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LOCAL GOVERNMENT
WITHDRAWN
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HOUSE FILE 523
BY CARROLL

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

A BILL FOR

1 An Act relating to the funding pools in the property tax relief
2 fund for county mental health and developmental disabilities
3 services expenditures and providing effective and
4 applicability dates.

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

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HF 523

1 Section 1. Section 426B.5, subsection 1, paragraphs b, c,
2 and d, Code 2001, are amended to read as follows:

3 b. A statewide per capita expenditure target amount is
4 established. The statewide per capita expenditure target
5 amount shall be equal to the seventy-fifth one-hundredth
6 percentile of all county per capita expenditures in the fiscal
7 year beginning July 1, 1997, and ending June 30, 1998.

8 ~~Only a county levying the maximum amount allowed for~~
9 ~~the county's mental health, mental retardation, and~~
10 ~~developmental disabilities services fund under section~~
11 ~~331.424A is eligible to receive moneys from the per capita~~
12 ~~expenditure target pool for a fiscal year. Moneys available~~
13 ~~in the pool for a fiscal year shall be distributed to those~~
14 ~~eligible counties whose per capita expenditure in the latest~~
15 ~~fiscal year for which the actual expenditure information is~~
16 ~~available is less than the statewide per capita expenditure~~
17 ~~target amount. Moneys available in the per capita expenditure~~
18 pool for a fiscal year shall be distributed to those counties
19 who meet all of the following eligibility requirements:

20 (1) The county is levying the maximum amount allowed for
21 the county's mental health, mental retardation, and
22 developmental disabilities services fund under section
23 331.424A.

24 (2) The county's per capita expenditure in the latest
25 fiscal year for which the actual expenditure information is
26 available is equal to or less than the statewide per capita
27 expenditure target amount.

28 (3) In the previous fiscal year, the county's mental
29 health, mental retardation, and developmental disabilities
30 services fund ending balance under generally accepted
31 accounting principles was equal to or less than thirty-five
32 percent of the county's projected expenditures for that fiscal
33 year.

34 (4) The county is in compliance with the filing date
35 requirements under section 331.403.

1 d. The distribution amount a county receives from the
2 moneys available in the pool shall be determined based upon
3 the county's proportion of the general population of the
4 counties eligible to receive moneys from the pool for that
5 fiscal year. However, a county shall not receive moneys in
6 excess of the amount which would cause the county's per capita
7 expenditure to ~~equal~~ exceed the statewide per capita
8 expenditure target. Moneys credited to the per capita
9 expenditure target pool which remain unobligated or unexpended
10 at the close of a fiscal year shall remain in the pool for
11 distribution in the succeeding fiscal year.

12 Sec. 2. Section 426B.5, subsection 2, Code 2001, is
13 amended by striking the subsection.

14 Sec. 3. Section 426B.5, subsection 3, Code 2001, is
15 amended by adding the following new paragraph before paragraph
16 a and relettering the subsequent paragraphs:

17 NEW PARAGRAPH. 0a. For the purposes of this subsection,
18 unless the context otherwise requires:

19 (1) "Net expenditure amount" means a county's gross
20 expenditures from the services fund for a fiscal year as
21 adjusted by subtracting all services fund revenues for that
22 fiscal year that are received from a source other than
23 property taxes, as calculated on a modified accrual basis.

24 (2) "Services fund" means a county's mental health, mental
25 retardation, and developmental disabilities services fund
26 created in section 331.424A.

27 Sec. 4. Section 426B.5, subsection 3, paragraph c,
28 subparagraphs (1), (2), and (4), Code 2001, are amended to
29 read as follows:

30 (1) A county must apply to the board for assistance from
31 the risk pool on or before April 1 to cover an unanticipated
32 ~~cost~~ net expenditure amount in excess of the county's current
33 fiscal year ~~budget~~ budgeted net expenditure amount for the
34 county's ~~mental-health, mental-retardation, and developmental~~
35 ~~disabilities~~ services fund. For purposes of applying for risk

1 pool assistance and for repaying unused risk pool assistance,
2 the current fiscal year ~~budget~~ budgeted net expenditure amount
3 shall be deemed to be the higher of either the ~~budget~~ budgeted
4 net expenditure amount in the management plan approved under
5 section 331.439 for the fiscal year in which the application
6 is made or the prior fiscal year's ~~gross-expenditures-from-the~~
7 ~~services-fund~~ net expenditure amount.

8 (2) Basic eligibility for risk pool assistance shall
9 require a projected need net expenditure amount in excess of
10 the sum of one hundred five percent of the county's current
11 fiscal year ~~budget~~ budgeted net expenditure amount and any
12 amount of the county's prior fiscal year ending fund balance
13 in excess of twenty-five percent of the county's gross
14 expenditures from the services fund in the prior fiscal year.
15 However, if a county's services fund ending balance in the
16 previous fiscal year was less than ten percent of the amount
17 of the county's gross expenditures from the services fund for
18 that fiscal year and the county has a projected net
19 expenditure amount for the current fiscal year that is in
20 excess of one hundred one percent of the budgeted net
21 expenditure amount for the current fiscal year, the county
22 shall be considered to have met the basic eligibility
23 requirement and is qualified for risk pool assistance.

24 (4) A county receiving risk pool assistance in a fiscal
25 year in which the county did not levy the maximum amount
26 allowed for the county's ~~mental-health, mental-retardation,~~
27 ~~and-developmental-disabilities~~ services fund under section
28 331.424A shall be required to repay the risk pool assistance
29 during the two succeeding fiscal years. The repayment amount
30 shall be limited to the amount by which the actual amount
31 levied was less than the maximum amount allowed, with at least
32 fifty percent due in the first succeeding fiscal year and the
33 remainder due in the second succeeding fiscal year.

34 Sec. 5. Section 426B.5, subsection 3, Code 2001, is
35 amended by adding the following new paragraph:

1 NEW PARAGRAPH. f. On or before March 1 and September 1 of
2 each fiscal year, the department of human services shall
3 provide the risk pool board with a report of the financial
4 condition of each funding source administered by the board.
5 The report shall include but is not limited to an itemization
6 of the funding source's balances, types and amount of revenues
7 credited, and payees and payment amounts for the expenditures
8 made from the funding source during the reporting period.

9 Sec. 6. 2000 Iowa Acts, chapter 1232, section 1,
10 subsection 2, unnumbered paragraph 1, is amended to read as
11 follows:

12 For deposit in the per capita expenditure target pool
13 created in the property tax relief fund pursuant to section
14 426B.5, subsection 1:

15 \$ ~~10,492,712~~
16 12,492,712

17 Sec. 7. 2000 Iowa Acts, chapter 1232, section 1,
18 subsection 3, is amended to read as follows:

19 3. For deposit in the incentive and efficiency pool
20 created in the property tax relief fund pursuant to section
21 426B.5, subsection 2:

22 \$ ~~2,700,000~~
23 0

24 Sec. 8. EFFECTIVE DATE AND UNOBLIGATED MONEYS BUDGET
25 CERTIFICATION.

26 1. The following sections of this Act, being deemed of
27 immediate importance, take effect upon enactment:

28 a. The sections of this Act amending Code section 426B.5,
29 subsections 2 and 3, which are applicable to fiscal years
30 beginning on or after July 1, 2001.

31 b. The sections of this Act amending 2000 Iowa Acts,
32 chapter 1232.

33 c. This section.

34 2. Any moneys in the incentive and efficiency pool created
35 in section 426B.5, subsection 2, that remain unencumbered or

1 unobligated at the close of the fiscal year beginning July 1,
2 2000, shall be credited to the appropriation and allocation
3 for the per capita expenditure target pool for distribution to
4 counties for fiscal year 2001-2002 made in 2000 Iowa Acts,
5 chapter 1232, section 1, subsection 2.

6 3. If this Act is enacted on or after March 1, 2001, and a
7 county projects that the appropriation changes for the
8 incentive and efficiency and per capita expenditure target
9 pools in this Act would result in a significant shortfall in
10 the county's mental health, mental retardation, and
11 developmental disabilities services fund budget, the county
12 board of supervisors may request that the state appeals board
13 modify the county's certified budget. The request must be
14 submitted to the state appeals board within thirty days of the
15 effective date of this section. The state appeals board may
16 accept or reject the request in whole or in part and the
17 decision is final. If a budget modification is approved, the
18 department of management shall make the necessary changes in
19 the services fund budget and certify the modified budget back
20 to the county board of supervisors and the county auditor.
21 The county auditor shall adjust the levy rates for the
22 services fund as necessary to implement the modified budget.
23 All county budget modifications requested in accordance with
24 this subsection shall be accepted or rejected within sixty
25 days of the effective date of this Act.

26 EXPLANATION

27 This bill makes changes in the statutory provisions for
28 funding pools within the property tax relief fund used to make
29 payments to counties for mental health and developmental
30 disabilities (MH/DD) services expenditures and in allocations
31 to the funding pools made in appropriations for fiscal year
32 2001-2002.

33 Effective beginning with fiscal year 2001-2002, Code
34 section 426B.5, subsection 1, is amended to change the
35 statewide per capita expenditure target amount for county

1 MH/DD services from the 75th percentile of all county per
2 capita expenditures in fiscal year 1997-1998 to the 100th
3 percentile. The target amount is used in a formula to
4 distribute moneys to counties that have a per capita
5 expenditure amount for MH/DD services that is equal to or less
6 than the target amount. The moneys are distributed from the
7 per capita expenditure target pool created within the property
8 tax relief fund for this purpose. The bill strikes and
9 rewrites the eligibility requirements for the per capita
10 expenditure target pool, codifying two new eligibility
11 requirements that were in session law for fiscal year 2001-
12 2002: the county must have an ending fund balance in the
13 previous fiscal year that is equal to or less than 35 percent
14 of the county's projected expenditures for the fiscal year and
15 the county must submit its financial report for the previous
16 fiscal year by December 1 and meet other financial reporting
17 requirements. The bill rewrites but retains other existing
18 eligibility requirements except that the bill would allow
19 eligibility for those counties whose per capita expenditures
20 are equal to or less than the statewide per capita expenditure
21 target. Current law requires the per capita expenditures to
22 be less than the statewide target.

23 The bill also repeals the incentive and efficiency pool in
24 the property tax relief fund by striking Code section 426B.5,
25 subsection 2.

26 Code section 426B.5, subsection 3, relating to the risk
27 pool within the property tax relief fund, is amended. The
28 bill defines the term "net expenditure amount" for use in
29 calculating a county's eligibility status and amount of
30 assistance that may be provided from the risk pool. The bill
31 also authorizes risk pool eligibility for a county that
32 carried forward a low percentage ending balance amount from
33 the prior fiscal year and has projected that net expenditures
34 for the current fiscal year will be in excess of 101 percent
35 of the net amount budgeted.

1 Under current law, a county accessing risk pool assistance
2 that did not levy the maximum amount authorized by law is
3 required to repay the assistance over the next two fiscal
4 years. The bill requires at least 50 percent to be repaid
5 during the first succeeding fiscal year and the remainder to
6 be repaid in the second succeeding fiscal year.

7 The bill requires the department of human services to
8 report financial information annually by March 1 and September
9 1 to the risk pool board concerning the funding sources the
10 board oversees.

11 The bill amends allocations made among the funding pools
12 from the fiscal year 2001-2002 appropriation for distribution
13 to counties of the county mental health, mental retardation,
14 and developmental disabilities services allowed growth factor
15 adjustment. With the bill's elimination of the statutory
16 provision which created the incentive and efficiency pool, the
17 bill also eliminates the fiscal year 2001-2002 allocation to
18 that pool and reallocates the moneys to the statewide per
19 capita expenditure target pool or for distribution with the
20 general allowed growth moneys.

21 The portions of the bill amending the risk pool Code
22 provisions and the fiscal year 2001-2002 allocations take
23 effect upon enactment. The bill also provides, effective upon
24 enactment, that any moneys remaining unexpended in the
25 incentive and efficiency pool at the close of fiscal year
26 2000-2001 are to be distributed in the succeeding fiscal year
27 based upon each county's proportion of the state's general
28 population along with the other funds appropriated for
29 distribution by that formula.

30 In the event the bill is enacted after March 1, 2001, if a
31 county projects that the changes in the funding pools will
32 result in a significant shortfall in the county's MH/DD
33 services fund, the county board of supervisors may request
34 that the state appeals board make a modification in the
35 county's certified budget. The request must be submitted

1 within 30 days of the bill provision's effective date and the
2 board may accept or reject the request in whole or in part.
3 If a modification is approved, the budget is to be changed by
4 the department of management and the budget is to be certified
5 to the county board and auditor. The review and decision are
6 to be completed within 60 days of the bill provision's
7 effective date.

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