

Standing Appropriations Bill Senate File 533

Conference Committee Report

Last Action:

**Conference
Committee**

June 28, 2011

Executive Summary Only

An Act relating to state and local finances by providing for funding of property tax credits and reimbursements, by making and adjusting appropriations, providing for salaries and compensation of state employees, providing for matters relating to tax credits, providing for fees and penalties, providing for legal responsibilities, and providing for properly related matters, and including effective date and retroactive and other applicability provisions.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available on line at <http://www.legis.iowa.gov/LSAReports/noba.aspx>

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Funding Summary: Amendment H-1752 to Senate File 533, as proposed by the Conference Committee, decreases FY 2012 standing appropriations by a net total of \$251.2 million compared to current law for FY 2012 (from \$3,013.8 million to \$2,762.6 million). The Amendment also decreases FY 2013 standing appropriations by a net total of \$128.1 million compared to current law for FY 2013 (from \$3,028.9 million to \$2,900.8 million). The Bill also makes an FY 2011 General Fund supplemental appropriation of \$3.0 million. **See the attached tracking document for funding totals and difference comparisons for individual budget unit items for FY 2012 and FY 2013.**

Language Summary:

NOTE: This language summary represents major language provisions and should not be considered an all-inclusive comprehensive listing.

The Conference Committee agreed to include the following provisions in Senate Amendment H-1752 to S.F. 533 as follows:

Bonus Pay: The Conference Committee recommends prohibiting bonus pay in FY 2012 and FY 2013 as specified for employees of the Board of Regents unless the bonus is paid from sources other than appropriations.

State Trooper Meal Allowance: The Conference Committee recommends specifying the per diem meal allowance for State Troopers in FY 2012 only.

Corrective Provisions: The Conference Committee recommends corrective Sections determined to be necessary by the LSA due to identification of Bill sections enacted since the previous House and Senate action.

Farmers with Disabilities: The Conference Committee recommends General Fund appropriations for this program in FY 2012 and FY 2013, with FY 2013 funding at 50.0% of the FY 2012 level.

Additional FTE Positions for DIA: The Conference Committee recommends authorizing the Investigations Division of the Department of Inspections and Appeals (DIA) to add no more than 2.0 FTE positions to the extent funded by the Department of Human Services for provisions specified in SF 313 (IowaCare Revisions Bill).

Recalculation of Teacher Salary and Professional Development Supplements: The Conference Committee recommends requiring the DOM to recalculate teacher salary supplement and professional development supplement per pupil amounts for area education agencies and school districts that are ending teacher contractual agreements for instruction provided by AEAs to school districts for a special education instructional program where the teachers were employed by the AEAs on behalf of the school districts.

Liability Limits for Certain Railroad Companies: The Conference Committee recommends requiring a railroad company that alters its facilities pursuant to a written agreement with Iowa City to construct a flood mitigation project to receive certain limitations on liability.

Membership Changes for the Iowa Law Enforcement Academy: The Conference Committee recommends increasing the voting members of the Iowa Law Enforcement Academy by two members, taking the total membership from 13 voting members to 15, with the addition of a member of a county conservation board and a DNR conservation peace officer.

Municipal Utility Archeological Survey: The Conference Committee recommends specifying that the State Historic Preservation Officer may only recommend that a municipal utility conduct an archeological site survey of a proposed route for the construction of electric distribution and transmission facilities when the Officer has determined that a historic property is likely to exist within the proposed route.

Membership Changes for the Watershed Planning Advisory Council: The Conference Committee recommends adding three additional members to the Watershed Planning Advisory Council; one member from the Agribusiness Association of Iowa, one from the Iowa Floodplain and Stormwater Management Association, and one from the Iowa Rivers Revival.

Construction Contract Definition Changes: The Conference Committee recommends removing highways, roads, bridges, tunnels, transportation facilities, and airports from the definition of construction contract as specified in S.F. 396 (Construction Indemnity Agreements Act).

State Fair Board: The Conference Committee recommends changing the Iowa State Fair Board membership specifying that the Treasurer of the Board be chosen from the elected Board members rather than being a nonvoting member that receives compensation for the services. Repeals Code Section 173.12 related to the salary for the Treasurer.

Controlled Substances (salvia and bath salts): The Conference Committee recommends requiring the Department of Public Safety to establish a Controlled Substance Collection and Disposal Program for 30 days for the collection of bath salts and salvia divinorum from persons in possession of the substances and retailers. Criminal penalties do not apply for 30 days after enactment. This provision is effective on enactment. The fiscal impact is expected to be minimal.

Certain Revolving Funds: The Conference Committee recommends allowing the DPS and the Department of Inspections and Appeals to increase their billings to the gaming industry to fund salary increases in FY 2012 and FY 2013 for employees that are funded from the Gaming Enforcement Revolving Fund and the Gaming Regulatory Revolving Fund. The Senate version does not include this language, and as a result, requires the salary increases from these two Revolving Funds to be funded from the amounts appropriated by the General Assembly.

Biofuel Tax Credit: The Conference Committee recommends amending a section of SF 531 (Biofuel Tax Credit Expansion Act of 2011) and directs that in determining if gallons of biodiesel qualify for the Biodiesel Blended Fuel Tax Credit, the Department of Revenue must take into account reasonable variances due to testing and other limitations.

Disaster-related Personal Casualty Loss Deductions: The Conference Committee recommends coupling retroactively with the federal Heartland Disaster Relief Act of 2008. This allows taxpayers to deduct additional disaster losses from Iowa income tax if the losses meet qualifications under federal tax law. It is estimated that this will reduce General Fund revenue by \$4.7 million in FY 2012. Taxpayers are allowed to take advantage of the Iowa law changes on tax year 2011 tax returns in lieu of filing amended returns for the impacted tax years.

Class A Felonies – Juveniles: The Conference Committee recommends specifying that a person serving a life sentence for an offense committed while under age 18 may be eligible for parole after serving a minimum term of confinement of at least 25 years. Offenders are not eligible for parole consideration if the offense that resulted in the life sentence was First Degree Murder.

Conditional Effective Dates: The Conference Committee recommends providing conditional effective dates for legislation already enacted but not yet approved by the Governor, including S.F. 508, S.F. 511, S.F. 525, and S.F. 148.

Vision Screening Program: The Conference Committee recommends making an FY 2012 General Fund appropriation of \$100,000 to the DPH to provide a grant to a national affiliated volunteer eye organization for a Vision Screening Program.

Group Home Grant: The Conference Committee recommends making a \$100,000 FY 2012 General Fund appropriation to the Iowa Finance Authority for the Hills and Dales Child Development Center in Dubuque for the remodeling costs of a four-bed group home.

Child Abuse Iowa Task Force: The Conference Committee recommends requiring Prevent Child Abuse Iowa to convene a task force to provide recommendations to the Governor and the General Assembly by January 16, 2012, for the prevention of sexual abuse of children.

Preschool Formula Weighting: The Conference Committee recommends reducing the preschool formula weighting from 0.6 to 0.5 beginning in FY 2012. The agreement establishes session law that prohibits school districts from using more than 5.0% of preschool formula funding for administration of the Program.

Regular Program and Categorical State Percent of Growth: The Conference Committee recommends the following related to percent of growth for school aid provisions:

- FY 2012
 - Although not specifically addressed in the Bill, the FY 2012 allowable growth rates for school aid and the State categorical supplements will default to 0.0%.
 - An additional AEA reduction of \$20.0 million.
 - The State General Fund amount totals \$2.624 billion, an increase of approximately \$178.3 million compared to the State General Fund amount for estimated FY 2011. This includes \$2.250 billion for regular school aid, \$315.7 million for the State categorical supplements, and \$58.4 million for preschool formula funding.
 - School aid property taxes are estimated to total \$1.314 billion, an increase of \$65.0 million compared to estimated FY 2011.
- FY 2013
 - A 2.0% allowable growth rate for regular school aid and the State categorical supplements.
 - An additional AEA reduction of \$10.0 million.
 - The State General Fund amount totals \$2.713 billion, an increase of approximately \$88.9 million compared to the State General Fund amount for the agreement for FY 2012. This includes \$2.327 billion for regular school aid, \$321.5 million for the State categorical supplements, and \$64.5 million for preschool formula funding.
 - School aid property taxes are estimated to total \$1.321 billion, an increase of \$6.9 million compared to the agreement for FY 2012.

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Mental Health Allowed Growth for FY 2014: The Conference Committee recommends specifying that FY 2014 mental health allowed growth will be set by the 2013 General Assembly.

Midwest Passenger Rail Compact: The Conference Committee recommends repealing the Code Chapter relating to the enactment of the Midwest Interstate Passenger Rail Compact. The statute stipulates that withdrawal from the Compact will take effect one year after the effective date of any statute that repeals the enactment of the Compact. The statute also stipulates that the withdrawing state will be liable for any obligations that it may have incurred prior to the effective date of the withdrawal.

Federal Tax Changes: The Conference Committee recommends coupling retroactively with two federal tax changes. The changes relate to teacher expense and to qualified higher education expense. These provisions total \$4.9 million in net General Fund revenue reductions for FY 2012.

Housing Development – Tax Status: The Conference Committee recommends adding five years of preferential property tax treatment for all housing property that was platted (subdivided into individual lots) between January 1, 2004, and December 31, 2010, and remains without permanent construction. The change is first effective for taxes payable in FY 2014 and is not retroactive to previous tax years. The Conference Committee also extends the preferential property tax treatment timeframe to all future subdivided housing property from the current maximum of three and five years to a consistent five-year timeframe. Local governments are permitted to extend the timeframe an additional five years. In addition, the Conference Committee language allows counties to adopt an ordinance to extend the preferential tax treatment for all or a portion of the subdivided property for an additional five years. With Board of Supervisor approval, a city council may also extend for five years the preferential tax treatment for property within the city’s borders, as long as the Board of Supervisors has not provided a five year extension for that same property.

FISCAL IMPACT: This change will reduce property taxes owed on property subdivided for housing purposes that remains without permanent construction. This action will reduce local government property tax revenue and increase State School Aid appropriations, beginning FY 2014. The projected fiscal impact is shown in the following table.

Housing Subdivision Timeline Change Fiscal Impact					
In Millions of Dollars					
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Local Government Revenue Reduction	\$ 16.4	\$ 16.0	\$ 16.2	\$ 5.3	\$ 3.7
State School Aid Appropriation Increase	\$ 3.0	\$ 3.0	\$ 3.0	\$ 1.0	\$ 0.7
Property Tax Reduction	\$ 19.4	\$ 19.0	\$ 19.2	\$ 6.3	\$ 4.4

School Tuition Organization Tax Credits: The Conference Committee recommends increasing the cap for the school tuition organization tax credit from \$7.5 million to \$8.75 million beginning with tax year 2012. The agreement specifies that the increase is only applicable if the

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school aid allowable growth rates and the State categorical allowable growth rate are established at 2.0% for FY 2013 by the 2011 General Assembly.

FISCAL IMPACT: Increasing the cap from \$7.5 million to \$8.75 million will reduce net General Fund revenue by \$0.9 million in FY 2013, and \$1.25 million in future fiscal years and is contingent on school aid allowable growth rates established at 2.0% for FY 2013.

Contract Services: The Conference Committee recommends continuing a provision from S.F. 2088 (Government Reorganization and Efficiency Act) relating to contract services and training. The Committee does not recommend codifying this provision.

Government Purchasing: The Conference Committee recommends continuing a provision from S.F. 2088 relating to State government purchasing efforts by the DAS. The Committee does not recommend codifying this provision.

Government Technology Services: The Conference Committee recommends continuing a requirement in S.F. 2088 that the DAS consult with and explore technology services to the Judicial and Legislative Branches of government. The Committee does not recommend codifying this provision.

Electronic Renewal Provisions: The Conference Committee recommends continuing a requirement in S.F. 2088 that State agencies utilize electronic means for renewal notices for licenses and permits. The Committee does not recommend codifying this provision.

LEAN Provisions: The Conference Committee recommends continuing a requirement in S.F. 2088 that State agencies budget and plan to conduct LEAN events and share resources for staff and training. The Committee does not recommend codifying this provision.

Review of Fees: The Conference Committee recommends continuing a requirement in S.F. 2088 that the Joint Appropriations Subcommittees of the General Assembly examine and review fees charged by State agencies. The Committee does not recommend codifying this provision.

Hiring Process: The Conference Committee recommends continuing a requirement in S.F. 2088 that the DAS streamline the hiring process for State agencies. The Committee does not recommend codifying this provision.

Tobacco Retail Compliance Checks: The Conference Committee recommends limiting the number of tobacco retail compliance checks that the Alcoholic Beverages Division can perform in FY 2012 to one check per retail outlet and one follow-up check for those that are not compliant during the first check. The Committee does not recommend codifying this provision.

Payroll System: The Conference Committee recommends continuing a requirement in S.F. 2088 that the DAS examine the possibility of merging payroll systems. The Committee does not recommend codifying this provision.

	Current Law FY 2012 (1)	Senate FY 2012 (2)	House FY 2012 (3)	House vs Senate (4)	Conference Comm Agreement FY 2012 (5)
<u>Agriculture and Land Stewardship</u>					
Farmers with Disabilities	\$ 0	\$ 97,000	\$ 97,000	\$ 0	\$ 97,000
<u>Iowa Finance Authority</u>					
Hills and Dales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,000
<u>Cultural Affairs, Dept. of</u>					
County Endowment Funding	\$ 520,000	\$ 416,702	\$ 416,702	\$ 0	\$ 416,702
<u>Economic Development, Dept. of</u>					
Tourism Marketing	\$ 1,104,000	\$ 810,306	\$ 810,306	\$ 0	\$ 810,306
<u>Education, Dept. of</u>					
Child Development	\$ 12,606,196	\$ 10,728,891	\$ 8,504,258	\$ -2,224,633	\$ 10,728,891
Instructional Support	14,800,000	0	0	0	0
School Foundation Aid	2,655,800,000	2,655,800,000	2,655,800,000	0	2,655,800,000
AEA School Aid Reduction	0	-20,000,000	-20,000,000	0	-20,000,000
Allowable Growth Increase	0	0	0	0	0
Preschool Reduction (SF 533)	0	-11,600,000	-34,945,000	-23,345,000	-11,600,000
<i>Subtotal</i>	<u>2,655,800,000</u>	<u>2,624,200,000</u>	<u>2,600,855,000</u>	<u>-23,345,000</u>	<u>2,624,200,000</u>
Nonpublic School Trans	9,660,931	7,060,931	7,060,931	0	7,060,931
Sac and Fox Education	0	100,000	100,000	0	100,000
Total Education, Dept. of	<u>\$ 2,692,867,127</u>	<u>\$ 2,642,089,822</u>	<u>\$ 2,616,520,189</u>	<u>\$ -25,569,633</u>	<u>\$ 2,642,089,822</u>
<u>Executive Council</u>					
Performance Of Duty	\$ 38,712,105	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Health, Dept. of</u>					
Congenital Disorders Registry	\$ 232,500	\$ 171,121	\$ 171,121	\$ 0	\$ 171,121
Vision Screening	0	100,000	0	-100,000	100,000
Total Public Health, Dept. of	<u>\$ 232,500</u>	<u>\$ 271,121</u>	<u>\$ 171,121</u>	<u>\$ -100,000</u>	<u>\$ 271,121</u>
<u>Human Services, Dept. of</u>					
Child Abuse Prevention	\$ 232,500	\$ 217,772	\$ 217,772	\$ 0	\$ 217,772
<u>Revenue, Dept. of</u>					
Ag Land Tax Credit - GF	\$ 39,100,000	\$ 32,395,131	\$ 32,395,131	\$ 0	\$ 32,395,131
Homestead Tax Credit Aid - GF	135,000,000	86,188,387	86,188,387	0	86,188,387
Tobacco Reporting	25,000	18,416	18,416	0	18,416
Total Revenue, Dept. of	<u>\$ 174,125,000</u>	<u>\$ 118,601,934</u>	<u>\$ 118,601,934</u>	<u>\$ 0</u>	<u>\$ 118,601,934</u>
<u>Treasurer of State</u>					
Health Care Trust Fund Transfer	\$ 106,016,400	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	<u>\$ 3,013,809,632</u>	<u>\$ 2,762,504,657</u>	<u>\$ 2,736,835,024</u>	<u>\$ -25,669,633</u>	<u>\$ 2,762,604,657</u>

	Current Law FY 2013 (1)	Senate FY 2013 (2)	House FY 2013 (3)	House vs Senate (4)	Conference Comm Agreement FY 2013 (5)
<u>Agriculture and Land Stewardship</u>					
Farmers with Disabilities	\$ 0	\$ 0	\$ 82,450	\$ 82,450	\$ 48,500
<u>Cultural Affairs, Dept. of</u>					
County Endowment Funding	\$ 520,000	\$ 208,351	\$ 416,702	\$ 208,351	\$ 208,351
<u>Economic Development, Dept. of</u>					
Tourism Marketing	\$ 1,104,000	\$ 405,153	\$ 810,306	\$ 405,153	\$ 405,153
<u>Education, Dept. of</u>					
Child Development	\$ 12,606,196	\$ 10,728,891	\$ 10,804,258	\$ 75,367	\$ 5,364,446
Instructional Support	14,800,000	0	0	0	0
School Foundation Aid	2,670,500,000	2,670,500,000	2,670,500,000	0	2,670,500,000
AEA School Aid Reduction	0	0	-20,000,000	-20,000,000	-10,000,000
Allowable Growth Increase	0	96,400,000	64,200,000	-32,200,000	64,200,000
Preschool Reduction (SF 533)	0	-10,800,000	-37,200,000	-26,400,000	-11,400,000
<i>Subtotal</i>	<u>2,670,500,000</u>	<u>2,756,100,000</u>	<u>2,677,500,000</u>	<u>-78,600,000</u>	<u>2,713,300,000</u>
Plat Law Prop Tax - School Aid	0	0	1,500,000	1,500,000	0
Nonpublic School Trans	9,660,931	3,530,465	7,060,931	3,530,466	7,060,931
Sac and Fox Education	0	100,000	50,000	-50,000	100,000
Total Education, Dept. of	<u>\$ 2,707,567,127</u>	<u>\$ 2,770,459,356</u>	<u>\$ 2,696,915,189</u>	<u>\$ -73,544,167</u>	<u>\$ 2,725,825,377</u>
<u>Executive Council</u>					
Performance Of Duty	\$ 39,128,857	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Health, Dept. of</u>					
Congenital Disorders Registry	\$ 232,500	\$ 85,560	\$ 171,121	\$ 85,561	\$ 85,560
Vision Screening	0	0	0	0	0
Total Public Health, Dept. of	<u>\$ 232,500</u>	<u>\$ 85,560</u>	<u>\$ 171,121</u>	<u>\$ 85,561</u>	<u>\$ 85,560</u>
<u>Human Services, Dept. of</u>					
Child Abuse Prevention	\$ 232,500	\$ 108,886	\$ 217,772	\$ 108,886	\$ 108,886
<u>Revenue, Dept. of</u>					
Ag Land Tax Credit - GF	\$ 39,100,000	\$ 32,395,131	\$ 39,100,000	\$ 6,704,869	\$ 39,100,000
Homestead Tax Credit Aid - GF	135,000,000	86,188,387	135,000,000	48,811,613	135,000,000
Tobacco Reporting	25,000	9,208	18,416	9,208	9,208
Commercial Property Tax	0	50,000,000	0	-50,000,000	0
Total Revenue, Dept. of	<u>\$ 174,125,000</u>	<u>\$ 168,592,726</u>	<u>\$ 174,118,416</u>	<u>\$ 5,525,690</u>	<u>\$ 174,109,208</u>
<u>Treasurer of State</u>					
Health Care Trust Fund Transfer	\$ 106,016,400	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	<u>\$ 3,028,926,384</u>	<u>\$ 2,939,860,032</u>	<u>\$ 2,872,731,956</u>	<u>\$ -67,128,076</u>	<u>\$ 2,900,791,035</u>