Senate Study Bill 1331

SENATE/HOUSE FILE ______
BY (PROPOSED GOVERNOR'S
BUDGET BILL)

Passed Senate, Date ____________ Passed House, Date _____________
Vote: Ayes ______ Nays ________ Vote: Ayes ______ Nays ________
Approved ____________________________

A BILL FOR

An Act relating to state financial matters, providing for properly related matters, and providing effective and applicability date provisions.
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
TLSB 1700XG 83
tm/mg:jp/5

DIVISION I
FUND TRANSFERS

Section 1. BUDGET PROCESS FOR FISCAL YEAR 2010=2011.

1. For the budget process applicable to the fiscal year beginning July 1, 2010, on or before October 1, 2009, in lieu of the information specified in section 8.23, subsection 1, unnumbered paragraph 1, and paragraph "a", all departments and establishments of the government shall transmit to the director of the department of management, on blanks to be furnished by the director, estimates of their expenditure requirements, including every proposed expenditure, for the ensuing fiscal year, together with supporting data and explanations as called for by the director of the department of management after consultation with the legislative services agency.

2. The estimates of expenditure requirements shall be in a form specified by the director of the department of management, and the expenditure requirements shall include all proposed expenditures and shall be prioritized by program or the results to be achieved. The estimates shall be accompanied by performance measures for evaluating the effectiveness of the programs or results.

Sec. 2. LIMITATION OF STANDING APPROPRIATIONS. Notwithstanding the standing appropriations in the following designated sections for the fiscal year beginning July 1, 2009, and ending June 30, 2010, the amounts appropriated from the general fund of the state pursuant to these sections for the following designated purposes shall not exceed the following amounts:

1. For the state's share of the cost of the peace officers' retirement benefits under section 411.20:
.... $ 2,528,798

2. For the world food prize award under section 15.368:
.... $ 920,975

3. For the Iowa power fund under section 469.10, subsection 1:
.... $ 23,024,375

Sec. 3. CASH RESERVE FUND APPROPRIATION FOR FISCAL YEAR 2009=2010. Notwithstanding section 8.56, subsection 4, there is appropriated from the cash reserve fund to the general fund of the state for the fiscal year beginning July 1, 2009, and ending June 30, 2010, the following amount:
.... $200,000,000

Sec. 4. CASH RESERVE FUND STANDING APPROPRIATION FOR FISCAL YEAR 2009=2010 == TRANSFER. For the fiscal year beginning July 1, 2009, and ending June 30, 2010, the appropriation to the cash reserve fund provided in section 8.57, subsection 1, paragraph "a", shall not be made. However, any surplus in the general fund of the state for the fiscal year beginning July 1, 2009, and ending June 30, 2010, shall be transferred to the cash reserve fund as provided in section 8.57, subsection 1, paragraph "b".

Sec. 5. FEDERAL ECONOMIC STIMULUS AND JOBS HOLDING FUND.

For the fiscal year beginning July 1, 2009, and ending June 30, 2010, there is transferred from the federal economic stimulus and jobs holding fund established in 2004 Iowa Acts, First Extraordinary Session, chapter 1002, section 2, subsection 2 to the general fund of the state the following amount:
.... $ 10,000,000

Sec. 6. PROPERTY TAX CREDIT FUND == PAYMENTS IN LIEU OF GENERAL FUND REIMBURSEMENT.

1. a. There is appropriated from the general fund of the state to the property tax credit fund which shall be created in the office of the treasurer of state for the fiscal year beginning July 1, 2009, and ending June 30, 2010, the sum of $106,173,400, to be used for the purposes of this section.

b. Notwithstanding section 8.33, the surplus existing in the property tax credit fund created pursuant to 2008 Iowa Acts, chapter 1191, section 5, at the conclusion of the fiscal year beginning July 1, 2008, and ending June 30, 2009, is transferred to the property tax credit fund created in paragraph "a".

2. Notwithstanding the amount of the standing appropriation from the general fund of the state in the following designated sections and notwithstanding any conflicting provisions or voting requirements of section 8.56, there is appropriated from the property tax credit fund in lieu of the appropriations in the following designated sections for the fiscal year beginning July 1, 2009, and ending June 30, 2010, the following amounts for the following designated purposes:

a. For reimbursement for the homestead property tax credit under section 425.1:
.... $ 49,348,103

b. For reimbursement for the agricultural land and family farm tax credits under sections 425A.1 and 426.1:
.... $ 34,610,183

c. For reimbursement for the military service tax credit under section 426A.1A:
.... $ 2,800,000

d. For implementing the elderly and disabled tax credit and reimbursement pursuant to sections 425.16 through 425.40:
.... $ 23,204,000

3. If the director of revenue determines that the amount of claims for credit for property taxes due pursuant to subsection 2, paragraphs "a", "b", "c", and "d", plus the amount of claims for reimbursement for rent constituting property taxes paid which are to be paid during the fiscal year may exceed the total amount appropriated, the director shall estimate the percentage of the credits and reimbursements which will be funded by the appropriation. The county treasurer shall notify the director of the amount of property tax credits claimed by June 8, 2009. The director shall estimate the percentage of the property tax credits and rent reimbursement claims that will be funded by the appropriation and notify the county treasurer of the percentage estimate by June 15, 2009. The estimated percentage shall be used in computing for each claim the amount of property tax credit and reimbursement for rent constituting property taxes paid for that fiscal year. If the director overestimates the percentage of funding, claims for reimbursement for rent constituting property taxes paid shall be paid until they can no longer be paid at the estimated percentage of funding. Rent reimbursement claims filed after that point in time shall receive priority and shall be paid in the following fiscal year.

4. Notwithstanding the amount of the standing appropriations from the general fund of the state from the designated sections listed in subsection 2, unless otherwise provided by law, for the fiscal year beginning July 1, 2010, and ending June 30, 2011, the amounts of such standing appropriations shall be the same as provided in subsection 2.

Sec. 7. There is appropriated from the rebuild Iowa infrastructure fund for the fiscal year beginning July 1, 2009, and ending June 30, 2010, to the department of transportation for deposit in the railroad revolving loan and grant fund created in section 327H.20A, notwithstanding section 8.57, subsection 6, paragraph "c":
.... $ 3,000,000

Sec. 8. Section 12E.3A, subsection 2, as enacted in 2008 Iowa Acts, chapter 1186, section 12, is amended to read as follows:

2. Any net proceeds from the sale of taxable bonds or

tax=exempt bonds issued to provide funds for the purposes stated in section 12.65, Code 2007, and as reaffirmed and reenacted in subsection 1 shall continue to be used for such purposes, including but not limited to any such proceeds deposited in the endowment for Iowa's health account or transferred or otherwise credited to the ~~general fund of the state~~ rebuild Iowa infrastructure fund established in section 8.57.

Sec. 9. 2004 Iowa Acts, First Extraordinary Session, chapter 1002, section 2, subsection 1, paragraphs b, d, e, and g, are amended to read as follows:

b. (1) To the department of economic development for financial assistance and incentives to businesses under programs currently existing which are administered by the department:

.... $ ~~61,045,652~~ 55,295,652

(2) Of the amount appropriated in subparagraph (1), $36,915,343 shall be expended pursuant to contracts or approved projects or activities validated in this division of this Act.

(3) In addition to the amount appropriated in subparagraph (1), $700,000 of any interest or earnings on moneys in the fund created in subsection 2 which are credited to the fund shall be appropriated to the department for the purposes specified in subparagraph (1).

d. (1) For deposit in the loan and credit guarantee fund created in section 15E.227:

.... $ ~~5,728,402~~ 3,091,250

(2) Of the amount appropriated in subparagraph (1), $1,785 shall be expended pursuant to contracts or approved projects or activities validated in this division of this Act.

e. To the department of economic development for financial assistance for institutions of higher learning under the control of the board of regents and for accredited private institutions pursuant to contracts or approved projects or activities validated in this division of this Act:

.... $ ~~10,058,162~~ 9,315,162

g. To the department of economic development for deposit into the workforce training and economic development funds of the community colleges created in section 260C.18A for purposes of the job retention program pursuant to section 260F.9:

.... $ ~~1,000,000~~ 0

Sec. 10. TOBACCO SETTLEMENT TRUST FUND == TRANSFER. Notwithstanding section 12E.12, subsection 1, paragraph "b", subparagraph (3), any moneys deposited in the endowment for Iowa's health account of the tobacco settlement trust fund during the fiscal year beginning July 1, 2008, and ending June 30, 2009, are transferred to the general fund of the state.

Sec. 11. EFFECTIVE DATE.

1. The section of this division of this Act creating the property tax credit fund, being deemed of immediate importance, takes effect upon enactment.

2. The section of this division of this Act transferring moneys from the endowment for Iowa's health account of the tobacco trust fund to the state general fund, being deemed of immediate importance, takes effect upon enactment.

DIVISION II

TAX CREDITS

Sec. 12. NEW SECTION. 15.119 LIMITATION ON TAX CREDIT AWARDS.

1. In the fiscal year beginning July 1, 2009, and each fiscal year thereafter, notwithstanding sections 15.326 through 15.336, 15.393, 15E.191 through 15E.197, 260E.5, 403.19A, 422.11E, and 422.33, subsection 9, the department, in conjunction with the department of revenue, shall not award more than one hundred ninety=seven million dollars in tax credits during a fiscal year in aggregate under the following programs:

a. High quality job creation program provided in sections 15.326 through 15.336.

b. Film, television, and video project promotion program established in section 15.393.

c. Enterprise zone program provided in sections 15E.191 through 15E.197.

d. Industrial new jobs training credit from withholding provided in section 260E.5.

e. Targeted jobs withholding tax credit provided in section 403.19A.

f. Assistive device tax credit provided in section 422.11E and section 422.33, subsection 9.

2. The department shall establish the procedure for allocating the one hundred ninety=seven million dollars of tax credit awards for a fiscal year.

3. By August 15 of each year, the department shall submit a report to the department of revenue regarding the allocation of tax credits awarded during the previous fiscal year.

Sec. 13. Section 15.335A, subsection 1, paragraph a, subparagraph (1), subparagraph division (c), Code 2009, is amended to read as follows:

(c) At least five hundred thousand dollars, then the tax incentives are the investment tax credit of up to one percent, and the sales tax refund~~, and the additional research and development tax credit~~.

Sec. 14. Section 15.335A, subsection 1, paragraph a, subparagraph (2), subparagraph division (c), Code 2009, is amended to read as follows:

(c) At least five hundred thousand dollars, then the tax incentives are the investment tax credit of up to two percent, and the sales tax refund~~, and the additional research and development tax credit~~.

Sec. 15. Section 15.335A, subsection 1, paragraph a, subparagraph (3), subparagraph division (c), Code 2009, is amended to read as follows:

(c) At least five hundred thousand dollars, then the tax incentives are the investment tax credit of up to three percent, and the sales tax refund~~, and the additional research and development tax credit~~.

Sec. 16. Section 15.335A, subsection 1, paragraph a, subparagraph (4), subparagraph division (c), Code 2009, is amended to read as follows:

(c) At least five hundred thousand dollars, then the tax incentives are the investment tax credit of up to four percent, and the sales tax refund~~, and the additional research and development tax credit~~.

Sec. 17. Section 15.335A, subsection 1, paragraph a, subparagraph (5), subparagraph division (c), Code 2009, is amended to read as follows:

(c) At least five hundred thousand dollars, then the tax incentives are the investment tax credit of up to five percent, and the sales tax refund~~, and the additional research and development tax credit~~.

Sec. 18. Section 15.335A, subsection 1, paragraph b, Code 2009, is amended to read as follows:

b. In lieu of paragraph "a", the number of new high quality jobs created with an annual wage, including benefits, equal to or greater than one hundred sixty percent of the average county wage is one of the following:

(1) The number of jobs is twenty=one but not more than thirty and the amount of the qualifying investment is at least ten million dollars, then the tax incentives are the local property tax exemption, the investment tax credit of up to six percent, and the sales tax refund~~, and the additional research and development tax credit~~.

(2) The number of jobs is thirty=one but not more than forty and the amount of the qualifying investment is at least ten million dollars, then the tax incentives are the local property tax exemption, the investment tax credit of up to seven percent, and the sales tax refund~~, and the additional research and development tax credit~~.

(3) The number of jobs is forty=one but not more than fifty and the amount of the qualifying investment is at least ten million dollars, then the tax incentives are the local property tax exemption, the investment tax credit of up to eight percent, and the sales tax refund~~, and the additional research and development tax credit~~.

(4) The number of jobs is fifty=one but not more than sixty and the amount of the qualifying investment is at least ten million dollars, then the tax incentives are the local property tax exemption, the investment tax credit of up to nine percent, and the sales tax refund~~, and the additional research and development tax credit~~.

(5) The number of jobs is at least sixty=one and the amount of the qualifying investment is at least ten million dollars, then the tax incentives are the local property tax exemption, the investment tax credit of up to ten percent, and the sales tax refund~~, and the additional research and development tax credit~~.

Sec. 19. Section 15.335A, subsection 2, paragraph a, Code 2009, is amended by striking the paragraph.

Sec. 20. Section 15A.9, subsection 8, Code 2009, is amended by striking the subsection.

Sec. 21. Section 15E.192, subsection 3, Code 2009, is amended to read as follows:

3. A city may create an economic development enterprise zone as authorized in this division, subject to certification by the department of economic development, by designating up to four square miles of the city for that purpose. In order for an enterprise zone to be certified pursuant to this subsection, an enterprise zone shall meet the distress criteria provided in section 15E.194, subsection 3. Section 15E.194, subsection 2, shall not apply to an enterprise zone certified pursuant to this subsection. For the fiscal period beginning July 1, 2007, and ending June 30, 2010, each fiscal year a cumulative total of not more than twenty=five million dollars worth of incentives and assistance under section 15E.196, subsections 1, 2, 3, ~~4,~~ and 6, shall be awarded to eligible businesses that apply to an enterprise zone commission for incentives and assistance during that fiscal year and that are located in an enterprise zone certified pursuant to this subsection. For purposes of this subsection and section 15E.194, subsection 3, "city" means a city that includes at least three census tracts, as determined in the most recent federal census.

Sec. 22. Section 15E.196, subsection 4, Code 2009, is amended by striking the subsection.

Sec. 23. Section 175.37, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 10. In the fiscal year beginning July 1, 2009, and each fiscal year thereafter, the total amount of tax credit certificates that may be issued during a fiscal year shall not exceed three million dollars.

Sec. 24. Section 422.10, subsection 5, Code 2009, is amended by striking the subsection.

Sec. 25. Section 422.33, subsection 5, paragraphs f and g, Code 2009, are amended by striking the paragraphs.

Sec. 26. Sections 15.335, 422.120, 422.121, and 422.122, Code 2009, are repealed.

Sec. 27. EFFECTIVE AND APPLICABILITY DATES.

1. The repeal of sections 422.120, 422.121, and 422.122, being of immediate importance, takes effect upon enactment and applies retroactively to November 1, 2008, for refund claims filed on or after that date.

2. The sections of this division of this Act amending sections 15.335A, 15A.9, 15E.192, 15E.196, 422.10, and 422.33, and the repeal of section 15.335, apply to contracts entered into on or after July 1, 2009.

DIVISION III

STATUTORY CHANGES

Sec. 28. Section 28.7, subsection 2, paragraph a, Code 2009, is amended to read as follows:

a. Designate one or more committees ~~for oversight of grant moneys awarded~~ to advise the community empowerment area board. Committees of the board shall not have decision=making authority.

Sec. 29. Section 99D.28, subsection 1, Code 2009, is amended to read as follows:

1. A licensee or a person acting on behalf of a licensee shall be provided electronic access to the names of the persons indebted to a claimant agency pursuant to the process established pursuant to section 99D.7, subsection 23. The electronic access provided by the claimant agency shall include access to the names of the debtors, their social security numbers, and any other information that assists the licensee in identifying the debtors. If the name of a debtor provided to the licensee through electronic access is retrieved by the licensee ~~and the winnings are equal to or greater than ten thousand dollars per occurrence~~, the retrieval of such a name shall constitute a valid lien upon and claim of lien against the winnings of the debtor whose name is electronically retrieved from the claimant agency. If a debtor's winnings ~~are equal to or greater than ten thousand dollars per occurrence~~ meet the minimum level for state income tax withholding pursuant to section 422.16, subsection 1, paragraph "d", the full amount of the debt shall be collectible from any winnings due the debtor without regard to limitations on the amounts that may be collectible in increments through setoff or other proceedings.

Sec. 30. Section 99F.19, subsection 1, Code 2009, is amended to read as follows:

1. A licensee or a person acting on behalf of a licensee shall be provided electronic access to the names of the persons indebted to a claimant agency pursuant to the process established pursuant to section 99F.4, subsection 26. The electronic access provided by the claimant agency shall include access to the names of the debtors, their social security numbers, and any other information that assists the licensee in identifying the debtors. If the name of a debtor provided to the licensee through electronic access is retrieved by the licensee ~~and the winnings are equal to or greater than ten thousand dollars per occurrence~~, the retrieval of such a name shall constitute a valid lien upon and claim of lien against the winnings of the debtor whose name is electronically retrieved from the claimant agency. If a debtor's winnings ~~are equal to or greater than ten thousand dollars per occurrence~~ meet the minimum level for state income tax withholding pursuant to section 422.16, subsection 1, paragraph "d", the full amount of the debt shall be collectible from any winnings due the debtor without regard to limitations on the amounts that may be collectible in increments through setoff or other proceedings.

DIVISION IV

MISCELLANEOUS PROVISIONS

Sec. 31. 2008 Iowa Acts, chapter 1179, section 15, subsection 4, paragraph b, is amended to read as follows:

b. To the public broadcasting division for the purchase and installation of generators at transmitter sites:

.... $ 1,602,437

Notwithstanding section 8.57C or any other provision to the contrary, $210,477 of the amount appropriated in this paragraph "b" is allocated for general operations of the public broadcasting division.

Sec. 32. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES. The section of this division of this Act amending 2008 Iowa Acts, chapter 1179, being deemed of immediate importance, takes effect upon enactment, and is retroactively applicable to July 1, 2008.

EXPLANATION

This bill relates to state financial matters and is organized into divisions.

FUND TRANSFERS. This division addresses fund transfers and other budgetary matters.

For the budget process applicable to FY 2010=2011, state agencies are required to submit estimates and other expenditure information as called for by the director of the department of management after consultation with the director of management instead of the information required under Code section 8.23.

The division limits the standing unlimited appropriation for FY 2009=2010 for the state share of peace officers' retirement benefits. The division limits the standing limited appropriation to the department of economic development for the world food prize. The division limits the codified appropriation for the Iowa power fund.

The division appropriates $200 million from the cash reserve fund to the general fund of the state for FY 2009=2010.

The contingent appropriation under Code section 8.5, subsection 1, of up to 1 percent of the adjusted revenue estimate for FY 2009=2010 from the general fund of the state to the cash reserve fund in the event the FY 2008=2009 ending balance distribution was insufficient to bring the fund to the designated level shall not be made for FY 2009=2010.

The division transfers $10 million from the federal economic stimulus and jobs holding fund to the general fund of the state for FY 2009=2010.

The division reduces appropriations made in 2004 from the federal economic stimulus and jobs holding fund to the department of economic development.

The division appropriates moneys from the rebuild Iowa infrastructure fund to the department of transportation for FY 2009=2010 for deposit in the railroad revolving loan and grant fund.

Currently, proceeds from bonds issued to provide moneys for purposes of the healthy Iowans tobacco trust may be deposited in the endowment for Iowa's health account or transferred to the general fund of the state. The division changes the option for the general fund of the state to the rebuild Iowa infrastructure fund.

For FY 2009=2010, the following property tax credits are funded from the property tax credit fund created in the division instead of entirely funded from the general fund of the state: homestead, agricultural land and family farm, military service, and elderly and disabled tax credit and reimbursement. The provision provides that such appropriations are also limited to the same amounts for FY 2010=2011. This section takes effect upon enactment.

The division transfers moneys deposited in the endowment for Iowa's health account of the tobacco settlement trust fund during FY 2008=2009 to the general fund of the state. This provision takes effect upon enactment.

TAX CREDITS. This division of the bill limits the amount of tax credits the department of economic development may issue in a fiscal year to $197 million from the following programs and tax credits: the high quality job creation program, the film, television, and video project promotion program, the enterprise zone program, the industrial new jobs training credit from withholding, the targeted jobs withholding tax credit, and the assistive device tax credit. The limitation begins in FY 2009=2010.

The division eliminates the additional research and development tax credit under the high quality job creation Act as it applies to contracts entered into on or after July 1, 2009.

The division eliminates the corporate tax research credit in Code section 15A.9, subsection 8, as it applies to contracts entered into on or after July 1, 2009.

The division eliminates the research activities tax credit under the enterprise zone program as it applies to contracts entered into on or after July 1, 2009.

The division limits the amount of agricultural assets transfer tax credit certificates that may be issued during a fiscal year to $3 million. The limitation begins in FY 2009=2010.

The division eliminates the livestock production tax credit. The bill eliminates a standing limited appropriation for refunds of the livestock production tax credit. These provisions take effect upon enactment and apply retroactively to November 1, 2008, for refund claims filed on or after that date.

STATUTORY CHANGES. This division provides various statutory changes.

The amendment to Code section 28.7 provides that community empowerment area boards may designate one or more committees to advise the community empowerment area board. The division provides that such committees shall not have decision=making authority. Currently, committees may be designated for oversight of grant moneys awarded to the community empowerment area.

The division changes the setoff provisions for gambling winnings under Code chapters 99D and 99F. The division provides that the retrieval of a debtor's name from a claimant agency creates a lien on the debtor's winnings. Currently, the debtor must also have winnings that are equal to or greater than $10,000 for a lien to be created. The division also reduces the winnings threshold for a debt to be collectible through setoff or other proceedings from winnings that are equal to or greater than $10,000 to winnings that meet the minimum level for state income tax withholding for winnings which presently is $1,000.

MISCELLANEOUS PROVISIONS. This division of the bill allocates moneys appropriated in 2008 Iowa Acts, chapter 1179, from the technology reinvestment fund to the public broadcasting division of the department of education for FY 2008=2009 to the division for general operations purposes. The appropriation from which the moneys are allocated are appropriated for the purchase and installation of generators at transmitter sites. This provision takes effect upon enactment.

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