

Standing Appropriations Bill Senate File 452

Conference Committee Report

An Act relating to state and local finances by making appropriations, providing for fees, providing for legal responsibilities, providing for certain employee benefits, 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: Within current statute, there are \$2,988.1 million in General Fund standing appropriations estimated for FY 2014 and \$2,991.0 million for FY 2015. The Conference Committee Report on SF 452 makes various adjustments to current law standing appropriations as well as providing appropriations for new programs and projects. The net impact on General Fund appropriations is as follows:

- **FY 2014:** Provides a net decrease in appropriations of \$6.7 million.
- **FY 2015:** Provides a net decrease in appropriations of \$11.7 million.

The attached spreadsheet shows the appropriations provided in SF 452 as well as the standing appropriations being adjusted by the Bill.

Language Summary

The following language is included in the Senate amendment, but not in the House amendment:

- **State Budget Data:** Requires State agencies to submit FY 2015 budget information to the DOM and include all proposed expenditures, supporting data, and explanations.
- **FTE Positions Authorized:** Authorizes 3.0 FTE positions for the Governor's Office and 1.0 FTE position for the Department of Management compared to the number of FTE positions authorized in HF 603 (Administration and Regulation Appropriations Bill).
- **DHS Reimbursable Training Costs:** Directs the Department of Human Services to adopt administrative rules to clarify that the cost of staff training incurred by providers of home and community-based services under Medicaid is reimbursable as a direct cost.
- **Administrative Rules Review:** Requires the Administrative Rules Review Committee to consider the scope, impact, and long-term consequences of legislation requiring delegations of authority to state agencies to be construed narrowly. Requires the Committee to submit a report of findings to the Speaker of the House and the Majority Leader of the Senate by January, 13, 2015.
- **Electronic Election Register:** Allows county election commissioners to use an electronic election register to produce the voter declaration that is required for voting purposes.
- **Nonreversion of Prior Year Appropriations:** Extends the date that funds may be expended from the Conservation Reserve Enhancement Program (CREP) appropriations to the close of FY 2017. This provision applies to appropriations for FY 2009 to FY 2015.
- **Health Care Facilities Annual Assessment Fee:** Establishes an annual assessment fee for licensed health care facilities for the purpose of covering the cost of contested citation reviews conducted by the Department of Inspections and Appeals.
- **Electronic Death Certificates:** Requires all individuals with a duty related to death certification to use an electronic death record system when one is activated.
- **Human Rights Board:** Makes changes to the Human Rights Board to clarify that a quorum is determined by a majority of the voting members present and any substantive action requires the affirmative vote of two-thirds of the voting members that are present.
- **Area Agencies on Aging:** Provides clarification that the Department on Aging designate area agencies on aging, rather than participating entities, to establish a coordinated system for providing statutory services to the aging population.
- **School District Supplementary Weighting:** Replaces mental health therapist positions with social worker positions as a shared operational function eligible for school aid formula supplementary weighting.

- **Tuition for Children of Deceased Police Officers:** Provides that children of a police officer killed in the line of duty that were covered under the Protection Occupation class of the Iowa Public Employees Retirement System (IPERS), are added to the list of qualified students for the Iowa Grant Program.
- **Scenic Highway Advertising:** Allows an advertising device installed along an interstate highway within city limits that was subsequently displaced prior to the highway being designated a scenic byway, to be relocated to a location determined by the Department of Transportation that is similar to the previous location.
- **Sex Offender Exclusion Zone:** Restricts an individual listed on the sex offender registry from selling or dispensing ice cream from a motor vehicle to minors.
- **HF 649 Liability of a Landowner:** Provides that HF 649 is effective on enactment. House File 649 relates to the public use of certain private lands and waters for recreational purposes.
- **Chronic Care Consortium:** Allocates \$200,000 from the FY 2014 Medicaid appropriation to the Iowa Chronic Care Consortium. This continues funding at the level the Consortium received in FY 2013.
- **Conditions on Certain Appropriations:** Requires that certain appropriations provided to the Department of Public Safety and the Department of Corrections for operational costs be used to retain nonsupervisory personnel and not be used for administrative purposes.
- **Compensation of Justices, Judges, and Magistrates:** Increase the salaries of justices, judges, and magistrates by 4.5% beginning January 1, 2014, and appropriates \$850,000 to the Judicial Branch.
- **FY 2014 Salary Provisions:** Specifies that salary adjustment may be funded from non-General Fund sources provided that doing so does not exceed the operating budget established by the General Assembly. Requires the salary model administrator to work in conjunction with the LSA to maintain the state's salary model. Specifies the salary range of the Executive Director of the Iowa Public Information Board is Range 4 (\$63,690 - \$97,460).
- **Corrective Provisions:** Provides corrective language deemed necessary by the LSA to the Iowa Code and the 2013 Iowa Acts.
- **English Language Learners:** Increases the number of years limited English proficient (LEP) students are eligible to generate supplementary weighting for excess costs associated with LEP instruction. Specifies that the extension applies to LEP students first identified on or after July 1, 2010.
- **Congenital Heart Disease Screening:** Establishes a Newborn Critical Congenital Heart Disease Screening Program. Requires the Center for Congenital and Inherited Disorders, with assistance from the Department of Public Health, to require birthing hospitals to perform congenital heart disease screening by pulse oximetry or other means as determined by rule, in conjunction with the metabolic screening required pursuant to Iowa Code, section 136A.5.
- **Right to Cure - Closed Credit Card Account:** Clarifies that curing a default for a closed credit card account does not restore the consumer's rights under the credit card agreement.
- **Notary Public:** Provides technical and conforming changes to the Notary Public statute in the Iowa Code.
- **Iowa Corn Promotion Board:** Limits a Board elected director to one term and limits a Board elected director that has served as a District elected director to four terms in office. Requires that the Board meet three times a year and requires the Board to determine the terms of Board elected directors.

- **Street Construction Fund:** Incorporates changes made to base population estimates determined by the U.S. Census Bureau for the period beginning March 2011 and ending March 2021, for the purpose of distributing Street Construction Funds to cities.
- **Historic Preservation and Cultural and Entertainment District Tax Credits:** Increases the annual tax credit cap from the current level of \$45.0 million to \$55.0 million for FY 2015, FY 2016, and FY 2017. Beginning in FY 2018, the annual cap is then set at \$50.0 million.

FISCAL IMPACT: Increasing the cap on the tax credit will reduce General Fund revenues by the following estimated amounts:

- FY 2015: \$ -0.2 million
 - FY 2016: \$ -2.1 million
 - FY 2017: \$ -4.6 million
- **Department of Revenue Policy:** The Bill includes language relating to the policy administration of tax and related policies of the Department of Revenue, including the administration of income taxes, sales and use taxes, the wind-up and eventual repeal of the Iowa Fund of Funds program, a study report related to the current administrative appeals process for tax matters, and the possible creation of a new Tax Appeal Board. Provisions with a potential fiscal impact on the General Fund include:
 - **S-Corporation Apportionment:** Amends allocation of income provisions related to S-Corporation income apportionment. An estate or trust that is a shareholder in an S-Corporation is made eligible to claim the S-Corporation Apportionment Tax Credit. This change is effective retroactive to January 1, 2013.
 - **Silviculture Sales Tax Exemption:** Adds silvicultural activities to the list of agricultural production activities exempt from the sales and use tax. Silviculture relates to forest and woodland management.
 - **Private Security by Peace Officers Sales Tax Exemption:** Exempts private security and detective services from the sales and use tax, if the service is provided by a peace officer.
 - **Definition of Manufacturer:** Modifies the definition of manufacturer to specify that manufacturer means a person that adds to the value of personal property through a manufacturing process. This provision codifies a recent Iowa Supreme Court ruling. Codifying the ruling will allow parties to receive the exemption at the time of purchase and eliminate the filing of refund requests.

FISCAL IMPACT: These provisions will reduce General Fund revenues by the following estimated amounts:

- FY 2014: \$ -7.8 million
 - FY 2015: \$ -8.1 million
 - FY 2016: \$ -8.3 million
 - FY 2017: \$ -8.6 million
- **School Employee Background Checks:** Requires school districts to review the state sex offender registry, the state central registry for child abuse information, and the state central registry for dependent adult abuse information for any applicant for a school employee position before an applicant is hired. Requires a school district to follow the same procedure by June 30, 2014, for each school employee employed by the school district as of July 1, 2013, and every five years on the anniversary of each school employee's year of hire. Prohibits a school district from charging an employee for the cost of the registry checks.

- **Farm to Food Donation Tax Credit:** Creates a new tax credit for qualified food commodity donations to Iowa food banks and similar organizations. The tax credit is first available for tax year 2014 and each tax year is equal to the lesser of 15.0% of the value of the qualified food commodity donated, or \$5,000. The tax credit is not refundable.

FISCAL IMPACT: The above tax credit will reduce General Fund revenues by the following estimated amounts:

- FY 2015: \$ -130,000
 - FY 2016: \$ -193,000
 - FY 2017: \$ -221,000
- **City Franchise Fees:** Allows a city to increase the city franchise fee from 5.0%, not to exceed 7.5%, beginning July 1, 2013, to pay for legal indebtedness related to court-ordered restitution or refunds associated with franchise fees collected by the city prior to the effective date of this Act. Any increase in the franchise fee is limited to a period not to exceed consecutive seven years. Requires a referendum on the question to increase the fee at a special election.
 - **Iowa Tuition Grant Program:** Increases the \$4,000 upper limitation on awards under the Iowa Tuition Grant Program to \$5,000.
 - **General and Special Education – Private Agency Residential Services:** Specifies that if a private agency contracted with a school district to provide general or special education instructional programs on or before FY 2011 for FY 2012 and FY 2013, the facility may charge the school district for the costs of the programs. The costs may include costs of general administration, health service, attendance officers, plant operation, plant maintenance, instructional costs, equipment, transportation, and property casualty and liability insurance.
 - **General and Special Education – Legislative Study:** Requests the Legislative Council to create an interim study committee during the 2013 interim to review the payment of general education and special education costs associated with student services provided by private agencies.
 - **Practice by Business Entities:** Repeals a provision in SF 181 (Matters under the Purview of the Banking Division) that pertains to requiring the Architectural Examining Board to adopt rules to govern the practice of architecture through business entities to protect the public from misleading and deceptive advertising and to guard against the unlicensed practice of architecture.
 - **Speed Detection Jamming Devices:** Expands current law to apply to a broader range of devices that interfere with radar speed meters and laser speed meters. The fine amount remains the same as current law, a simple misdemeanor punishable by a scheduled fine of \$100. Current law prohibits the sale, operation, or possession of a radar jamming device.
 - **Motor Vehicle Registration Fee Equity:** Requires vehicle owners with a vehicle located in Iowa for more than 90 days, operated on Iowa roads by an Iowa resident, to register the vehicle in Iowa. If the nonresident owner of a vehicle is a partnership, limited liability corporation (LLC), or a corporation that is a shell business, and there is evidence that the Iowa resident in control of the vehicle is the actual owner of the vehicle, the vehicle is subject to the fee for new registration and annual registration in Iowa.
 - **IowaCare:** Provides supplemental appropriations of \$6.9 million from the IowaCare Account to the University of Iowa Hospitals and Clinics (UIHC), \$3.5 million to the physicians at the UIHC, and \$1.0 million to the Care Coordination Pool. Lowers the UIHC Certified Public Expenditure (CPE) cap and requires the Board of Regents to transfer \$1.3 million to the IowaCare Account for the non-federal share of the supplemental appropriation for the UIHC physicians.
 - **Mental Health and Disability Services:** Appropriates \$29.8 million to the Property Tax Relief Fund to be distributed to the counties based on the \$47.28 equalization formula. Makes changes to provisions enacted in SF 2315 (FY 2013 Adult Mental Health and Disability Services System Redesign Act), requires counties to pay any outstanding bills owed to the DHS related to Mental Health and Disability Services, and continues the Children's Mental Health workgroup.

SF 452 - Standing Appropriations Bill

General Fund

	FY 2014			FY 2015		
	SF 452			SF 452		
	Current Law (1)	Conf. Comm. (2)	Total (3)	Current Law (4)	Conf. Comm. (5)	Total (6)
<u>Administrative Services, Dept. of</u>						
Federal Cash Management - Standing	\$ 356,587	\$ 0	\$ 356,587	\$ 356,587	\$ 0	\$ 356,587
Unemployment Compensation - Standing	440,371	0	440,371	440,371	0	440,371
Total Administrative Services, Dept. of	\$ 796,958	\$ 0	\$ 796,958	\$ 796,958	\$ 0	\$ 796,958
<u>College Student Aid</u>						
Iowa Tuition Grants	\$ 0	\$ 500,000	\$ 500,000	\$ 0	\$ 0	\$ 0
<u>Corrections, Dept. of</u>						
State Cases Court Costs	\$ 59,733	\$ 0	\$ 59,733	\$ 59,733	\$ 0	\$ 59,733
<u>Cultural Affairs, Dept. of</u>						
County Endowment Funding - DCA Grants	\$ 520,000	\$ -103,298	\$ 416,702	\$ 520,000	\$ -311,649	\$ 208,351
<u>Economic Development Authority</u>						
Tourism Marketing - Adjusted Gross Receipts	\$ 1,164,000	\$ 0	\$ 1,164,000	\$ 1,164,000	\$ -582,000	\$ 582,000
<u>Education, Dept. of</u>						
Child Development	\$ 12,606,190	\$ 0	\$ 12,606,190	\$ 12,606,190	\$ 0	\$ 12,606,190
Instructional Support	14,800,000	-14,800,000	0	14,800,000	-14,800,000	0
Nonpublic School Transportation	9,660,931	-1,100,000	8,560,931	9,660,931	-1,100,000	8,560,931
Sac Fox Settlement Education	100,000	0	100,000	100,000	0	100,000
State Foundation School Aid (Baseline) ¹	2,653,800,000	0	2,653,800,000	2,653,800,000	0	2,653,800,000
AEA School Aid Reduction	0	-15,000,000	-15,000,000	0	0	0
State Aid English Lang. Learners	0	0	0	0	5,100,000	5,100,000
Total Education, Dept. of	\$ 2,690,967,121	\$ -30,900,000	\$ 2,660,067,121	\$ 2,690,967,121	\$ -10,800,000	\$ 2,680,167,121
<u>Executive Council</u>						
Court Costs	\$ 59,772	\$ 0	\$ 59,772	\$ 59,772	\$ 0	\$ 59,772
Public Improvements	39,848	0	39,848	39,848	0	39,848
Drainage Assessment	20,227	0	20,227	20,227	0	20,227
Total Executive Council	\$ 119,847	\$ 0	\$ 119,847	\$ 119,847	\$ 0	\$ 119,847
<u>Legislative Branch</u>						
Legislative Branch	\$ 37,000,000	\$ -3,000,000	\$ 34,000,000	\$ 37,000,000	\$ 0	\$ 37,000,000
<u>Governor</u>						
Interstate Extradition	\$ 3,032	\$ 0	\$ 3,032	\$ 3,032	\$ 0	\$ 3,032
<u>Public Health, Dept. of</u>						
Congenital & Inherited Disorders Registry	\$ 232,500	\$ 0	\$ 232,500	\$ 232,500	\$ 0	\$ 232,500
<u>Human Services, Dept. of</u>						
Commission of Inquiry	\$ 1,394	\$ 0	\$ 1,394	\$ 1,394	\$ 0	\$ 1,394
Nonresident Transfers	67	0	67	67	0	67
Nonresident Commitment Mental Illness	142,802	0	142,802	142,802	0	142,802
Food Bank Program	0	0	0	0	0	0
Mental Health Equalization	0	29,820,478	29,820,478	0	0	0
Child Abuse Prevention	232,500	0	232,500	232,500	0	232,500
Total Human Services, Dept. of	\$ 376,763	\$ 29,820,478	\$ 30,197,241	\$ 376,763	\$ 0	\$ 376,763

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General Fund

	FY 2014			FY 2015		
	SF 452			SF 452		
	Current Law (1)	Conf. Comm. (2)	Total (3)	Current Law (4)	Conf. Comm. (5)	Total (6)
<u>Judicial Branch</u>						
Salary Adjustment	\$ 0	\$ 850,000	\$ 850,000	\$ 0	\$ 0	\$ 0
<u>Management, Dept. of</u>						
Special Olympics Fund	\$ 50,000	\$ 50,000	\$ 100,000	\$ 50,000	\$ 50,000	\$ 100,000
Appeal Board Claims	7,086,307	-4,086,307	3,000,000	7,086,307	0	7,086,307
Technology Reinvestment Fund	17,500,000	0	17,500,000	17,500,000	0	17,500,000
Total Management, Dept. of	\$ 24,636,307	\$ -4,036,307	\$ 20,600,000	\$ 24,636,307	\$ 50,000	\$ 24,686,307
<u>Natural Resources, Dept. of</u>						
REAP GF Standing ¹	\$ 20,000,000	\$ 0	\$ 20,000,000	\$ 20,000,000	\$ 0	\$ 20,000,000
<u>Public Defense, Dept. of</u>						
Compensation and Expense	\$ 344,644	\$ 0	\$ 344,644	\$ 344,644	\$ 0	\$ 344,644
<u>Public Information Board</u>						
Public Information Board	\$ 0	\$ 75,000	\$ 75,000	\$ 0	\$ 0	\$ 0
<u>Public Safety, Department of</u>						
POR Unfunded Liabilities	\$ 5,000,000	\$ 0	\$ 5,000,000	\$ 5,000,000	\$ 0	\$ 5,000,000
<u>Revenue, Dept. of</u>						
Ag Land Tax Credit - GF	\$ 39,100,000	\$ 0	\$ 39,100,000	\$ 39,100,000	\$ 0	\$ 39,100,000
Homestead Tax Credit Aid - GF	138,000,000	0	138,000,000	139,000,000	0	139,000,000
Elderly & Disabled Tax Credit - GF	27,200,000	0	27,200,000	28,700,000	0	28,700,000
Printing Cigarette Stamps	124,652	0	124,652	562,500	0	562,500
Military Service Tax Refunds	2,400,000	0	2,400,000	2,400,000	0	2,400,000
Tobacco Reporting Requirements	25,000	-6,584	18,416	25,000	-15,792	9,208
Total Revenue, Dept. of	\$ 206,849,652	\$ -6,584	\$ 206,843,068	\$ 209,787,500	\$ -15,792	\$ 209,771,708
<u>Transportation, Dept. of</u>						
Street Construction Fund	\$ 0	\$ 135,000	\$ 135,000	\$ 0	\$ 0	\$ 0
Total Unassigned Standings	\$ 2,988,070,557	\$ -6,665,711	\$ 2,981,404,846	\$ 2,991,008,405	\$ -11,659,441	\$ 2,979,348,964

¹ The standing appropriations for State Aid to Schools, the Resource Enhancement and Protection (REAP) Fund, and the Technology Reinvestment Fund are being adjusted in other legislation that is currently pending.