

FEB 19 1998
LOCAL GOVERNMENT

HOUSE FILE 2346
BY MYERS and CARROLL

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act creating an indemnity fund for county mental health,
2 mental retardation, and developmental disabilities service
3 costs, making appropriations, and providing an effective date.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 331.439A INDEMNITY FUND.

2 1. An indemnity fund is created in the office of the
3 treasurer of state under the authority of the executive
4 council. Moneys in the indemnity fund shall consist of
5 appropriations by the state and payments by counties as
6 provided in this section. Notwithstanding section 8.33,
7 moneys in the indemnity fund which remain unencumbered or
8 unobligated at the close of a fiscal year shall remain in the
9 indemnity fund to be used as provided in this section.
10 Notwithstanding section 12C.7, interest or earnings on moneys
11 deposited in the indemnity fund shall be credited to the
12 indemnity fund.

13 2. There is appropriated from the general fund of the
14 state to the indemnity fund in each fiscal year the sum of one
15 million dollars.

16 3. A county may submit a request to the indemnity fund for
17 a cash grant in the event the county's services fund is
18 insufficient or is projected to be insufficient to pay for a
19 service in the county's management plan approved under section
20 331.439 because of an unusual or unanticipated need of an
21 individual. A decision to grant the county's request is
22 subject to all of the following conditions:

23 a. The individual is covered under the county's approved
24 management plan.

25 b. The service needs of the individual are documented and
26 address possible service alternatives.

27 c. Payment of the individual's service needs is
28 anticipated to cause the county's services fund to be
29 insufficient to pay for all of the services required under the
30 county's management plan unless the plan were to be amended to
31 reduce services or service costs.

32 d. One or more of the following circumstances applies:

33 (1) The service costs of the individual were not an
34 obligation of the county in any fiscal year previous to the
35 fiscal year in which the request is made.

1 (2) The service costs of the individual were an obligation
2 of the county in a previous fiscal year and the individual
3 suffered an additional unanticipated disability condition with
4 an exceptional cost.

5 (3) The service costs of the individual were an obligation
6 of the county in a previous fiscal year and the individual's
7 disability worsened and requires an unanticipated additional
8 service with an exceptional cost.

9 e. A indemnity fund grant shall be for one fiscal year
10 only and is not renewable for the costs of the same services
11 to an individual in a subsequent fiscal year.

12 f. The county levies the maximum amount authorized for the
13 county's services fund under section 331.424A.

14 4. An account shall be created within the indemnity fund
15 for each county. All of the following shall be annually
16 credited to the account of a county in a fiscal year:

17 a. A county's portion of the appropriation from the
18 property tax relief fund to the indemnity fund for the fiscal
19 year. The county's portion shall be the amount determined by
20 applying the county's percentage share of all county base year
21 expenditures, as defined in section 331.438, to the amount of
22 the appropriation from the property tax relief fund to the
23 indemnity fund.

24 b. The county's portion of any appropriations from the
25 general fund of the state for the fiscal year to the indemnity
26 fund. The county's portion shall be determined by applying
27 the county's percentage share of all county base year
28 expenditures, as defined in section 331.438, to the amounts
29 appropriated by the state for the fiscal year.

30 c. Interest and earnings attributable to the balance in
31 the account in the previous fiscal year.

32 5. A request for a grant from the indemnity fund shall be
33 initially considered by the county finance committee which
34 shall make a recommendation to the executive council to accept
35 or reject the request in whole or in part. The decision of

1 the executive council is final.

2 6. A grant to a county from the indemnity fund shall be
3 debited against the county's account. The balance in a
4 county's account at the close of a fiscal year shall be
5 carried forward as a beginning account balance and is
6 available for grants in the succeeding fiscal year. The
7 executive council shall not approve grants for a county in
8 excess of the amount of funding available in the county's
9 account for a fiscal year.

10 Sec. 2. Section 426B.1, Code Supplement 1997, is amended
11 by adding the following new subsection:

12 NEW SUBSECTION. 4. There is annually appropriated from
13 the property tax relief fund to the indemnity fund created in
14 section 331.439A, an amount equal to one-half of one percent
15 of the total of base year expenditures for all counties. The
16 appropriation in this subsection shall be charged against the
17 property tax relief fund prior to the distribution of moneys
18 from the fund under section 426B.2 and the amount of moneys
19 available for distribution shall be reduced accordingly.
20 However, the appropriation in this subsection shall be
21 considered to be a property tax relief payment for purposes of
22 the combined amount of payments required to achieve fifty
23 percent of the counties' base year expenditures as provided in
24 section 426B.2, subsection 2.

25 Sec. 3. EFFECTIVE DATE. This Act takes effect July 1,
26 1999.

27 EXPLANATION

28 This bill creates an indemnity fund for county expenditures
29 paid from the county's mental health, mental retardation, and
30 developmental disabilities (MH/MR/DD) services fund.

31 New Code section 331.439A creates the indemnity fund in the
32 county home rule chapter under the authority of the executive
33 council. An annual standing appropriation of \$1,000,000 is
34 made from the general fund of the state to the indemnity fund.
35 A county may submit a request for a cash grant to the

1 executive council in the event the county's services fund is
2 insufficient or is projected to be insufficient to pay for a
3 service in the county's approved management plan because of an
4 unusual or unanticipated need of an individual. The executive
5 council's decision to grant the county's request is subject to
6 a number of conditions specified in the bill. The request is
7 initially submitted to the county finance committee which is
8 to make a recommendation for accepting or rejecting the
9 request in whole or in part. A grant is not renewable for the
10 costs of the same services to an individual in a subsequent
11 fiscal year.

12 Each county has an account in the indemnity fund. The
13 amount in the account is the county's portion of the annual
14 appropriations to the indemnity fund from the state general
15 fund and the property tax relief fund, and from overall
16 interest and earnings of the indemnity fund. The county's
17 portion is equivalent to the county's portion of all county
18 base year expenditures for MH/MR/DD services. Moneys credited
19 to a county's account which are unused carry forward to the
20 next fiscal year. The amount of a grant to a county in a
21 fiscal year is limited to the amount available in the county's
22 account.

23 Code section 426B.1 is amended with a new subsection making
24 a standing appropriation from the property tax relief fund to
25 the indemnity fund. The standing appropriation is equal to
26 .50 percent of the total of all base year expenditures made by
27 counties for MH/MR/DD services. The standing appropriation is
28 made prior to distribution of moneys from the fund to counties
29 for property tax relief.

30 The bill takes effect July 1, 1999.

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