

FEB 17 1997
APPROPRIATIONS

2-17-97 Do Pass
S-2/24/97 Local Gov.
S-2/26/97 Do Pass
S-2/26/97 Referred to approp
255-2/26/97 Do Pass
HOUSE FILE 255
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO HSB 137)

Passed House, Date ^(P.382) 2/20/97 Passed Senate, Date ^(P.400) 2-26-97
Vote: Ayes 97 Nays 0 Vote: Ayes 47 Nays 0
Approved Feb. 27, 1997

A BILL FOR

1 An Act relating to the allowed growth factor adjustment for
2 county mental health, mental retardation, and developmental
3 disabilities services, making appropriations, and providing an
4 effective date.

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

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HF 255

1 Section 1. COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND
2 DEVELOPMENTAL DISABILITIES ALLOWED GROWTH FACTOR ADJUSTMENT.

3 There is appropriated from the general fund of the state to
4 the department of human services for the fiscal biennium
5 beginning July 1, 1997, and ending June 30, 1999, the
6 following amounts, or so much thereof as is necessary, to be
7 used for the purpose designated:

8 For distribution to counties of the county mental health,
9 mental retardation, and developmental disabilities allowed
10 growth factor adjustment, in accordance with section 331.438,
11 subsection 2, and section 331.439, subsection 3, as amended by
12 this Act:

13 1997-98 FY	\$ 6,163,211
14 1998-99 FY	\$ 12,504,538

15 For the fiscal year beginning July 1, 1997, the county
16 mental health, mental retardation, and developmental
17 disabilities allowed growth factor adjustment shall be 2.89
18 percent, and for the fiscal year beginning July 1, 1998, the
19 county mental health, mental retardation, and developmental
20 disabilities allowed growth factor adjustment shall be 2.89
21 percent.

22 Sec. 2. Section 331.424A, subsection 4, Code 1997, is
23 amended to read as follows:

24 4. For the fiscal year beginning July 1, 1996, and for
25 each subsequent fiscal year, the county shall certify a levy
26 for payment of services. For each fiscal year, county
27 revenues from taxes imposed by the county credited to the
28 services fund shall not exceed an amount equal to the amount
29 of base year expenditures for services as defined in section
30 331.438, less the amount of property tax relief to be received
31 pursuant to section 426B.2, ~~subsections 1 and 3~~, in the fiscal
32 year for which the budget is certified. The county auditor
33 and the board of supervisors shall reduce the amount of the
34 levy certified for the services fund by the amount of property
35 tax relief to be received. A levy certified under this

1 section is not subject to the appeal provisions of sections
2 331.426 and 444.25B or to any other provision in law
3 authorizing a county to exceed, increase, or appeal a property
4 tax levy limit.

5 Sec. 3. Section 331.438, subsection 2, Code 1997, is
6 amended to read as follows:

7 ~~2.--Except as modified based upon the actual amount of the~~
8 ~~appropriation for purposes of state payment under section~~
9 ~~331.439, the amount of the state payment for a fiscal year~~
10 ~~shall be calculated by applying the inflation factor~~
11 ~~adjustment established in accordance with section 331.439,~~
12 ~~subsection 3, for that fiscal year to the amount of county~~
13 ~~expenditures for qualified services in the previous fiscal~~
14 ~~year.--A state payment is the state funding a county receives~~
15 ~~pursuant to section 426B.2, subsection 2.--Any state funding~~
16 ~~received by a county for property tax relief in accordance~~
17 ~~with section 426B.2, subsections 1 and 3, is not a state~~
18 ~~payment and shall not be included in the state payment~~
19 ~~calculation made pursuant to this subsection.~~

20 2. a. A state payment to a county for a fiscal year shall
21 consist of the sum of the state funding the county is eligible
22 to receive from the property tax relief fund in accordance
23 with section 426B.2 plus the county's portion of state funds
24 appropriated for the allowed growth factor adjustment
25 established by the general assembly under section 331.439,
26 subsection 3.

27 b. A county's portion of the allowed growth factor
28 adjustment appropriation for a fiscal year shall be determined
29 in accordance with the following formula:

30 (1) One-half based upon the county's proportion of the
31 state's general population.

32 (2) One-half based upon the county's proportion of the sum
33 of the following for the fiscal year which commenced two years
34 prior to the beginning date of the fiscal year in which the
35 allowed growth factor adjustment moneys are distributed:

1 (a) The total net expenditure amount for qualified mental
2 health, mental retardation, and developmental disabilities
3 services for all counties as reported pursuant to section
4 331.439, subsection 1, paragraph "a".

5 (b) The total of property tax relief payments distributed
6 to counties in accordance with section 426B.2.

7 c. The department of human services shall provide for
8 payment of the amount due a county for the county's allowed
9 growth factor adjustment determined in accordance with this
10 subsection. The director of human services shall authorize
11 warrants payable to the county treasurer for the amounts due
12 and the warrants shall be mailed in January of each year. The
13 county treasurer shall credit the amount of the warrant to the
14 county's services fund created under section 331.424A.

15 Sec. 4. Section 331.439, subsection 3, Code 1997, is
16 amended to read as follows:

17 3. a. For the fiscal year beginning July 1, 1996, and
18 succeeding fiscal years, the county's mental health, mental
19 retardation, and developmental disabilities service
20 expenditures for a fiscal year are limited to a fixed budget
21 amount. The fixed budget amount shall be the amount
22 identified in the county's management plan and budget for the
23 fiscal year. The county shall be authorized an allowed growth
24 factor adjustment as established by ~~the-general-assembly~~
25 statute for services paid from the county's services fund
26 under section 331.424A which is in accordance with the
27 county's management plan and budget, implemented pursuant to
28 this section. The statute establishing the allowed growth
29 factor adjustment shall establish the adjustment for the
30 fiscal year which commences two years from the beginning date
31 of the fiscal year in progress at the time the statute is
32 enacted.

33 b. Based upon information contained in county management
34 plans and budgets, the state-county management committee shall
35 recommend an allowed growth factor adjustment to the governor

1 by November 15 for the succeeding fiscal year which commences
2 two years from the beginning date of the fiscal year in
3 progress at the time the recommendation is made. The allowed
4 growth factor adjustment shall address costs associated with
5 new consumers of service, service cost inflation, and
6 investments for economy and efficiency. The governor shall
7 consider the committee's recommendation in developing the
8 governor's recommendation for an allowed growth factor
9 adjustment for inclusion-in such fiscal year. The governor's
10 recommendation shall be submitted at the time the governor's
11 proposed budget for the succeeding fiscal year is submitted in
12 accordance with chapter 8.

13 c. The amount of the appropriation required to fund the
14 allowed growth factor adjustment for a fiscal year shall be
15 calculated by applying the adjustment established by statute
16 for that fiscal year to the sum of the following:

17 (1) The total amount of base year expenditures for all
18 counties.

19 (2) The total amount of the appropriations for allowed
20 growth factor adjustments made to all counties in all of the
21 fiscal years prior to that fiscal year.

22 Sec. 5. Section 426B.2, Code 1997, is amended to read as
23 follows:

24 426B.2 PROPERTY TAX RELIEF FUND DISTRIBUTIONS.

25 ~~Moneys-in-the-property-tax-relief-fund-shall-be-utilized-in~~
26 ~~each-fiscal-year-as-follows-in-the-order-listed:~~

27 ~~1. The-first-sixty-one-million-dollars-plus-the-amount~~
28 ~~paid-pursuant-to-subsection-3-in-the-previous-fiscal-year-in~~
29 ~~the-property-tax-relief-fund-shall-be-distributed-to-counties~~
30 ~~under-this-subsection. The moneys in the property tax relief~~
31 ~~fund available to counties for a fiscal year shall be~~
32 ~~distributed as provided in this section. A county's~~
33 ~~proportion of the moneys shall be equivalent to the sum of the~~
34 ~~following three factors:~~

35 a. One-third based upon the county's proportion of the

1 state's general population.

2 b. One-third based upon the county's proportion of the
3 state's total taxable property valuation assessed for taxes
4 payable in the previous fiscal year.

5 c. One-third based upon the county's proportion of all
6 counties' base year expenditures, as defined in section
7 331.438, Code 1995, and reported to the state on October 15,
8 1994.

9 Moneys provided to a county for property tax relief in a
10 fiscal year in accordance with this subsection shall not be
11 less than the amount provided for property tax relief in the
12 previous fiscal year.

13 ~~2. Payment of moneys to eligible counties of the state
14 payment in accordance with the provisions of sections 331.438
15 and 331.439.~~

16 3. 2. For the fiscal year beginning July 1, 1996, and
17 succeeding fiscal years, the department of human services
18 shall estimate the amount of moneys required for the state
19 payment pursuant to subsection 2. Moneys remaining in the
20 property tax relief fund following the payment made pursuant
21 to subsection 1 and the estimated amount of the state payment
22 pursuant to subsection 2 shall be paid for property tax relief
23 in the same manner as provided in subsection 1 to counties
24 eligible for state payment under subsection 2. These payments
25 The distributions under subsection 1 shall continue to be made
26 until the combined amount of the payments distributions made
27 under this subsection and subsection 1 are equal to fifty
28 percent of the total of all counties' base year expenditures
29 as defined in section 331.438. ~~The amount of moneys paid to a~~
30 ~~county pursuant to this subsection shall be added in~~
31 ~~subsequent fiscal years to the amount of moneys paid under~~
32 ~~subsection 1.~~

33 4. Moneys remaining in the property tax relief fund
34 following the payments made pursuant to subsections 1, 2, and
35 3 shall be transferred to the homestead credit fund created in

1 ~~section-425.1.--This-transfer-shall-continue-until-the~~
2 ~~homestead-credit-is-fully-funded.~~

3 5. 3. The department of human services shall notify the
4 director of revenue and finance of the amounts due a county in
5 accordance with the provisions of this section. The director
6 of revenue and finance shall draw warrants on the property tax
7 relief fund, payable to the county treasurer in the amount due
8 to a county in accordance with ~~subsections~~ subsection 1 and-3
9 and mail the warrants to the county auditors in September and
10 March of each year. ~~Warrants-for-the-state-payment-in~~
11 ~~accordance-with-subsection-2-shall-be-mailed-in-January-of~~
12 ~~each-year.~~

13 Sec. 6. Section 426B.3, Code 1997, is amended to read as
14 follows:

15 426B.3 NOTIFICATION OF RELIEF FUND PAYMENT.

16 1. The county auditor shall reduce the certified budget
17 amount received from the board of supervisors for the
18 succeeding fiscal year for the county mental health, mental
19 retardation, and developmental disabilities services fund
20 created in section 331.424A by an amount equal to the amount
21 the county will receive from the property tax relief fund
22 pursuant to section 426B.2, ~~subsections-1-and-3,~~ for the
23 succeeding fiscal year and the auditor shall determine the
24 rate of taxation necessary to raise the reduced amount. On
25 the tax list, the county auditor shall compute the amount of
26 taxes due and payable on each parcel before and after the
27 amount received from the property tax relief fund is used to
28 reduce the county budget. The director of revenue and finance
29 shall notify the county auditor of each county of the amount
30 of moneys the county will receive from the property tax relief
31 fund pursuant to section 426B.2, ~~subsections-1-and-3,~~ for the
32 succeeding fiscal year.

33 2. The amount of property tax dollars reduced on each
34 parcel as a result of the moneys received from the property
35 tax relief fund pursuant to section 426B.2, ~~subsections-1-and~~

1 37 shall be noted on each tax statement prepared by the county
2 treasurer pursuant to section 445.23.

3 Sec. 7. EFFECTIVE DATE. This Act, being deemed of
4 immediate importance, takes effect upon enactment.

5 EXPLANATION

6 This bill relates to the allowed growth factor adjustment
7 for county mental health, mental retardation, and
8 developmental disabilities services.

9 The bill includes appropriations of moneys to the
10 department of human services for fiscal years 1997-1998 and
11 1998-1999 for distribution of allowed growth factor adjustment
12 payments to counties as provided in the bill. The adjustment
13 is for increased costs to provide mental health, mental
14 retardation, and developmental disabilities (MH/MR/DD)
15 services.

16 The bill amends Code sections 331.438 and 331.439 to
17 provide that the allowed growth factor adjustment for counties
18 is to be included in the amount of state payment to counties
19 along with the property tax relief fund payment to counties.
20 Under current law a county cannot receive a state payment
21 unless the county is in compliance with various planning
22 provisions administered by the department of human services
23 under section 331.439. The allowed growth factor
24 appropriation is to be distributed to counties by applying a
25 formula based upon a county's proportion of all counties' net
26 expenditures for MH/MR/DD services and of property tax relief
27 payments to counties, both in the fiscal year which began two
28 years prior to the fiscal year in which the payments are to be
29 distributed. Moneys received by a county from the
30 appropriation are to be deposited in the county's MH/MR/DD
31 services fund.

32 Code section 331.439 is amended to require the
33 recommendations for the allowed growth factor adjustment to be
34 made by the state-county management committee and the governor
35 to apply to the fiscal year which commences two years after

1 the beginning date of the fiscal year in progress at the time
2 of the recommendation. The general assembly is to establish
3 the allowed growth factor adjustment by statute.

4 Code section 331.439 is also amended to describe a method
5 for calculating the amount of the appropriation needed to fund
6 the adjustment amount established in statute by the general
7 assembly.

8 Current law provides for funding of the growth factor from
9 the property tax relief fund in Code chapter 426B. The bill
10 strikes this requirement and instead provides for an
11 appropriation from the general fund of the state. Code
12 chapter 426B also is amended to strike provisions that when
13 payments from the property tax relief fund are equal to 50
14 percent of county base year expenditures for MH/MR/DD
15 services, any remaining moneys will be transferred for payment
16 of the homestead credit.

17 The bill includes conforming amendments to Code sections
18 331.424A and 426B.3.

19 The bill takes effect upon enactment.

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HOUSE FILE 255

S-3082

1 Amend House File 255, as passed by the House, as
 2 follows:
 3 1. By striking page 5, line 33, through page 6,
 4 line 2, and inserting the following:
 5 "~~4~~ 3. Moneys remaining in the property tax relief
 6 fund following the payments distributions made
 7 pursuant to subsections 17 and 2, and 3 shall be
 8 transferred to the homestead credit fund created in
 9 section 425.1. This transfer shall continue until the
 10 homestead credit is fully funded."
 11 2. Page 6, line 3, by striking the figure "3" and
 12 inserting the following: "4".

By TOM VILSACK

(p. 398) *Withdrawn 2/26/97*

S-3082 FILED FEBRUARY 25, 1997

HOUSE FILE 255

S-3083

1 Amend House File 255, as passed by the House, as
 2 follows:
 3 1. Page 1, line 13, by striking the figure
 4 "6,163,211" and inserting the following: "9,596,695".
 5 2. Page 1, line 14, by striking the figure
 6 "12,504,538" and inserting the following:
 7 "19,625,241".
 8 3. Page 1, line 17, by striking the figure "2.89"
 9 and inserting the following: "4.50".
 10 4. Page 1, line 20, by striking the figure "2.89"
 11 and inserting the following: "4.50".

By TOM VILSACK

JOHN KIBBIE

STEVE HANSEN

DON GETTINGS

PATTY JUDGE

EUGENE FRAISE

ROD HALVORSON

DICK DEARDEN

S-3083 FILED FEBRUARY 25, 1997

Lost 2-26-97

(p. 399)

H-1061

1 Amend House File 255 as follows:

2 1. Page 1, line 4, by striking the word

3 "biennium" the following: "period".

4 2. Page 1, line 5, by striking the figure "1997"

5 and inserting the following: "1996".

6 3. Page 1, by inserting after line 12 the

7 following:

8 "1996-97 FY \$ 6,163,211".

9 4. Page 1, by striking lines 15 through 21 and

10 inserting the following:

11 "1. For the purposes of section 331.439,
12 subsection 3, as amended by this Act, the allowed
13 growth factor adjustment for the fiscal years for
14 which appropriations are made in this section shall be
15 the dollar amount specified in the appropriations and
16 the provisions of section 331.439, subsection 3,
17 paragraph "c", shall not apply to the allowed growth
18 factor adjustment for those fiscal years.

19 2. In lieu of the provisions of section 331.438,
20 subsection 2, paragraph "c", as enacted by this Act,
21 requiring authorization of warrants and mailing of the
22 warrants in January, for the allowed growth factor
23 adjustment applicable to the fiscal year beginning
24 July 1, 1996, the director of human services shall
25 authorize the warrants due to counties within 30 days
26 of the effective date of this Act and the warrants
27 shall be mailed within 45 days of the effective date
28 of this Act."

By MYERS of Johnson
OSTERHAUS of Jackson
MURPHY of Dubuque

H-1061 FILED FEBRUARY 19, 1997

Last 2/20/97 (P.381)

HOUSE FILE 255

S-3084

1 Amend House File 255 as passed by the House as
 2 follows:
 3 1. By striking page 3, line 33, through page 4,
 4 line 12, and inserting the following:
 5 "b. ~~Based-upon-information-contained-in-county~~
 6 ~~management-plans-and-budgets,-the-state-county~~
 7 ~~management-committee-shall-recommend-an-allowed-growth~~
 8 ~~factor-adjustment-to-the-governor-by-November-15-for~~
 9 ~~the-succeeding-fiscal-year.~~ The governor shall
 10 recommend to the general assembly an allowed growth
 11 factor adjustment for the fiscal year which commences
 12 two years from the beginning date of the fiscal year
 13 in progress at the time the recommendation is made.
 14 The allowed growth factor adjustment shall address
 15 costs-associated-with-new-consumers-of-service,
 16 service cost inflation,-and-investments-for-economy
 17 and-efficiency. The governor-shall-consider-the
 18 committee's-recommendation-in-developing-the
 19 governor's recommendation for an allowed growth factor
 20 adjustment for-inclusion-in shall be submitted to the
 21 general assembly at the time the governor's proposed
 22 budget for the succeeding fiscal year is submitted in
 23 accordance with chapter 8."

By MARY LUNDBY

S-3084 FILED FEBRUARY 26, 1997

WITHDRAWN

*2/26/97**p. 398*

HOUSE FILE 255

S-3085

1 Amend House File 255, as passed by the House, as
 2 follows:
 3 1. Page 1, line 13, by striking the figure
 4 "6,163,211" and inserting the following:
 5 "21,539,248".
 6 2. Page 1, line 14, by striking the figure
 7 "12,504,538" and inserting the following:
 8 "45,253,960".
 9 3. Page 1, line 17, by striking the figure "2.89"
 10 and inserting the following: "10.1".
 11 4. Page 1, line 20, by striking the figure "2.89"
 12 and inserting the following: "10.1".

By TOM FLYNN

MARY A. LUNDBY

BILL FINK

PATTY JUDGE

ROD HALVORSON

DENNIS J. BLACK

S-3085 FILED FEBRUARY 26, 1997

LOST

*(p. 397)**2/26/97*

HOUSE FILE 255

S-3086

1 Amend House File 255, as passed by the House, as
 2 follows:
 3 1. Page 1, line 13, by striking the figure
 4 "6,163,211" and inserting the following: "7,464,096".
 5 2. Page 1, line 14, by striking the figure
 6 "12,504,538" and inserting the following:
 7 "7,725,339".
 8 3. Page 1, line 17, by striking the figure "2.89"
 9 and inserting the following: "3.50".
 10 4. Page 1, line 20, by striking the figure "2.89"
 11 and inserting the following: "3.50".

By MIKE CONNOLLY

S-3086 FILED FEBRUARY 26, 1997

WITHDRAWN 2-26-97

p. 398

HOUSE FILE 255

S-3088

1 Amend House File 255, as passed by the House, as
 2 follows:
 3 1. Page 1, line 12, by inserting after the word
 4 "Act" the following: ", and for property tax relief
 5 fund distributions".
 6 2. Page 1, line 13, by striking the figure
 7 "6,163,211" and inserting the following:
 8 "32,500,000".
 9 3. Page 1, line 14, by striking the figure
 10 "12,504,538" and inserting the following:
 11 "32,500,000".
 12 4. Page 1, by striking lines 15 through 21 and
 13 inserting the following:
 14 "For the purposes of section 331.439, subsection 3,
 15 as amended by this Act, the allowed growth factor
 16 adjustment to be paid to counties by the department of
 17 human services for the fiscal years for which
 18 appropriations are made in this section shall be
 19 \$21,539,248 and the provisions of section 331.439,
 20 subsection 3, paragraph "c", as enacted by this Act,
 21 shall not apply for those fiscal years. Of the amount
 22 appropriated for each fiscal year in this section,
 23 \$8,786,000 shall be transferred to the property tax
 24 relief fund created in chapter 426B and shall be
 25 distributed to counties for property tax relief as
 26 provided in section 426B.2, as amended by this Act.
 27 It is the intent of the general assembly that the
 28 state appropriations for property tax relief, allowed
 29 growth factor adjustments, and other expenditures for
 30 mental health, mental retardation, and developmental
 31 disabilities services shall be increased over a period
 32 of years until the state is assuming 75 percent of the
 33 cost of the services."

By ROD HALVORSON

S-3088 FILED FEBRUARY 26, 1997

WITHDRAWN 2/26/97

(p. 398)

HOUSE FILE 255

S-3089

- 1 Amend House File 255, as passed by the House, as
2 follows:
3 1. Page 1, line 13, by striking the figure
4 "6,163,211" and inserting the following: "7,464,096".
5 2. Page 1, line 14, by striking the figure
6 "12,504,538" and inserting the following:
7 "15,189,435".
8 3. Page 1, line 17, by striking the figure "2.89"
9 and inserting the following: "3.50".
10 4. Page 1, line 20, by striking the figure "2.89"
11 and inserting the following: "3.50".

By MIKE CONNOLLY

S-3089 FILED FEBRUARY 26, 1997

LOST 2-26-97

(P.400)

Houser, Ch
Arnold
Vande Hoef
Myers
Mertz

HSB 137
LOCAL GOVERNMENT

Succeeded By
HOUSE FILE CF 255
BY (PROPOSED COMMITTEE ON
LOCAL GOVERNMENT BILL
BY CHAIRPERSON VANDE HOEF)

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

A BILL FOR

1 An Act relating to the allowed growth factor adjustment for
2 county mental health, mental retardation, and developmental
3 disabilities services, making appropriations, and providing an
4 effective date.

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

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1 Section 1. COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND
2 DEVELOPMENTAL DISABILITIES ALLOWED GROWTH FACTOR ADJUSTMENT.

3 There is appropriated from the general fund of the state to
4 the department of human services for the fiscal biennium
5 beginning July 1, 1997, and ending June 30, 1999, the
6 following amounts, or so much thereof as is necessary, to be
7 used for the purpose designated:

8 For distribution to counties of the county mental health,
9 mental retardation, and developmental disabilities allowed
10 growth factor adjustment, in accordance with section 331.438,
11 subsection 2, and section 331.439, subsection 3, as amended by
12 this Act:

13 1997-98 FY	\$ 6,163,211
14 1998-99 FY	\$ 12,504,538

15 For the fiscal year beginning July 1, 1997, the county
16 mental health, mental retardation, and developmental
17 disabilities allowed growth factor adjustment shall be 2.89
18 percent, and for the fiscal year beginning July 1, 1998, the
19 county mental health, mental retardation, and developmental
20 disabilities allowed growth factor adjustment shall be 2.89
21 percent.

22 Sec. 2. Section 331.424A, subsection 4, Code 1997, is
23 amended to read as follows:

24 4. For the fiscal year beginning July 1, 1996, and for
25 each subsequent fiscal year, the county shall certify a levy
26 for payment of services. For each fiscal year, county
27 revenues from taxes imposed by the county credited to the
28 services fund shall not exceed an amount equal to the amount
29 of base year expenditures for services as defined in section
30 331.438, less the amount of property tax relief to be received
31 pursuant to section 426B.2, ~~subsections 1 and 3~~, in the fiscal
32 year for which the budget is certified. The county auditor
33 and the board of supervisors shall reduce the amount of the
34 levy certified for the services fund by the amount of property
35 tax relief to be received. A levy certified under this

1 section is not subject to the appeal provisions of sections
2 331.426 and 444.25B or to any other provision in law
3 authorizing a county to exceed, increase, or appeal a property
4 tax levy limit.

5 Sec. 3. Section 331.438, subsection 2, Code 1997, is
6 amended to read as follows:

7 ~~2. -- Except as modified based upon the actual amount of the~~
8 ~~appropriation for purposes of state payment under section~~
9 ~~331.439, the amount of the state payment for a fiscal year~~
10 ~~shall be calculated by applying the inflation factor~~
11 ~~adjustment established in accordance with section 331.439,~~
12 ~~subsection 3, for that fiscal year to the amount of county~~
13 ~~expenditures for qualified services in the previous fiscal~~
14 ~~year. -- A state payment is the state funding a county receives~~
15 ~~pursuant to section 426B.2, subsection 2. -- Any state funding~~
16 ~~received by a county for property tax relief in accordance~~
17 ~~with section 426B.2, subsections 1 and 3, is not a state~~
18 ~~payment and shall not be included in the state payment~~
19 ~~calculation made pursuant to this subsection.~~

20 2. a. A state payment to a county for a fiscal year shall
21 consist of the sum of the state funding the county is eligible
22 to receive from the property tax relief fund in accordance
23 with section 426B.2 plus the county's portion of state funds
24 appropriated for the allowed growth factor adjustment
25 established by the general assembly under section 331.439,
26 subsection 3.

27 b. A county's portion of the allowed growth factor
28 adjustment appropriation for a fiscal year shall be determined
29 in accordance with the following formula:

30 (1) One-half based upon the county's proportion of the
31 state's general population.

32 (2) One-half based upon the county's proportion of the sum
33 of the following for the fiscal year which commenced two years
34 prior to the beginning date of the fiscal year in which the
35 allowed growth factor adjustment moneys are distributed:

1 (a) The total net expenditure amount for qualified mental
2 health, mental retardation, and developmental disabilities
3 services for all counties as reported pursuant to section
4 331.439, subsection 1, paragraph "a".

5 (b) The total of property tax relief payments distributed
6 to counties in accordance with section 426B.2.

7 c. The department of human services shall provide for
8 payment of the amount due a county for the county's allowed
9 growth factor adjustment determined in accordance with this
10 subsection. The director of human services shall authorize
11 warrants payable to the county treasurer for the amounts due
12 and the warrants shall be mailed in January of each year. The
13 county treasurer shall credit the amount of the warrant to the
14 county's services fund created under section 331.424A.

15 Sec. 4. Section 331.439, subsection 3, Code 1997, is
16 amended to read as follows:

17 3. a. For the fiscal year beginning July 1, 1996, and
18 succeeding fiscal years, the county's mental health, mental
19 retardation, and developmental disabilities service
20 expenditures for a fiscal year are limited to a fixed budget
21 amount. The fixed budget amount shall be the amount
22 identified in the county's management plan and budget for the
23 fiscal year. The county shall be authorized an allowed growth
24 factor adjustment as established by ~~the-general-assembly~~
25 statute for services paid from the county's services fund
26 under section 331.424A which is in accordance with the
27 county's management plan and budget, implemented pursuant to
28 this section. The statute establishing the allowed growth
29 factor adjustment shall establish the adjustment for the
30 fiscal year which commences two years from the beginning date
31 of the fiscal year in progress at the time the statute is
32 enacted.

33 b. Based upon information contained in county management
34 plans and budgets, the state-county management committee shall
35 recommend an allowed growth factor adjustment to the governor

1 by November 15 for the succeeding fiscal year which commences
2 two years from the beginning date of the fiscal year in
3 progress at the time the recommendation is made. The allowed
4 growth factor adjustment shall address costs associated with
5 new consumers of service, service cost inflation, and
6 investments for economy and efficiency. The governor shall
7 consider the committee's recommendation in developing the
8 governor's recommendation for an allowed growth factor
9 adjustment for inclusion-in such fiscal year. The governor's
10 recommendation shall be submitted at the time the governor's
11 proposed budget for the succeeding fiscal year is submitted in
12 accordance with chapter 8.

13 c. The amount of the appropriation required to fund the
14 allowed growth factor adjustment for a fiscal year shall be
15 calculated by applying the adjustment established by statute
16 for that fiscal year to the sum of the following:

17 (1) The total amount of base year expenditures for all
18 counties.

19 (2) The total amount of the appropriations for allowed
20 growth factor adjustments made to all counties in all of the
21 fiscal years prior to that fiscal year.

22 Sec. 5. Section 426B.2, Code 1997, is amended to read as
23 follows:

24 426B.2 PROPERTY TAX RELIEF FUND DISTRIBUTIONS.

25 ~~Moneys-in-the-property-tax-relief-fund-shall-be-utilized-in~~
26 ~~each-fiscal-year-as-follows-in-the-order-listed:~~

27 ~~1. The-first-sixty-one-million-dollars-plus-the-amount~~
28 ~~paid-pursuant-to-subsection-3-in-the-previous-fiscal-year-in~~
29 ~~the-property-tax-relief-fund-shall-be-distributed-to-counties~~
30 ~~under-this-subsection. The moneys in the property tax relief~~
31 fund available to counties for a fiscal year shall be
32 distributed as provided in this section. A county's
33 proportion of the moneys shall be equivalent to the sum of the
34 following three factors:

35 a. One-third based upon the county's proportion of the

1 state's general population.

2 b. One-third based upon the county's proportion of the
3 state's total taxable property valuation assessed for taxes
4 payable in the previous fiscal year.

5 c. One-third based upon the county's proportion of all
6 counties' base year expenditures, as defined in section
7 331.438, Code 1995, and reported to the state on October 15,
8 1994.

9 Moneys provided to a county for property tax relief in a
10 fiscal year in accordance with this subsection shall not be
11 less than the amount provided for property tax relief in the
12 previous fiscal year.

13 ~~2. Payment of moneys to eligible counties of the state
14 payment in accordance with the provisions of sections 331.438
15 and 331.439.~~

16 ~~3. 2. For the fiscal year beginning July 1, 1996, and
17 succeeding fiscal years, the department of human services
18 shall estimate the amount of moneys required for the state
19 payment pursuant to subsection 2. Moneys remaining in the
20 property tax relief fund following the payment made pursuant
21 to subsection 1 and the estimated amount of the state payment
22 pursuant to subsection 2 shall be paid for property tax relief
23 in the same manner as provided in subsection 1 to counties
24 eligible for state payment under subsection 2. These payments
25 The distributions under subsection 1 shall continue to be made
26 until the combined amount of the payments distributions made
27 under this subsection and subsection 1 are equal to fifty
28 percent of the total of all counties' base year expenditures
29 as defined in section 331.438. The amount of moneys paid to a
30 county pursuant to this subsection shall be added in
31 subsequent fiscal years to the amount of moneys paid under
32 subsection 1.~~

33 ~~4. Moneys remaining in the property tax relief fund
34 following the payments made pursuant to subsections 1, 2, and
35 3 shall be transferred to the homestead credit fund created in~~

~~1 section-425-1---This-transfer-shall-continue-until-the
2 homestead-credit-is-fully-funded.~~

3 5- 3. The department of human services shall notify the
4 director of revenue and finance of the amounts due a county in
5 accordance with the provisions of this section. The director
6 of revenue and finance shall draw warrants on the property tax
7 relief fund, payable to the county treasurer in the amount due
8 to a county in accordance with subsections subsection 1 and-3
9 and mail the warrants to the county auditors in September and
10 March of each year. ~~Warrants-for-the-state-payment-in
11 accordance-with-subsection-2-shall-be-mailed-in-January-of
12 each-year.~~

13 Sec. 6. Section 426B.3, Code 1997, is amended to read as
14 follows:

15 426B.3 NOTIFICATION OF RELIEF FUND PAYMENT.

16 1. The county auditor shall reduce the certified budget
17 amount received from the board of supervisors for the
18 succeeding fiscal year for the county mental health, mental
19 retardation, and developmental disabilities services fund
20 created in section 331.424A by an amount equal to the amount
21 the county will receive from the property tax relief fund
22 pursuant to section 426B.2, ~~subsections-1-and-3,~~ for the
23 succeeding fiscal year and the auditor shall determine the
24 rate of taxation necessary to raise the reduced amount. On
25 the tax list, the county auditor shall compute the amount of
26 taxes due and payable on each parcel before and after the
27 amount received from the property tax relief fund is used to
28 reduce the county budget. The director of revenue and finance
29 shall notify the county auditor of each county of the amount
30 of moneys the county will receive from the property tax relief
31 fund pursuant to section 426B.2, ~~subsections-1-and-3,~~ for the
32 succeeding fiscal year.

33 2. The amount of property tax dollars reduced on each
34 parcel as a result of the moneys received from the property
35 tax relief fund pursuant to section 426B.2, ~~subsections-1-and~~

1 37 shall be noted on each tax statement prepared by the county
2 treasurer pursuant to section 445.23.

3 Sec. 7. EFFECTIVE DATE. This Act, being deemed of
4 immediate importance, takes effect upon enactment.

5 EXPLANATION

6 This bill relates to the allowed growth factor adjustment
7 for county mental health, mental retardation, and
8 developmental disabilities services.

9 The bill includes appropriations of moneys to the
10 department of human services for fiscal years 1997-1998 and
11 1998-1999 for distribution of allowed growth factor adjustment
12 payments to counties as provided in the bill. The adjustment
13 is for increased costs to provide mental health, mental
14 retardation, and developmental disabilities (MH/MR/DD)
15 services.

16 The bill amends Code sections 331.438 and 331.439 to
17 provide that the allowed growth factor adjustment for counties
18 is to be included in the amount of state payment to counties
19 along with the property tax relief fund payment to counties.
20 Under current law a county cannot receive a state payment
21 unless the county is in compliance with various planning
22 provisions administered by the department of human services
23 under section 331.439. The allowed growth factor
24 appropriation is to be distributed to counties by applying a
25 formula based upon a county's proportion of all counties' net
26 expenditures for MH/MR/DD services and of property tax relief
27 payments to counties, both in the fiscal year which began two
28 years prior to the fiscal year in which the payments are to be
29 distributed. Moneys received by a county from the
30 appropriation are to be deposited in the county's MH/MR/DD
31 services fund.

32 Code section 331.439 is amended to require the
33 recommendations for the allowed growth factor adjustment to be
34 made by the state-county management committee and the governor
35 to apply to the fiscal year which commences two years after

1 the beginning date of the fiscal year in progress at the time
2 of the recommendation. The general assembly is to establish
3 the allowed growth factor adjustment by statute.

4 Code section 331.439 is also amended to describe a method
5 for calculating the amount of the appropriation needed to fund
6 the adjustment amount established in statute by the general
7 assembly.

8 Current law provides for funding of the growth factor from
9 the property tax relief fund in Code chapter 426B. The bill
10 strikes this requirement and instead provides for an
11 appropriation from the general fund of the state. Code
12 chapter 426B also is amended to strike provisions that when
13 payments from the property tax relief fund are equal to 50
14 percent of county base year expenditures for MH/MR/DD
15 services, any remaining moneys will be transferred for payment
16 of the homestead credit.

17 The bill includes conforming amendments to Code sections
18 331.424A and 426B.3.

19 The bill takes effect upon enactment.

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HOUSE FILE 255

AN ACT

RELATING TO THE ALLOWED GROWTH FACTOR ADJUSTMENT FOR COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES SERVICES, MAKING APPROPRIATIONS, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. COUNTY MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES ALLOWED GROWTH FACTOR ADJUSTMENT. There is appropriated from the general fund of the state to the department of human services for the fiscal biennium beginning July 1, 1997, and ending June 30, 1999, the following amounts, 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, in accordance with section 331.438, subsection 2, and section 331.439, subsection 3, as amended by this Act:
1997-98 FY \$ 6,163,211
1998-99 FY \$ 12,504,538

For the fiscal year beginning July 1, 1997, the county mental health, mental retardation, and developmental disabilities allowed growth factor adjustment shall be 2.89 percent, and for the fiscal year beginning July 1, 1998, the county mental health, mental retardation, and developmental disabilities allowed growth factor adjustment shall be 2.89 percent.

Sec. 2. Section 331.424A, subsection 4, Code 1997, is amended to read as follows:

4. For the fiscal year beginning July 1, 1996, and for each subsequent fiscal year, the county shall certify a levy for payment of services. For each fiscal year, county revenues from taxes imposed by the county credited to the services fund shall not exceed an amount equal to the amount of base year expenditures for services as defined in section 331.438, less the amount of property tax relief to be received pursuant to section 426B.2, subsections 1 and 3, in the fiscal year for which the budget is certified. The county auditor and the board of supervisors shall reduce the amount of the levy certified for the services fund by the amount of property tax relief to be received. A levy certified under this section is not subject to the appeal provisions of sections 331.426 and 444.25B or to any other provision in law authorizing a county to exceed, increase, or appeal a property tax levy limit.

Sec. 3. Section 331.438, subsection 2, Code 1997, is amended to read as follows:

~~2. Except as modified based upon the actual amount of the appropriation for purposes of state payment under section 331.439, the amount of the state payment for a fiscal year shall be calculated by applying the inflation factor adjustment established in accordance with section 331.439, subsection 3, for that fiscal year to the amount of county expenditures for qualified services in the previous fiscal year. A state payment is the state funding a county receives pursuant to section 426B.2, subsection 2. Any state funding received by a county for property tax relief in accordance with section 426B.2, subsections 1 and 3, is not a state payment and shall not be included in the state payment calculation made pursuant to this subsection.~~

2. a. A state payment to a county for a fiscal year shall consist of the sum of the state funding the county is eligible to receive from the property tax relief fund in accordance with section 426B.2 plus the county's portion of state funds appropriated for the allowed growth factor adjustment

established by the general assembly under section 331.439, subsection 3.

b. A county's portion of the allowed growth factor adjustment appropriation for a fiscal year shall be determined in accordance with the following formula:

(1) One-half based upon the county's proportion of the state's general population.

(2) One-half based upon the county's proportion of the sum of the following for the fiscal year which commenced two years prior to the beginning date of the fiscal year in which the allowed growth factor adjustment moneys are distributed:

(a) The total net expenditure amount for qualified mental health, mental retardation, and developmental disabilities services for all counties as reported pursuant to section 331.439, subsection 1, paragraph "a".

(b) The total of property tax relief payments distributed to counties in accordance with section 426B.2.

c. The department of human services shall provide for payment of the amount due a county for the county's allowed growth factor adjustment determined in accordance with this subsection. The director of human services shall authorize warrants payable to the county treasurer for the amounts due and the warrants shall be mailed in January of each year. The county treasurer shall credit the amount of the warrant to the county's services fund created under section 331.424A.

Sec. 4. Section 331.439, subsection 3, Code 1997, is amended to read as follows:

3. a. For the fiscal year beginning July 1, 1996, and succeeding fiscal years, the county's mental health, mental retardation, and developmental disabilities service expenditures for a fiscal year are limited to a fixed budget amount. The fixed budget amount shall be the amount identified in the county's management plan and budget for the fiscal year. The county shall be authorized an allowed growth factor adjustment as established by ~~the general assembly~~ statute for services paid from the county's services fund

under section 331.424A which is in accordance with the county's management plan and budget, implemented pursuant to this section. The statute establishing the allowed growth factor adjustment shall establish the adjustment for the fiscal year which commences two years from the beginning date of the fiscal year in progress at the time the statute is enacted.

b. Based upon information contained in county management plans and budgets, the state-county management committee shall recommend an allowed growth factor adjustment to the governor by November 15 for the ~~succeeding~~ succeeding fiscal year which commences two years from the beginning date of the fiscal year in progress at the time the recommendation is made. The allowed growth factor adjustment shall address costs associated with new consumers of service, service cost inflation, and investments for economy and efficiency. The governor shall consider the committee's recommendation in developing the governor's recommendation for an allowed growth factor adjustment for ~~inclusion in such fiscal year.~~ The governor's recommendation shall be submitted at the time the governor's proposed budget for the succeeding fiscal year is submitted in accordance with chapter 8.

c. The amount of the appropriation required to fund the allowed growth factor adjustment for a fiscal year shall be calculated by applying the adjustment established by statute for that fiscal year to the sum of the following:

(1) The total amount of base year expenditures for all counties.

(2) The total amount of the appropriations for allowed growth factor adjustments made to all counties in all of the fiscal years prior to that fiscal year.

Sec. 5. Section 426B.2, Code 1997, is amended to read as follows:

426B.2 PROPERTY TAX RELIEF FUND DISTRIBUTIONS.

~~Moneys in the property tax relief fund shall be utilized in each fiscal year as follows in the order listed:~~

1. ~~The first sixty-one million dollars plus the amount paid pursuant to subsection 3 in the previous fiscal year in the property tax relief fund shall be distributed to counties under this subsection. The moneys in the property tax relief fund available to counties for a fiscal year shall be distributed as provided in this section.~~ A county's proportion of the moneys shall be equivalent to the sum of the following three factors:

a. One-third based upon the county's proportion of the state's general population.

b. One-third based upon the county's proportion of the state's total taxable property valuation assessed for taxes payable in the previous fiscal year.

c. One-third based upon the county's proportion of all counties' base year expenditures, as defined in section 331.4387 Code 1995, and reported to the state on October 15, 1994.

Moneys provided to a county for property tax relief in a fiscal year in accordance with this subsection shall not be less than the amount provided for property tax relief in the previous fiscal year.

~~2. Payment of moneys to eligible counties of the state payment in accordance with the provisions of sections 331.438 and 331.439.~~

~~3. 2. For the fiscal year beginning July 1, 1996, and succeeding fiscal years, the department of human services shall estimate the amount of moneys required for the state payment pursuant to subsection 2. Moneys remaining in the property tax relief fund following the payment made pursuant to subsection 1 and the estimated amount of the state payment pursuant to subsection 2 shall be paid for property tax relief in the same manner as provided in subsection 1 to counties eligible for state payment under subsection 2. These payments The distributions under subsection 1 shall continue to be made until the combined amount of the payments distributions made under ~~this subsection and subsection 1~~ are equal to fifty~~

percent of the total of all counties' base year expenditures as defined in section 331.438. ~~The amount of moneys paid to a county pursuant to this subsection shall be added in subsequent fiscal years to the amount of moneys paid under subsection 1.~~

~~4. Moneys remaining in the property tax relief fund following the payments made pursuant to subsections 1, 2, and 3 shall be transferred to the homestead credit fund created in section 425.1. This transfer shall continue until the homestead credit is fully funded.~~

5. 3. The department of human services shall notify the director of revenue and finance of the amounts due a county in accordance with the provisions of this section. The director of revenue and finance shall draw warrants on the property tax relief fund, payable to the county treasurer in the amount due to a county in accordance with subsections subsection 1 and 3 and mail the warrants to the county auditors in September and March of each year. ~~Warrants for the state payment in accordance with subsection 2 shall be mailed in January of each year.~~

Sec. 6. Section 426B.3, Code 1997, is amended to read as follows:

426B.3 NOTIFICATION OF RELIEF FUND PAYMENT.

1. The county auditor shall reduce the certified budget amount received from the board of supervisors for the succeeding fiscal year for the county mental health, mental retardation, and developmental disabilities services fund created in section 331.424A by an amount equal to the amount the county will receive from the property tax relief fund pursuant to section 426B.2, subsections 1 and 3, for the succeeding fiscal year and the auditor shall determine the rate of taxation necessary to raise the reduced amount. On the tax list, the county auditor shall compute the amount of taxes due and payable on each parcel before and after the amount received from the property tax relief fund is used to reduce the county budget. The director of revenue and finance

shall notify the county auditor of each county of the amount of moneys the county will receive from the property tax relief fund pursuant to section 426B.2, ~~subsections 1 and 3~~ for the succeeding fiscal year.

2. The amount of property tax dollars reduced on each parcel as a result of the moneys received from the property tax relief fund pursuant to section 426B.2, ~~subsections 1 and 3~~ shall be noted on each tax statement prepared by the county treasurer pursuant to section 445.23.

Sec. 7. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

RON J. CORBETT
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 255, Seventy-seventh General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved February 27, 1997

TERRY E. BRANSTAD
Governor