compliance with this chapter and the rules adopted pursuant to this chapter. The cost of audits and examinations conducted by the auditor of state or a designee shall be paid for by the authority.

Sec. 110. NEW SECTION. 174.24 LIABILITY OF COUNTY FAIR SOCIETY.

A society, as defined in section 174.1, shall be immune from liability for any damages incurred at a county fair held by the society if the damages were incurred on or at an exhibit, leased facility, amusement ride, or an activity not under the control of the society, if the county fair requires the vendor in control of the exhibit, leased facility, amusement ride, or other activity to obtain liability insurance of at least three hundred thousand dollars. An officer or employee of a society, as defined in section 174.1, shall not be held liable for punitive damages as a result of acts in the performance of the officer's or employee's duties, unless reckless misconduct is proven.

Sec. 111. Section 257.11, subsection 5, paragraph b, Code 2003, is amended to read as follows:

b. A school district which establishes a regional academy shall be eligible to assign its resident pupils attending classes at the academy a weighting of one-tenth of the percentage of the pupil's school day during which the pupil attends classes at the regional academy. For the purposes of this subsection, "regional academy" means an educational institution established by a school district to which multiple schools send pupils in grades ~~seven~~ nine through twelve, and may include a virtual academy. A regional academy shall include in its curriculum advanced-level courses and may include in its curriculum vocational-technical ~~programs~~ courses. The maximum amount of additional weighting for which a school district establishing a regional academy shall be eligible is an amount corresponding to fifteen additional pupils. The minimum amount of additional weighting for which a school district establishing a regional academy shall be eligible is an amount corresponding to ten additional pupils if the academy provides both advanced-level courses and vocational-technical courses. However, if the sum of the

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funding amount calculated for all districts operating regional academies under this subsection exceeds one million dollars for the school year beginning July 1, 2004, and each succeeding fiscal year, the director of the department of management shall prorate the amount calculated for each district. The proration shall be based upon the amount calculated for each district when compared to the sum of the amount for all districts.

Sec. 112. Section 260C.14, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 20. Adopt a policy to offer not less than the following options to a student who is a member of the Iowa national guard or reserve forces of the United States and who is ordered to active state service or federal service or duty:

a. Withdraw from the student's entire registration and receive a full refund of tuition and mandatory fees.

b. Make arrangements with the student's instructors for course grades, or for incompletes that shall be completed by the student at a later date. If such arrangements are made, the student's registration shall remain intact and tuition and mandatory fees shall be assessed for the courses in full.

c. Make arrangements with only some of the student's instructors for course grades, or for incompletes that shall be completed by the student at a later date. If such arrangements are made, the registration for those courses shall remain intact and tuition and mandatory fees shall be assessed for those courses. Any course for which arrangements cannot be made for grades or incompletes shall be considered dropped and the tuition and mandatory fees for the course refunded.

Sec. 113. Section 261.9, subsection 1, unnumbered paragraph 1, Code 2003, is amended to read as follows:

"Accredited private institution" means an institution of higher learning located in Iowa which is operated privately and not controlled or administered by any state agency or any subdivision of the state, except for county hospitals as provided in paragraph "c" of this subsection, and which meets at least one of the criteria in paragraphs "a" through "c" and all of the criteria in paragraphs "d" through "f" "g":

Sec. 114. Section 261.9, subsection 1, Code 2003, is amended by adding the following new paragraph:

NEW PARAGRAPH. g. Adopts a policy to offer not less than the following options to a student who is a member of the Iowa national guard or reserve forces of the United States and who is ordered to active state service or federal service or duty:

(1) Withdraw from the student's entire registration and receive a full refund of tuition and mandatory fees.

(2) Make arrangements with the student's instructors for course grades, or for incompletes that shall be completed by the student at a later date. If such arrangements are made, the student's registration shall remain intact and tuition and mandatory fees shall be assessed for the courses in full.

(3) Make arrangements with only some of the student's instructors for grades, or for incompletes that shall be completed by the student at a later date. If such arrangements are made, the registration for those courses shall remain intact and tuition and mandatory fees shall be assessed for those courses. Any course for which arrangements cannot be made for grades or incompletes shall be considered dropped and the tuition and mandatory fees for the course refunded.

Sec. 115. Section 262.9, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 29. Direct the institutions of higher education under its control to adopt a policy to offer not less than the following options to a student who is a member of the Iowa national guard or reserve forces of the United States and who is ordered to active state service or federal service or duty:

a. Withdraw from the student's entire registration and receive a full refund of tuition and mandatory fees.

b. Make arrangements with the student's instructors for course grades, or for incompletes that shall be completed by the student at a later date. If such arrangements are made, the student's registration shall remain intact and tuition and mandatory fees shall be assessed for the courses in full.

c. Make arrangements with only some of the student's instructors for grades, or for incompletes that shall be completed by the student at a later date. If such arrangements are made, the registration for those courses shall remain intact and tuition and mandatory fees shall be assessed for those courses. Any course for which arrangements cannot be made for grades or incompletes shall be considered

dropped and the tuition and mandatory fees for the course refunded.

Sec. 116. Section 284.13, subsection 1, paragraph a, Code 2003, is amended to read as follows:

a. For each fiscal year in the fiscal year period beginning July 1, ~~2001~~ 2003, and ending June 30, ~~2002~~ 2005, the department shall reserve up to ~~one-million~~ five hundred thousand dollars of any moneys appropriated for purposes of this chapter. For each fiscal year in which moneys are appropriated by the general assembly for purposes of team-based variable pay pursuant to section 284.11, the amount of moneys allocated to school districts shall be in the proportion that the basic enrollment of a school district bears to the sum of the basic enrollments of all participating school districts for the budget year. However, the per pupil amount distributed to a school district under the pilot program shall not exceed one hundred dollars.

Sec. 117. Section 284.13, subsection 1, paragraph g, unnumbered paragraph 1, Code 2003, is amended to read as follows:

For each fiscal year in which funds are appropriated for purposes of this chapter, the moneys remaining after distribution as provided in paragraphs "a" through "f" and "h" shall be allocated to school districts for salaries and career development in accordance with the following formula:

Sec. 118. Section 294A.25, subsection 6, Code 2003, is amended by striking the subsection.

Sec. 119. Section 294A.25, subsections 7, 8, and 9, Code 2003, are amended to read as follows:

7. ~~For~~ Except as otherwise provided in this section, for the fiscal year beginning July 1, ~~1990~~ 2003, and succeeding fiscal years, the remainder of moneys appropriated in subsection 1 to the department of education shall be deposited in the educational excellence fund to be allocated in an amount to meet the ~~minimum-salary~~ requirements of this chapter for phase I ~~7-in-an-amount-to-meet-the-requirements-for~~ and phase II ~~7-and-the-remainder-of-the-appropriation-for-phase~~ III.

8. Commencing with the fiscal year beginning July 1, ~~1997~~ 2003, the amount of two hundred thirty thousand dollars for a kindergarten to grade twelve management information system ~~from-additional-funds-transferred-from-phase-I-to-phase-III~~.

9. For the fiscal year beginning July 1, ~~2000~~ 2003, and for each succeeding fiscal year, the amount of one hundred seventy thousand dollars to the state board of regents for distribution in the amount of sixty-eight thousand dollars to the Iowa braille and sight saving school and in the amount of one hundred two thousand dollars to the Iowa state school for the deaf ~~from-phase-III-moneys~~.

Sec. 120. Section 321J.2, subsection 2, paragraph a, subparagraph (3), subparagraph subdivisions (a) and (b), as enacted by 2003 Iowa Acts, House File 65, section 2, are amended to read as follows:

(a) A defendant whose alcohol concentration is .08 or more but not more than .10 shall not be eligible for any temporary restricted license for at least thirty days if a test was obtained and an accident resulting in personal injury or property damage occurred. The defendant shall be ordered to install an ignition interlock device of a type approved by the commissioner of public safety on all vehicles owned or operated by the defendant if the defendant seeks a temporary restricted license. There shall be no such period of ineligibility if no such accident occurred, and the defendant shall not be ordered to install an ignition interlock device.

(b) A defendant whose alcohol concentration is more than .10 shall not be eligible for any temporary restricted license for at least thirty days if a test was obtained, and an accident resulting in personal injury or property damage occurred or the defendant's alcohol concentration exceeded .15. There shall be no such period of ineligibility if no such accident occurred and the defendant's alcohol concentration did not exceed .15. In either case, where a defendant's alcohol concentration is more than .10, the defendant shall be ordered to install an ignition interlock device of a type approved by the commissioner of public safety on all vehicles owned or operated by the defendant if the defendant seeks a temporary restricted license.

Sec. 121. Section 321J.4, subsection 1, paragraphs a and b, as enacted by 2003 Iowa Acts, House File 65, section 3, are amended to read as follows:

a. A defendant whose alcohol concentration is .08 or more but not more than .10 shall not be eligible for any temporary restricted license for at least thirty days if a test was obtained and an accident resulting in personal injury or

property damage occurred. The defendant shall be ordered to install an ignition interlock device of a type approved by the commissioner of public safety on all vehicles owned or operated by the defendant if the defendant seeks a temporary restricted license. There shall be no such period of ineligibility if no such accident occurred, and the defendant shall not be ordered to install an ignition interlock device.

b. A defendant whose alcohol concentration is more than .10 shall not be eligible for any temporary restricted license for at least thirty days if a test was obtained, and an accident resulting in personal injury or property damage occurred or the defendant's alcohol concentration exceeded .15. There shall be no such period of ineligibility if no such accident occurred and the defendant's alcohol concentration did not exceed .15. In either case, where a defendant's alcohol concentration is more than .10, the defendant shall be ordered to install an ignition interlock device of a type approved by the commissioner of public safety on all vehicles owned or operated by the defendant if the defendant seeks a temporary restricted license.

Sec. 122. Section 321J.4, subsection 3, paragraphs a and b, as enacted by 2003 Iowa Acts, House File 65, section 3, are amended to read as follows:

a. A defendant whose alcohol concentration is .08 or more but not more than .10 shall not be eligible for any temporary restricted license for at least thirty days if a test was obtained and an accident resulting in personal injury or property damage occurred. The defendant shall be ordered to install an ignition interlock device of a type approved by the commissioner of public safety on all vehicles owned or operated by the defendant if the defendant seeks a temporary restricted license. There shall be no such period of ineligibility if no such accident occurred, and the defendant shall not be ordered to install an ignition interlock device.

b. A defendant whose alcohol concentration is more than .10 shall not be eligible for any temporary restricted license for at least thirty days if a test was obtained, and an accident resulting in personal injury or property damage occurred or the defendant's alcohol concentration exceeded .15. There shall be no such period of ineligibility if no such accident occurred and the defendant's alcohol concentration did not exceed .15. In either case, where a

defendant's alcohol concentration is more than .10, the defendant shall be ordered to install an ignition interlock device of a type approved by the commissioner of public safety on all vehicles owned or operated by the defendant if the defendant seeks a temporary restricted license.

Sec. 123. Section 321J.12, subsection 2, paragraphs a and b, as enacted by 2003 Iowa Acts, House File 65, section 5, are amended to read as follows:

a. A person whose driver's license or nonresident operating privileges have been revoked under subsection 1, paragraph "a", whose alcohol concentration is .08 or more but not more than .10 shall not be eligible for any temporary restricted license for at least thirty days after the effective date of the revocation if a test was obtained and an accident resulting in personal injury or property damage occurred. The defendant shall be ordered to install an ignition interlock device of a type approved by the commissioner of public safety on all vehicles owned or operated by the defendant if the defendant seeks a temporary license. There shall be no such period of ineligibility if no such accident occurred, and the defendant shall not be ordered to install an ignition interlock device.

b. A defendant whose alcohol concentration is more than .10 shall not be eligible for any temporary restricted license for at least thirty days if a test was obtained, and an accident resulting in personal injury or property damage occurred or the defendant's alcohol concentration exceeded .15. There shall be no such period of ineligibility if no such accident occurred and the defendant's alcohol concentration did not exceed .15. In either case, where a defendant's alcohol concentration is more than .10, the defendant shall be ordered to install an ignition interlock device of a type approved by the commissioner of public safety on all vehicles owned or operated by the defendant if the defendant seeks a temporary restricted license.

Sec. 124. Section 331.605C, subsections 1 and 2, if enacted by 2003 Iowa Acts, Senate File 453, are amended to read as follows:

1. For the fiscal year beginning July 1, 2003, and ending June 30, 2004, the recorder shall collect a fee of five dollars for each recorded transaction, regardless of the number of pages, for which a fee is paid pursuant to section

331.604 to be used for the purposes of planning and implementing electronic recording and electronic transactions in each county and developing county and statewide internet websites to provide electronic access to records and information.

2. Beginning July 1, 2004, the recorder shall collect a fee of one dollar for each recorded transaction, regardless of the number of pages, for which a fee is paid pursuant to section 331.604 to be used for the purpose of paying the county's ongoing costs of maintaining the systems developed and implemented under subsection 1.

Sec. 125. Section 331.605C, subsection 4, if enacted by 2003 Iowa Acts, Senate File 453, is amended to read as follows:

4. The state local electronic government ~~electronic~~ transaction fund is established in the office of the treasurer of state under the control of the treasurer of state. Moneys deposited into the fund are not subject to section 8.33. Notwithstanding section 12C.7, interest or earnings on moneys in the state local electronic government ~~electronic~~ transaction fund shall be credited to the fund. Moneys in the state local electronic government ~~electronic~~ transaction fund are not subject to transfer, appropriation, or reversion to any other fund, or any other use except as provided in this subsection. The treasurer of state shall enter into a contract with the Iowa state association of counties affiliate representing county recorders to ~~develop, implement, and maintain~~ hold the fund for the development, implementation, and maintenance of a statewide internet website for purposes of providing electronic access to records and information recorded or filed by county recorders. On a monthly basis, the county treasurer shall pay one dollar of each fee collected pursuant to subsection 1 to the treasurer of state for deposit into the state local electronic government ~~electronic~~ transaction fund. Moneys credited to the state local electronic government ~~electronic~~ transaction fund are appropriated to the treasurer of state to be used for contract costs. This subsection is repealed June 30, 2004.

Sec. 126. Section 422.45, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 64. The gross receipts from noncustomer point of sale or noncustomer automated teller machine access

or service charges assessed by a financial institution. For purposes of this subsection, "financial institution" means the same as defined in section 527.2.

Sec. 127. Section 423.4, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 9A. Vehicles subject to registration which are transferred from a corporation that is primarily engaged in the business of leasing vehicles subject to registration to a corporation that is primarily engaged in the business of leasing vehicles subject to registration when the transferor and transferee corporations are part of the same controlled group for federal income tax purposes.

Sec. 128. Section 435.26A, subsections 2 and 5, as enacted by 2003 Iowa Acts, Senate File 134, section 7, are amended to read as follows:

2. Upon receipt of a certificate of title from a manufactured home owner, a county treasurer shall notify the department of transportation that the certificate of title has been surrendered, remove the registration of title from the county treasurer's records, and destroy the certificate of title.

The manufactured home owner or the owner's representative shall provide to the county recorder the identifying data of the manufactured home, including the owner's name, the name of the manufacturer, the model name, the year of manufacture, and the serial number of the home, along with the legal description of the real estate on which the manufactured home is located. In addition, evidence shall be provided of the surrender of the certificate of title. After the surrender of the certificate of title of a manufactured home under this section, conveyance of an interest in the manufactured home shall not require transfer of title so long as the manufactured home remains on the same real estate site.

5. An owner of a manufactured home who has surrendered a certificate of title under this section and requires another certificate of title for the manufactured home is required to apply for a ~~bonded~~ certificate of title under ~~chapter-321~~ section 321.42. If supporting documents for the reissuance of a title are not available or sufficient, the procedure for the reissuance of a title specified in the rules of the department of transportation shall be used.

Sec. 129. Section 452A.2, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 20A. "Nonterminal storage facility" means a facility where motor fuel or special fuel, other than liquefied petroleum gas, is stored that is not supplied by a pipeline or a marine vessel. "Nonterminal storage facility" includes a facility that manufactures products such as alcohol, biofuel, blend stocks, or additives which may be used as motor fuel or special fuel, other than liquefied petroleum gas, for operating motor vehicles or aircraft.

Sec. 130. Section 453A.2, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 5B. A tobacco compliance employee training fund is created in the office of the treasurer of state. The fund shall consist of civil penalties assessed by the Iowa department of public health under section 453A.22, for violations of this section. Moneys in the fund are appropriated to the alcoholic beverages division of the department of commerce and shall be used to develop and administer the tobacco compliance employee training program under section 453A.2A. Moneys deposited in the fund shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in this subsection. Notwithstanding section 8.33, any unexpended balance in the fund at the end of the fiscal year shall be retained in the fund.

Sec. 131. Section 453C.1, subsection 10, Code 2003, is amended to read as follows:

10. "Units sold" means the number of individual cigarettes sold in the state by the applicable tobacco product manufacturer, whether directly or through a distributor, retailer, or similar intermediary or intermediaries, during the year in question, as measured by excise taxes collected by the state on packs or roll-your-own tobacco containers ~~bearing the excise tax stamp of the state~~. The department of revenue and finance shall adopt rules as are necessary to ascertain the amount of state excise tax paid on the cigarettes of such tobacco product manufacturer for each year.

Sec. 132. Section 453C.2, subsection 2, paragraph b, subparagraph (2), Code 2003, is amended to read as follows:

(2) To the extent that a tobacco product manufacturer establishes that the amount the manufacturer was required to

place into escrow on account of units sold in the state in a particular year was greater than ~~the state's allocable share of the total payments that such manufacturer would have been required to make in that year under the master settlement agreement~~ the master settlement agreement payments, as determined pursuant to section IX(i) of that agreement including after final determination of all adjustments, that such manufacturer would have been required to make on account of such units sold had such manufacturer been a participating manufacturer, ~~as such payments are determined pursuant to section IX(i)(2) of the master settlement agreement and before any of the adjustments or offsets described in section IX(i)(3) of that agreement other than the inflation adjustment,~~ the excess shall be released from escrow and revert back to such tobacco product manufacturer.

Sec. 133. Section 455D.9, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. Yard waste may be accepted by a sanitary landfill for land disposal if the sanitary landfill operates an active methane collection system that produces electricity.

Sec. 134. Section 476.33, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 5. a. The board shall adopt rules that require the board, in a rate regulatory proceeding under sections 476.3 and 476.6, to consider both of the following for inclusion in rates:

(1) Capital infrastructure investments that will not produce significant additional revenues and will be in service in Iowa within nine months after the conclusion of the test year.

(2) Cost of capital changes that will occur within nine months after the conclusion of the test year that are associated with a new generating plant that has been the subject of a ratemaking principles proceeding pursuant to section 476.53.

b. This subsection is repealed effective July 1, 2007. However, any utilities board proceeding that is pending on July 1, 2007, that is being conducted pursuant to section 476.3 or 476.6 shall be completed as if this section had not been repealed. Upon repeal, the board may still consider the adjustments addressed in this subsection, but shall not be required to consider them.

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Sec. 135. Section 505.7, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 9. The commissioner may retain funds collected during the fiscal year beginning July 1, 2003, pursuant to any settlement, enforcement action, or other legal action authorized under federal or state law for the purpose of reimbursing costs and expenses of the division.

Sec. 136. Section 518.18, unnumbered paragraph 2, Code 2003, is amended to read as follows:

1. ~~Two~~ The applicable percent of the gross amount of premiums received during the preceding calendar year, after deducting the amount returned upon the canceled policies, certificates, and rejected applications; and after deducting premiums paid for windstorm or hail reinsurance on properties specifically reinsured; ~~provided, however, that.~~ However, the reinsurer of such windstorm or hail risks shall pay ~~two~~ the applicable percent of the gross amount of reinsurance premiums received upon such risks after deducting the amounts returned upon canceled policies, certificates, and rejected applications. For purposes of this section, "applicable percent" means the same as specified in section 432.1, subsection 4.

2. Except as provided in subsection 3, the premium tax shall be paid on or before March 1 of the year following the calendar year for which the tax is due. The commissioner of insurance may suspend the certificate of authority of a county mutual insurance association that fails to pay its premium tax on or before the due date.

3. a. Each county mutual insurance association transacting business in this state whose Iowa premium tax liability for the preceding calendar year was one thousand dollars or more shall remit on or before June 1, on a prepayment basis, an amount equal to one-half of the premium tax liability for the preceding calendar year.

b. In addition to the prepayment amount in paragraph "a", each association shall remit on or before June 30, on a prepayment basis, an additional amount equal to the following percent of the premium tax liability for the preceding calendar year as follows:

(1) For prepayment in the 2003 and 2004 calendar years, eleven percent.

(2) For prepayment in the 2005 calendar year, twenty-six percent.

(3) For prepayment in the 2006 and subsequent calendar years, fifty percent.

c. The sums prepaid by a county mutual insurance association under this subsection shall be allowed as credits against its premium tax liability for the calendar year during which the payments are made. If a prepayment made under this subsection exceeds the annual premium tax liability, the excess shall be allowed as a credit against subsequent prepayment or tax liabilities. The commissioner of insurance may suspend the certificate of authority of an association that fails to make a prepayment on or before the due date.

Sec. 137. Section 518A.35, Code 2003, is amended to read as follows:

518A.35 ANNUAL TAX.

1. A state mutual insurance association doing business under this chapter shall on or before the first day of March, each year, pay to the director of revenue and finance, or a depository designated by the director, a sum equivalent to ~~two~~ the applicable percent of the gross receipts from premiums and fees for business done within the state, including all insurance upon property situated in the state without including or deducting any amounts received or paid for reinsurance. However, a company reinsuring windstorm or hail risks written by county mutual insurance associations is required to pay ~~a-two~~ the applicable percent tax on the gross amount of reinsurance premiums received upon such risks, but after deducting the amount returned upon canceled policies and rejected applications covering property situated within the state, and dividends returned to policyholders on property situated within the state. For purposes of this section, "applicable percent" means the same as specified in section 432.1, subsection 4.

2. Except as provided in subsection 3, the premium tax shall be paid on or before March 1 of the year following the calendar year for which the tax is due. The commissioner of insurance may suspend the certificate of authority of a state mutual insurance association that fails to pay its premium tax on or before the due date.

3. a. Each state mutual insurance association transacting business in this state whose Iowa premium tax liability for

the preceding calendar year was one thousand dollars or more shall remit on or before June 1, on a prepayment basis, an amount equal to one-half of the premium tax liability for the preceding calendar year.

b. In addition to the prepayment amount in paragraph "a", each association shall remit on or before June 30, on a prepayment basis, an additional amount equal to the following percent of the premium tax liability for the preceding calendar year as follows:

(1) For prepayment in the 2003 and 2004 calendar years, eleven percent.

(2) For prepayment in the 2005 calendar year, twenty-six percent.

(3) For prepayment in the 2006 and subsequent calendar years, fifty percent.

c. The sums prepaid by a state mutual insurance association under this subsection shall be allowed as credits against its premium tax liability for the calendar year during which the payments are made. If a prepayment made under this subsection exceeds the annual premium tax liability, the excess shall be allowed as a credit against subsequent prepayment or tax liabilities. The commissioner of insurance may suspend the certificate of authority of an association that fails to make a prepayment on or before the due date.

Sec. 138. 2003 Iowa Acts, Senate File 453, section 30, if enacted, is amended by striking the section and inserting in lieu thereof the following:

SEC. 30. CHARGE FOR RENT. For the fiscal year beginning July 1, 2003, and ending June 30, 2004, the department of administrative services, if established in 2003 Iowa Acts, House File 534, shall transfer \$900,000 to the general fund of the state from the rent fund if established under section 8A.123 in 2003 Iowa Acts, House File 534.

Sec. 139. 2003 Iowa Acts, Senate File 453, section 35, if enacted, is amended to read as follows:

SEC. 35. CHARTER AGENCY APPROPRIATIONS.

1. Notwithstanding any provision of law to the contrary, the total operating appropriations reductions as allowed under section 7J.1 from the general fund of the state to those departments and agencies designated as charter agencies and additional revenue to the general fund of the state attributed to the reinvention process as determined by the department of

management above that already committed to the general fund of the state generated for the fiscal year beginning July 1, 2003, and ending June 30, 2004, as provided by the appropriation to those agencies as enacted by the Eightieth General Assembly, 2003 Regular Session, shall ~~be reduced by total~~ \$15,000,000. The department of management shall apply the appropriation reductions, ~~with a target of a 10 percent reduction for each charter agency,~~ as necessary to which along with additional generated revenue shall achieve the overall reduction amount and shall make this information available to the legislative fiscal committee and the legislative fiscal bureau. ~~It is the intent of the general assembly that appropriations to a charter agency in subsequent fiscal years shall be similarly adjusted from the appropriation that would otherwise have been enacted.~~

2. There is appropriated from the general fund of the state to the department of management 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 purposes designated:

For deposit in the charter agency loan grant fund created in section 7J.2:

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

~~3.--For the fiscal year beginning July 1, 2003, and ending June 30, 2004, if the actual amount of revenue received by a charter agency exceeds the revenue amount budgeted for that charter agency by the governor and the general assembly, the charter agency may consider the excess amount to be repayment receipts as defined in section 8.2.~~

Sec. 140. Notwithstanding section 8.33, unencumbered and unobligated funds remaining from the appropriation made in 1996 Iowa Acts, chapter 1218, section 13, subsection 2, paragraph "a", subparagraph (2), as amended by 1997 Iowa Acts, chapter 215, section 3, and from the appropriation made in 1997 Iowa Acts, chapter 215, section 4, subsection 1, shall not revert but shall be available for the purposes designated in those provisions until the close of the fiscal year beginning July 1, 2003.

Sec. 141. 2003 Iowa Acts, Senate File 453, section 49, subsection 1, unnumbered paragraph 1, if enacted, is amended to read as follows:

The department of human services shall establish a work group in cooperation with representatives of the insurance industry and members of the medical assistance advisory council to develop a plan for the redesign of the medical assistance program. In developing the redesign plan, the work group shall consider all of the following:

Sec. 142. 2003 Iowa Acts, Senate File 453, section 121, if enacted, is amended to read as follows:

SEC. 121. EFFECTIVE DATE. This division of this Act, creating the Iowa lottery authority, takes effect ~~September~~ July 1, 2003.

Sec. 143. Sections 266.8, 266.24, 266.25, and 266.26, Code 2003, are repealed.

Sec. 144. REPORT ON FEDERAL ELECTION LAW IMPLEMENTATION. The state committee, if formed, shall develop a plan for compliance with the federal Help America Vote Act, Pub. L. No. 107-252, and the state committee, in conjunction with the state commissioner of elections, shall provide quarterly updates to the Senate and House of Representatives standing committees on government oversight on the status of the implementation of Pub. L. No. 107-252.

Sec. 145. SALE OF DEPARTMENT OF CORRECTIONS' REAL PROPERTY.

1. Immediately after the effective date of this section, the department of corrections shall develop a plan to sell, at market value, the twenty-acre tract of undeveloped land adjacent to the Iowa correctional institution for women to any municipality with a population of less than twenty thousand persons. The plan shall include the sale of the tract of land within a commercially reasonable time. The sale shall be negotiated by the department and shall be handled in a manner that is financially beneficial to the department. The department shall as a condition of the sale to the municipality require that the land not be sold by the municipality for a period of ninety-nine years unless the land is resold back to the state. Appraisals conducted by the department of the value of the land shall be made available to the public immediately following the sale of the tract of land. If the department is unable to negotiate a financially beneficial sale, the tract of land shall not be sold, and the department shall provide the legislative fiscal bureau with the reasons the sale did not occur.

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2. The proceeds from the sale of the property as provided in subsection 1 shall be retained by the department of corrections to be used for correctional facilities. The costs incident to the sale of the tract of land including, but not limited to, appraisals, invitations for offers, abstracts, and other necessary costs, may be paid from the proceeds of the sale or from moneys appropriated for support and maintenance to the institution at which the real estate is located.

3. The provisions of section 904.317 shall not apply to the sale of the tract of land sold in accordance with this section.

Sec. 146. SALES AND USE TAX REFUND.

1. Notwithstanding the one-year application period provided for in section 422.45, subsection 7, paragraph "b", an application by a city with a population between 550 and 625 located entirely in a county with a population between 39,750 and 41,750 for a refund of sales, services, or use tax paid upon any goods, wares, or merchandise, or services rendered, furnished, or performed and used in the performance of contracts involving a street construction project and a sewer project is considered timely filed under section 422.45, subsection 7, if the application for refund is filed with the department of revenue and finance on or before August 1, 2003.

2. Notwithstanding the amount applied for under subsection 1, the amount of a refund paid under this section shall not exceed \$15,000.

Sec. 147. SCHOOL DISTRICT REIMBURSEMENT CLAIM.

1. Any school district located in a county with a population between 11,550 and 12,000 is authorized to refile a claim for state reimbursement of the costs of providing vocational education programs at the secondary level in its district notwithstanding the denial of its previously filed claim with the state appeal board if the claim is filed by October 1, 2003. Such claim shall be considered timely filed notwithstanding any provision of law.

2. If the claim filed pursuant to subsection 1 is a valid claim for state reimbursement, the claim shall be paid subject to the following:

a. The amount of costs reimbursed shall not exceed 6.5 percent.

b. Any amount reimbursed pursuant to any previously filed claim relating to the same costs shall not be included.

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c. The total amount reimbursed under this section shall not exceed \$6,000.

Sec. 148. COORDINATION OF PUBLIC TRANSPORTATION STUDY. The state department of transportation shall conduct a study and prepare a report pertaining to administrative efficiencies that may be gained by the coordination of transit management and maintenance systems in the areas of school transportation, public transit, and other forms of public transportation. The report shall be provided to the general assembly by December 31, 2003.

Sec. 149. SUPPLEMENTAL PAYMENT ADJUSTMENTS FOR PHYSICIAN SERVICES. To the extent that, pursuant to law enacted by the Eightieth General Assembly, 2003 Session, supplemental payment adjustments are implemented for physician services provided to medical assistance program participants at publicly owned acute care hospitals, the department of human services shall not, directly or indirectly, recoup the supplemental payment adjustments for any reason, unless an amount equivalent to the amount of adjustment funds that were transferred to the department by the state university of Iowa college of medicine is transferred by the department to the qualifying physicians.

Sec. 150. UTILITIES BOARD REVIEW. The utilities board shall initiate and coordinate a review of current ratemaking procedures to determine whether different procedures would be cost-effective and would result in rates that more accurately reflect a utility's cost of providing service to its customers in Iowa. The board shall allow the consumer advocate division of the department of justice, the rate-regulated utilities, and other interested persons to participate in its review. The board shall report the results of its review to the general assembly, with recommendations as appropriate, on or before January 5, 2004.

Sec. 151. USE OF TEAM-BASED VARIABLE PAY MONEYS FOR FY 2003-2004. Notwithstanding section 284.13, subsection 1, paragraph a, of the moneys reserved for purposes of team-based variable pay for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the sum of two hundred thousand dollars shall be used for purposes of the reading instruction pilot program established pursuant to 2003 Iowa Acts, House File 549, if enacted.

Sec. 152. FULL-SIZE OFF-HIGHWAY VEHICLE REGISTRATION PROGRAM -- PLAN. The department of natural resources and the

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state department of transportation, in consultation with the Iowa association of four wheel drive clubs, shall develop a plan for the establishment of a registration program for full-size off-highway vehicles for the purposes of regulating the recreational use of full-size off-highway vehicles and establishing a full-size off-highway vehicle recreation area in the state. The plan shall include an analysis of the number of full-size off-highway vehicles expected to be registered prior to the establishment of a full-size off-highway vehicle recreation area and the number of registrations expected after the establishment of such a facility. The plan shall also include optimum locations for a full-size off-highway vehicle recreation area, estimated costs, if any, for maintenance of the area, and any other issues the departments and the association deem to be of importance in the planning process. The plan, which shall include any proposed legislation for implementation of the plan, shall be submitted to the legislative services agency and the general assembly no later than January 1, 2004.

Sec. 153. ELIMINATION OF POSITION -- IOWA LAW ENFORCEMENT ACADEMY DIRECTOR. The merit position of director of the Iowa law enforcement academy referred to in section 80B.5, Code 2003, is eliminated effective April 30, 2004.

Sec. 154. SEVERABILITY.

1. If this entire Act or any portion of section 453C.2, subsection 2, paragraph "b", subparagraph (2), as amended in this Act, is held by a court of competent jurisdiction to be unconstitutional, section 453C.2, subsection 2, paragraph "b", subparagraph (2), is repealed in its entirety.

2. If section 453C.2, subsection 2, paragraph "b", subparagraph (2), is repealed pursuant to subsection 1 and a court of competent jurisdiction subsequently finds that section 453C.2, subsection 2, paragraph "b", is unconstitutional due to such repeal, section 453C.2, subsection 2, paragraph "b", subparagraph (2), Code 2003, shall be restored.

3. Any holding of unconstitutionality or any repeal of section 453C.2, subsection 2, paragraph "b", subparagraph (2), as amended in this Act, or of section 453C.2, subsection 2, paragraph "b", subparagraph (2), Code 2003, shall not affect, impair, or invalidate any other portion of section 453C.2 or the application of that section to any other person or

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circumstance, and the remaining portions of section 453C.2, shall continue in full force and effect.

Sec. 155. FEDERAL HOUSING MONEYS. Any federal moneys received by the department of economic development for the community development block grant program that are allocated for housing and any federal moneys received for the HOME investment partnership program shall be coordinated with projects within the housing trust fund established in section 16.181, if enacted.

Sec. 156. SMALLPOX VACCINATIONS. It is the intent of the general assembly that public safety workers, smallpox response teams, and others who will be required to be vaccinated pursuant to the federal Homeland Security Act be protected from both health-related and other results of the federally required vaccination. The emergency management division of the Iowa department of public defense and local governments should work with employees in the public safety areas or response teams to achieve the following:

1. Vaccinations should be given only on a voluntary basis.

2. Extensive screening should be employed to protect those workers who would be at risk from current health conditions if vaccinated.

3. Reprisals or discrimination for workers not voluntarily receiving vaccinations should be prohibited.

4. Public employers should protect employees from loss of income or seniority as a result of side effects from vaccinations. Homeland security moneys received by the emergency management division of the Iowa department of public defense from the federal government should include a set-aside to purchase supplemental insurance for public safety or response employees to cover those reactions not covered by traditional employer-provided health insurance.

5. Disability or long-term reactions from vaccinations should be considered a work-related injury and should be covered by local or state policies governing disability.

6. Vaccinations should be scheduled at staggered times to allow for normal loss of staff time because of vaccination-related illnesses without seriously hampering public safety service.

7. Vaccinations administered in Iowa should meet the requirements of the federal Needlestick Safety and Prevention Act of 2000 that requires safety features in the use of needles to administer medicine.

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8. The emergency management division of the Iowa department of public defense should coordinate efforts to ensure adequate supplies of vaccinia immune globulin and cidofovir and other appropriate medical care and pharmaceuticals to protect those employees who suffer reactions to vaccinations.

Sec. 157. CODE EDITOR DIRECTIVE. The Code editor shall change the name of the department of public defense, emergency management division, to the department of public defense, homeland security and emergency management division, in chapter 29C and elsewhere throughout the Code, including references to the division made in law enacted by the Eightieth General Assembly, 2003 Regular Session and other enactments.

Sec. 158. RECORDING AND TRANSACTION FEE REPORT. The treasurer of state shall submit a report to the governor and general assembly on or before December 1, 2003, detailing the amount of fees collected statewide pursuant to section 331.604 in each fiscal year of the period beginning July 1, 2000, and ending June 30, 2003, and the amount of electronic transaction fees collected statewide for the period beginning July 1, 2003, and ending September 30, 2003, pursuant to section 331.605C, if enacted by 2003 Iowa Acts, Senate File 453, section 25.

Sec. 159. EFFECTIVE DATES. The following provisions of this division of this Act, being deemed of immediate importance, take effect upon enactment:

1. The amendments to sections 8.23, 8.31, and 8.57 which are first applicable to appropriations made for the fiscal year beginning July 1, 2003.

2. The amendment to section 12E.12.

3. The amendments to sections 15E.42, 15E.43, 15E.45, and 15E.51, which apply retroactively to January 1, 2002, for tax years beginning on or after that date.

4. The amendment to section 15E.193B.

5. The amendment to section 435.26A.

6. The amendment to section 453A.2, which shall only take effect if 2003 Iowa Acts, Senate File 401, is enacted by the Eightieth General Assembly, 2003 Regular Session.

7. The amendments to sections 453C.1 and 453C.2 and the related severability provision.

8. The amendments to sections 518.18 and 518A.35.

9. The section directing the department of corrections to develop a plan for selling certain land.

10. The section relating to the sales and use tax refund.

11. The section relating to the school district reimbursement claim.

The sections of this division of this Act amending section 80B.5 and enacting section 80B.5A are applicable to the appointment of the director of the Iowa law enforcement academy for the term beginning May 1, 2004.

Section 29C.8, subsection 3, paragraph "f", as enacted in this division of this Act, and the amendment to section 29C.20, subsection 1, as enacted in this division of this Act, take effect July 1, 2004.

DIVISION VIII

MEDICAL ASSISTANCE PROGRAM

Sec. 160. Section 135C.31A, if enacted by 2003 Iowa Acts, House File 619, section 2, is amended to read as follows:

135C.31A ASSESSMENT OF RESIDENTS -- PROGRAM ELIGIBILITY.

Beginning July 1, 2003, a health care facility receiving reimbursement through the medical assistance program under chapter 249A shall assist the Iowa commission of veterans affairs in ~~determining, prior to the initial~~ identifying, upon admission of a resident, the ~~prospective~~ resident's eligibility for benefits through the federal department of veterans affairs. The health care facility shall also assist the Iowa commission of veterans affairs in determining such eligibility for residents residing in the facility on July 1, 2003. The department of inspections and appeals, in cooperation with the department of human services, shall adopt rules to administer this section, including a provision that ensures that if a resident is eligible for benefits through the federal department of veterans affairs or other third-party payor, the payor of last resort for reimbursement to the health care facility is the medical assistance program. This section shall not apply to the admission of an individual to a state mental health institute for acute psychiatric care.

Sec. 161. Section 249A.20A, if enacted by 2003 Iowa Acts, House File 619, section 3, is amended by adding the following new subsection:

NEW SUBSECTION. 5A. The department shall adopt rules to provide a procedure under which the department and the pharmaceutical and therapeutics committee may disclose

information relating to the prices manufacturers or wholesalers charge for pharmaceuticals. The procedures established shall comply with 42 U.S.C. § 1396r-8 and with chapter 550.

Sec. 162. Section 249A.20B, if enacted by 2003 Iowa Acts, House File 619, section 4, is amended by adding the following new subsection:

NEW SUBSECTION. 5A. The department of human services shall provide a reimbursement to nursing facilities under this section. The reimbursement amount shall be calculated as a per patient day amount and shall be paid to nursing facilities in addition to the reimbursement payment specified in 2001 Iowa Acts, chapter 192, section 4, subsection 2, paragraph "c".

Sec. 163. 2003 Iowa Acts, House File 619, section 5, if enacted, is amended by striking the section and inserting in lieu thereof the following:

SEC. 5. CASE MANAGEMENT PROGRAM FOR FRAIL ELDER.

1. The general assembly finds that the existing case management program for frail elders administered by the department of elder affairs is an important component of the long-term care system in this state. The program emphasizes the independence and dignity of the individual while providing services in a cost-effective manner.

2. The purposes of the case management program for frail elders include all of the following:

a. To provide planning, policy development, coordination, and administrative oversight.

b. To provide assistance in the form of assessment and care coordination under circumstances in which an elder or the elder's caregiver is experiencing diminished functional capacity or other conditions that require the provision of services by professional service providers.

c. To maintain a system that focuses on the delivery of home and community-based services that emphasize individual independence, individual needs and desires, and consumer-driven quality of services.

3. It is the intent of the general assembly that the department of elder affairs in collaboration with the department of human services, area agencies on aging, advocacy groups, industry representatives, and consumers submit recommendations to the general assembly by October 1, 2003,

regarding the redesigning of the case management program for the frail elderly including preadmission screening methodologies, level of care determinations and ongoing methodologies for the coordination, provision, and delivery of home and community-based services.

4. It is also the intent of the general assembly that the department of elder affairs and the department of human services coordinate efforts to resolve issues relating to level of care determinations no later than October 1, 2003.

Sec. 164. 2003 Iowa Acts, House File 619, section 7, subsection 4, paragraph b, if enacted, is amended to read as follows:

b. Pharmacies and providers that are enrolled in the medical assistance program shall make available drug acquisition cost information, product availability information, and other information deemed necessary by the department for the determination of reimbursement rates and the efficient operation of the pharmacy benefit. Pharmacies and providers shall produce and submit the requested information in the manner and format requested by the department or its designee at no cost to the department or designee. Pharmacies and providers shall submit information to the department or its designee within thirty days following receipt of a request for information unless the department or its designee grants an extension upon written request of the pharmacy or provider. Notwithstanding the required provision of information by pharmacies and providers under this paragraph, if the department is able to obtain any of the information required to be provided under this paragraph in an alternative manner, through which the department is ensured of the validity and accuracy of the information and of the timely submission of the information, the department may instead obtain the information in the alternative manner. Chapter 550 shall apply to the information provided by pharmacies and providers under this paragraph.

Sec. 165. 2003 Iowa Acts, House File 619, section 9, if enacted, is amended to read as follows:

SEC. 9. NURSING FACILITY REIMBURSEMENT. Notwithstanding 2001 Iowa Acts, chapter 192, section 4, subsection 2, paragraph "c", and subsection 3, paragraph "a", subparagraph (2), if projected state fund expenditures for reimbursement of nursing facilities for the fiscal year beginning July 1, 2003,

in accordance with the reimbursement rate specified in 2001 Iowa Acts, chapter 192, section 4, subsection 2, paragraph "c", ~~exceeds~~ exceed \$147,252,856, the department shall adjust the inflation factor of the reimbursement rate calculation to provide reimbursement within the amount projected specified in this section. The department, in consultation with nursing facility representatives, shall review the projections on a quarterly basis to determine if an interim adjustment is necessary in order to provide reimbursement within the amount specified in this section. In reviewing the projections, the department shall consider the savings from the reduction in bed hold payments, elimination of crossover claims, and increases in Medicare part A utilization.

Sec. 166. 2003 Iowa Acts, House File 619, section 12, subsections 2 and 3, if enacted, are amended to read as follows:

2. The department of human services, in cooperation with the department's fiscal agent and in consultation with a chronic care ~~management-resource-group~~ consortium, shall profile medical assistance recipients within a select number of disease diagnosis categories. The assessment shall focus on those diagnosis areas that present the greatest opportunity for impact to improved care and cost reduction.

3. The department of human services, in consultation with a chronic care ~~management-resource-group~~ consortium, shall conduct a chronic disease management pilot project for a select number of individuals who are participants in the medical assistance program. The project shall focus on a select number of chronic diseases which may include congestive heart failure, diabetes, and asthma. The initial pilot project shall be implemented by October 1, 2003.

Sec. 167. 2003 Iowa Acts, House File 619, section 12, subsection 4, if enacted, is amended by striking the subsection and inserting in lieu thereof the following:

4. The department of human services may procure a sole source contract with a vendor to manage individuals with select chronic diseases following the conclusion of the profiling of medical assistance recipients. The management of chronic diseases for individuals under this subsection may be coordinated with the pilot project established in subsection 3.

Sec. 168. 2002 Iowa Acts, Second Extraordinary Session, chapter 1003, section 110, is amended by adding the following new paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding section 8.33, up to \$2,400,000 of the funds appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available in the succeeding fiscal year to be used for additional field operations, full-time equivalent positions and general administration. Four hundred thousand dollars of this amount shall be used for eight full-time equivalent positions to provide a case manager in each of the judicial districts to provide coordination of services for families that have a history of methamphetamine abuse and \$400,000 of this amount shall be used for general administration.

Sec. 169. VETERANS -- DIRECTIVE. The commission of veterans affairs shall work with the commandant of the Iowa veterans home, the department of human services, and the department of inspections and appeals to identify the residents of health care facilities who may be eligible for benefits through the federal department of veterans affairs pursuant to section 135C.31A, if enacted by 2003 Iowa Acts, House File 619.

Sec. 170. The section of this division of this Act amending 2002 Iowa Acts, Second Extraordinary Session, chapter 1003, section 110, relating to certain federal temporary assistance for needy families block grant funding, takes effect upon enactment.

DIVISION IX

Sec. 171. PURPOSE AND DEFINITIONS.

1. PURPOSE. The general assembly finds that the Iowa communications network is a valuable state asset that has served the people of the state well, but which requires significant ongoing financial support from the state in the form of annual appropriations. The operation of a telecommunications network is a function that can be and generally is conducted by private enterprise. It is in the public interest to sell the Iowa communications network to a qualified private business enterprise that will commit to provide the same secure low-cost high-quality service to state and federal agencies and military installations now provided by the network. Through such a sale, the state would

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eliminate the need for ongoing annual appropriations while preserving the key benefits enjoyed by the state under the present state ownership of the network. The state also expects to obtain sufficient proceeds from such a sale to cover existing obligations and to realize additional proceeds above the level of such obligations. Given the current depressed state of the telecommunications industry, the state can reasonably be expected to maximize sales proceeds by allowing a purchaser a period of time in which to assemble financing for its purchase. During the interim between enactment of this division of this Act and completion of a sale, the services of a private-enterprise manager with experience operating telecommunications networks can reasonably be expected to reduce the costs of operating the Iowa communications network, thereby lowering annual appropriations.

2. DEFINITIONS. As used in this division of this Act, unless the context otherwise requires:

- a. "Board" means the state network privatization board.
- b. "Commission" means the Iowa telecommunications and technology commission established in section 8D.3 to oversee the operations of the network.
- c. "Management contract" means an agreement between the board and the manager for services to oversee and operate the network on behalf of the state.
- d. "Manager" means the private entity selected by the board to oversee and operate the network on behalf of the state.
- e. "Network" means the Iowa or state communications network as defined in section 8D.2.
- f. "Out-of-pocket expenses" means moneys paid to an unaffiliated third party for engineering, legal, consulting, or other services or goods by a manager or purchaser.
- g. "Purchaser" means the entity that is selected by the board to purchase the network from the state.
- h. "Required third-party approval" means any consent, conveyance, approval, or waiver that must be granted by a private, governmental, or quasi-governmental third party in order for the purchaser to receive clear title to all network assets and the right to use the network assets free of adverse claims. Required third-party approvals include but are not limited to all of the following:

(1) Approvals of assignments to the purchaser of the state's rights under leases or contracts between the state and the third party.

(2) Conveyance to the purchaser of property that the third party currently leases to the state on a term with less than fifteen years remaining.

(3) Release of restrictions in contracts that require that the state operate the network.

i. "Sales contract" means the contract between the state as seller, represented by the board, and the purchaser, for sale of the network to the purchaser.

Sec. 172. STATE NETWORK PRIVATIZATION BOARD CREATED -- DUTIES.

1. A state network privatization board is created. The board shall consist of the following members:

a. A chairperson member appointed by the legislative council, subject to confirmation by the senate.

b. A member, who shall not be of the same political party as the chairperson, appointed by the governor subject to confirmation by the senate.

c. The adjutant general or the adjutant general's designee.

2. The board shall do all of the following:

a. Issue a request for proposals from qualified entities interested in serving as the manager of the network. This request for proposals shall be issued by July 1, 2004, and responses to the request for proposals shall be due by August 1, 2004.

b. Select a manager and enter into a management contract with the manager by October 1, 2004. The management contract shall provide for the continuation of all services currently being provided to state and federal agencies and military installations pursuant to chapter 8D, at the rates specified therein, for the duration of the contract. The contract shall also specify the manager's authority in relation to the duties of the commission during the period between execution of the management contract and closing of the sale of the network. The commission shall establish a dispute resolution process regarding rate increases, quality of service issues, and other areas of dispute involving network subscribers. The commission shall also make recommendations regarding imposition of an ongoing dispute resolution and appeals

process commencing with the closing of the sale of the network.

c. Issue a request for proposals from qualified entities for the purchase of the network. This request for proposals shall be issued by January 1, 2005, and responses to the request for proposals shall be due by May 1, 2005.

d. Utilizing the criteria set forth in sections 173 and 174 of this Act, select a purchaser and enter into a sales contract with the purchaser by October 1, 2005.

e. Immediately upon execution of the management contract and the sales contract by the majority of the board, transmit the executed contract to the general assembly and to the governor. The board shall have full authority to enter into the management contract and the sales contract on behalf of the state, provided that the general assembly by legislation enacted regarding the specific purchase and approved by the governor, within thirty days after transmittal to the general assembly and the governor in the case of the management contract, and within sixty days after transmittal to the general assembly and the governor in the case of the sales contract, may disapprove the board's action, in which case the disapproved contract shall have no force and effect. In the event of such disapproval, the state shall pay the manager or the purchaser, as the case may be, reasonable out-of-pocket expenses incurred in preparing a proposal and performing prior to disapproval, but such expenses shall not exceed two hundred thousand dollars in the case of disapproval of the management contract and five hundred thousand dollars in the case of disapproval of the sales contract.

f. Cause the sales contract to require closing by October 1, 2007, allowing time for the state to obtain third-party approvals as required by section 176 of this Act, including the filing of any necessary eminent domain actions, and for the purchaser to secure financing.

g. Execute all necessary documents relating to the closing of the sale of the network. The board may direct any other applicable official to assist in the execution of necessary documents relating to the closing.

h. Require by written directive that all state officials provide information and records concerning the network to the board, to the manager, or to a person submitting a proposal to purchase the network, whenever the board requires such provision of such records and other information.

i. Take all other steps necessary and proper as needed to carry out its responsibilities enumerated in this subsection. The board may adopt necessary rules pursuant to chapter 17A to administer this division of this Act.

Sec. 173. MINIMUM QUALIFICATIONS OF PURCHASER. The purchaser shall meet the following requirements:

1. The principal place of business of the purchaser and any parent of the purchaser shall be located in the state of Iowa.

2. For national security reasons, and because of the extensive military use of the network, the purchaser shall possess national security approval.

Sec. 174. CRITERIA FOR SELECTION OF PURCHASER. After issuing a request for proposals for the purchase of the network and considering the proposals received, the board shall select the highest and best offer for purchase of the network from those persons submitting proposals which meet all of the following criteria:

1. Satisfy the minimum qualifications of this division of this Act.

2. Submit a proposal in compliance with the request for proposals.

3. Demonstrate a likelihood of being able to obtain any financing necessary to close the transaction. However, the board shall not require that the purchaser have a commitment for financing to award the contract, but shall allow the purchaser at least one year to obtain any necessary financing. The board may also in its discretion consider proposals involving financing of the sale by the state.

4. Agree to continue all services currently being provided to state and federal agencies and military installations for the next ten years, with any annual rate increase not to exceed five percent per year, provided that the purchaser shall not be required to supply at such restricted prices a quantity or quality of service greater than that provided by the network as of execution of the contract for sale of the network.

Sec. 175. CLOSING OF SALE. Any debt of the state related to the network or other liens against network assets shall be discharged out of the state's proceeds of closing, so that the purchaser receives marketable title to the network. The purchaser shall receive bills of sale, in the case of personal

property, and deeds, in the case of real property, transferring all network assets to the purchaser. The state shall also transfer its interest in right-of-way and leases and easements for uses of rights-of-way.

Sec. 176. THIRD-PARTY APPROVALS.

1. The state shall exercise all reasonable efforts to obtain each required third-party approval, including where necessary by use of eminent domain proceedings. To the extent feasible, the state may pay the costs of obtaining required third-party approvals out of the proceeds of sale rather than from the general fund of the state. In the event the state fails to obtain a required third-party approval, the purchaser may terminate the sales contract without penalty and shall be reimbursed by the state for reasonable out-of-pocket expenses incurred in preparing its proposal and fulfilling its obligations under the sales contract, not to exceed two million dollars.

2. The board and the purchaser shall develop a list of required third-party approvals and persons who may have claims that would constitute required third-party approvals if valid. The board shall mail to each person on the list at their last known address a notice that provides a description of the sale and invites the recipient to submit a claim on a form developed by the board by a deadline set by the board. The claim or interest of any person who fails to timely file a claim shall be deemed discharged and forfeited, and such person shall be forever barred and estopped from taking any action against the state or purchaser that would in any way interfere with the purchaser's use of the network. In addition, the board shall publish the notice in newspapers of general circulation in the state of Iowa, and failure to file a timely claim shall bar all persons whose rights could constitutionally be affected by such notice, just as if such person had been mailed notice.

3. Any eminent domain or other proceeding to obtain a required third-party approval shall be promptly filed by the attorney general at the request of the board and shall be added to the calendar of any trial or appellate court of this state so that the deadline in section 172 of this Act for closing the sale can be met.

Sec. 177. REMOVAL OF RESTRICTIONS -- REPEAL OF CHAPTER 8D. Chapter 8D is repealed, effective as of the date of the

closing of the sale of the network under this division of this Act, as certified by the chairperson of the board to the governor.

Sec. 178. ASSISTANCE OF OTHER STATE AGENCIES.

1. The attorney general shall provide legal advice to the board.

2. All other state agencies shall provide whatever assistance may reasonably be required by the board in carrying out its duties under this division of this Act.

DIVISION X

GOVERNMENT ORGANIZATION REVIEW COMMITTEE

Sec. 179. Section 331.264, subsection 1, unnumbered paragraph 1, and paragraphs a through d, if enacted by 2003 Iowa Acts, Senate File 390, section 25, are amended to read as follows:

A local government organization review committee may be created in a county having a population in excess of one hundred thousand. The committee shall be composed of the following members:

a. Three city council members appointed by the city council of each participating city with a population of twenty-five thousand or more.

b. Three county supervisors appointed by the county board of supervisors.

c. One city council member appointed by each participating city with a population of less than twenty-five thousand.

d. One member shall be appointed by each state legislator whose legislative district is located in the county if a majority of the constituents of that legislative district reside in the county. However, if a county does not have a state representative's legislative district which has a majority of a state representative's constituency residing in the county, the state representative having the largest plurality of constituents residing in the county shall appoint a member. The member appointed by each state legislator shall be a person who is not holding elected office and who is a resident of the legislative district of the state legislator. If ~~any-portion~~ more than one-half of the population of a legislative district is in the unincorporated area of the county, the member appointed by that legislator shall be a resident of the unincorporated area of the county.

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Sec. 180. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.



MARY E. KRAMER

President of the Senate



CHRISTOPHER C. RANTS

Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 458, Eightieth General Assembly.



MICHAEL E. MARSHALL

Secretary of the Senate

Approved ^{with exceptions noted} May 30, 2003



THOMAS J. VILSACK

Governor