

gage loan and interim construction advances made under the interim construction loan will be insured or guaranteed by an agency or instrumentality of the United States government.

Sec. 15. Section two hundred twenty point twenty-seven (220.27), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. The authority shall cause to be delivered to the legislative fiscal committee within ninety (90) days of the close of its fiscal year its annual report certified by an independent certified public accountant (who may be the accountant or a member of the firm of accountants who regularly audits the books and accounts of the authority) selected by the authority. In the event that the principal amount of any bonds or notes deposited in a bond reserve fund is withdrawn for payment of principal or interest thereby reducing the amount of that fund to less than the bond reserve fund requirement, the authority shall immediately notify the general assembly of this event and shall thereafter take steps to restore such bond reserve to the bond reserve fund requirement for that fund from any amounts available, other than principal of a bond issue, which are not pledged to the payment of other bonds or notes.

Approved June 22, 1978

CHAPTER 1087

SUBSTANCE ABUSE TREATMENT, MENTAL HEALTH, NURSE EXAMINERS, MEDICAL EXAMINERS, AND MENTAL HEALTH ADVISORY COUNCIL

H. F. 2440

AN ACT relating to and appropriating funds for designated health programs including substance abuse, mental health, continuing education for health practitioners and funds for autopsies of suspected victims of sudden infant death syndrome.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. There is appropriated from the general fund of the state to the Iowa department of substance abuse for the fiscal period commencing July 1, 1978 and ending June

30, 1979 the sum of one million five hundred sixty-two thousand two hundred fifty-eight (1,562,258) dollars or so much thereof as may be necessary to fund substance abuse treatment grants. Funds appropriated by this section shall be reduced by the amount of funds distributed to the department pursuant to subsection one (1) of section six (6) of this Act. The amount of funds by which the appropriation is reduced shall be deposited in the general fund of the state.

Sec. 2. There is appropriated from the general fund of the state to the Iowa department of substance abuse for the fiscal year commencing July 1, 1978 and ending June 30, 1979 the following amounts or so much thereof as may be necessary to be used for the purposes designated:

1. For substance abuse programming for the elderly at the mental health institute at Independence, Iowa.....\$18,000
2. For the development of educational programs designed to prevent substance abuse.....\$40,000

It is the intent of the general assembly that the Iowa department of substance abuse shall encourage the development of educational programs designed to prevent substance abuse and the forty thousand (40,000) dollars appropriated in subsection two (2) of this section shall be used to fund continued development and implementation of substance abuse education programs in the department of public instruction.

*** Sec. 3. NEW SECTION. SUBSTANCE ABUSE REHABILITATION AND PREVENTION FUND CREATED. There is established in the office of the treasurer of state a fund to be known as the substance abuse rehabilitation and prevention fund. The substance abuse rehabilitation and prevention fund shall consist of revenues derived from substance abuse rehabilitation and prevention taxes imposed by sections four (4) and five (5) of this Act and any other moneys appropriated to the fund. ***

*** Sec. 4. NEW SECTION. BARREL TAX ON BEER. There shall be levied and collected from class "A" beer permittees a substance abuse rehabilitation and prevention tax on all beer manufactured for sale and sold in the state at wholesale and on all imported beer sold at wholesale in this state at the rate of one dollar for every barrel containing thirty-one gallons, and at the same rate for any other quantity or for the fractional part of a barrel. A tax shall not be levied

or collected on beer shipped outside this state by a class "A" permittee or sold by one class "A" permittee to another class "A" permittee. All of the provisions of chapter one hundred twenty-three (123) of the Code relating to the administration of the barrel tax on beer shall apply to the tax imposed by this section, except that the taxes collected pursuant to this section shall be remitted to the treasurer of state and shall be deposited in the substance abuse rehabilitation and prevention fund, and except that the barrel tax rebate shall not apply to the substance abuse rehabilitation and prevention tax. The tax imposed by this section shall be in addition to any other taxes imposed by law. ***

***Sec. 5. NEW SECTION. LIQUOR TAX.

1. There is imposed upon the purchase of alcoholic beverages in this state a tax at the rate of two percent of the purchase price of such alcoholic beverages. The tax shall be collected from persons purchasing alcoholic beverages at the time of purchase of alcoholic beverages from the state. The tax imposed by this section shall be in addition to any other taxes imposed by law.

2. Notwithstanding any provision of chapter one hundred twenty-three (123) of the Code, all revenues derived from the tax imposed by this section shall be remitted monthly by the Iowa beer and liquor control department to the treasurer of state and shall be deposited in the substance abuse rehabilitation and prevention fund. ***

***Sec. 6. NEW SECTION. ALLOCATION OF REVENUE.

1. The treasurer of state shall distribute quarterly one-half of the revenues derived pursuant to sections four (4) and five (5) of this Act to the Iowa department of substance abuse.

2. a. The treasurer of state shall allocate one-half of the revenues derived pursuant to sections four (4) and five (5) of this Act to each county treasurer in an amount determined by dividing the total population of each county by the total population of the state according to the latest certified census.

b. The board of supervisors of each county shall certify to the treasurer of state a claim for that county's allocated funds. The claim shall be based upon actual payments for substance abuse care, maintenance, and treatment made by the

***Item veto

county to any facility as defined in section one hundred twenty-five point two (125.2) of the Code.

c. If at the end of the third quarter of each fiscal year a county does not spend all of its allocation, the balance of that allocation shall be reallocated by the treasurer of state in accordance with paragraph a of this subsection.

d. At the end of the fourth quarter of each fiscal year all moneys remaining in the substance abuse rehabilitation and prevention fund shall be reverted to the general fund of the state.

3. Any other moneys deposited in the substance abuse rehabilitation and prevention fund shall be allocated equally as provided in subsections one (1) and two (2) of this section.

4. Warrants for the payment of funds pursuant to this section shall be issued by the state comptroller upon certification of the treasurer of state. ***

***Sec. 7. NEW SECTION. USE OF REVENUE.

1. Revenues distributed pursuant to the provisions of section six (6), subsection one (1), of this Act shall be used, subject to the limitation contained in subsection two (2) of this section, for the following purposes:

a. The administrative expenses, excluding salaries, of the Iowa department of substance abuse.

b. Any program or service authorized under chapter one hundred twenty-five (125) of the Code.

c. The implementation of new substance abuser treatment procedures and services.

d. The matching of any other county expenses for the care, maintenance and rehabilitation of substance abusers by the Iowa department of substance abuse.

2. Moneys contained in the fund created by section three (3) of this Act except those moneys specified in section six (6), subsection two (2), of this Act, shall not be distributed or allocated for rehabilitative and preventive services or treatment, care and maintenance for substance abuse rendered by the mental health institutes under the control of the department of social services. All billings to counties from mental health institutes for such treatment, care, and maintenance shall specify the exact amount billed for substance abuse treatment, prevention, and detoxification.***

Sec. 8. Chapter one hundred twenty-five (125), Code 1977, as amended by Acts of the Sixty-seventh General Assembly,

1977 Session, chapter seventy-four (74), is amended by adding the following new section:

NEW SECTION. APPROVAL OF FACILITY BUDGET.

1. Before making any allocation of funds to a local substance abuse program, the commission on substance abuse shall require the following to be submitted for each program:

a. A detailed line item budget clearly indicating the funds received from each revenue source for the fiscal year for which the funds are requested on forms provided by the department of substance abuse.

b. A certified statement from the auditor of each county participating in the program as to the amount of county resources committed to the program for the fiscal year for which the funds are requested.

2. The commission shall adopt rules governing the approval of line item budgets for the operation of facilities. The rules shall include provisions for the approval of a facility's budget by the counties funding the facility and by the department. The rules shall also include provisions for appeal to the commission by any county which disagrees with the amount of a facility's budget approved by the department.

Sec. 9. There is appropriated from the general fund of the state to the following agencies for the fiscal year commencing July 1, 1978 and ending June 30, 1979 the following amounts to be used for the purposes designated:

	1978-1979 <u>Fiscal Year</u>
1. IOWA MENTAL HEALTH	
AUTHORITY	
For salaries, support, maintenance and miscellaneous purposes	\$108,659
2. BOARD OF NURSE	
EXAMINERS	
For continuing education	\$ 15,000
3. BOARD OF MEDICAL	
EXAMINERS	
For continuing education	\$ 11,761

Sec. 10. There is appropriated from the general fund of the state to the state department of health for the fiscal year commencing July 1, 1978 and ending June 30, 1979, the sum of thirty thousand (30,000) dollars, or so much thereof as may be necessary, to be used to reimburse counties for

expenses resulting from autopsies of suspected victims of sudden infant death syndrome in accordance with procedures specified in House File 33 as enacted by the Sixty-seventh General Assembly, 1978 Session.

Sec. 11. Section two hundred thirty A point nine (230A.9), subsection three (3), Code 1977, is amended to read as follows:

3. At intervals specified by the county board of supervisors, not less often than once each ninety days, the county treasurer of each county served by the center shall notify the ~~chairman~~ chairperson of the center's board of trustees of all amounts due the center from the county which have not previously been paid over to the treasurer of the center. The ~~chairman~~ chairperson shall then file a claim for payment as specified in sections 331.20, 333.2 and 334.1 to 334.7. The provisions of section three hundred thirty-one point twenty-one (331.21) notwithstanding, no such claims shall include information which in any manner identifies an individual who is receiving or has received treatment at the center.

Sec. 12. Section two hundred thirty A point thirteen (230A.13), Code 1977, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Release of information which would identify an individual who is receiving or has received treatment at a community mental health center shall not be made a condition of support of that center by any county under this section. The provisions of section three hundred thirty-one point twenty-one (331.21) notwithstanding, a community mental health center shall not be required to file a claim which would in any manner identify such an individual, if the center's budget has been approved by the county board under this section and the center is in compliance with section two hundred thirty A point sixteen (230A.16), subsection three (3), of the Code.

*** Sec. 13. EFFECTIVE DATES.

1. The provisions of this Act, except section six (6) of this Act, shall be effective July 1, 1978.

2. The provisions of section six (6) of this Act shall be effective January 1, 1979, and on that date the treasurer of state shall allocate the moneys credited to the substance abuse rehabilitation and prevention fund during the fiscal period beginning July 1, 1978 and ending December 31, 1978 to the Iowa department of substance abuse and the counties

***Item veto

of the state as provided in section six (6) of this Act.***

Sec. 14. The objective of sections fifteen (15) through twenty-one (21) of this Act is to continue and to strengthen the mental health services now available in the state of Iowa, to make these services uniformly and conveniently available to all residents of this state, and to assure the continued high quality of these services. The purpose of sections fifteen (15) through twenty-one (21) of this Act is to begin efforts to achieve that objective. It is the intent of sections fifteen (15) through twenty-one (21) of this Act that more detailed proposals for the achievement of that objective shall be formulated and delivered to the first session of the Sixty-eighth General Assembly.

Sec. 15.

1. A unified state mental health agency having broad responsibility both to plan, coordinate and review the delivery of mental health services in this state, and to directly deliver certain mental health services, shall be established effective July 1, 1979. The title, administrative structure, and specific powers and duties of the unified state mental health agency shall be as prescribed by the 1979 Session of the Sixty-eighth General Assembly.

2. If the governor determines that it would not be in the best interest of the state for subsection one (1) of this section to be implemented on July 1, 1979, or if legislation prescribing the title, administrative structure, and specific powers and duties of the unified state mental health agency has not been approved prior to that date, the governor may by executive order delay the implementation of that subsection to a date not later than July 1, 1980.

Sec. 16.

1. There is established a state mental health advisory council consisting of eleven members appointed by the governor, who shall designate, subject to senate confirmation, four of the initial appointees under this subsection to serve terms expiring June 30, 1981, four to serve terms expiring June 30, 1980 and three to serve terms expiring June 30, 1979. Successors to the initial appointees under this section shall each serve a term of three years beginning July first of the year of appointment. Vacancies shall be filled by the appropriate appointing authority for the balance of the unexpired term. Members of the advisory council who are not

***Item veto

state employees shall be entitled to forty dollars per diem for each day devoted to the duties of their office, and all members shall be entitled to reimbursement for actual and necessary expenses incurred in attending meetings of the advisory council or in otherwise discharging their duties. The governor shall make appointments to the advisory council so that, if possible, the composition of the council will comply with the pertinent requirements of United States Public Law ninety-four dash sixty-three (P.L. 94-63).

2. The council shall:

a. As soon as possible after July first of each year, organize by selection of a chairperson and a vice chairperson from among its members.

b. Meet at least four times a year, and may meet more often, upon the call of the chairperson or the written request of any five members.

c. Advise the responsible officials and agencies of this state on establishment and implementation of policies and programs in furtherance of the objectives stated in section fourteen (14) of this Act.

d. Exercise all functions and have all responsibilities of the state mental health advisory council under United States Public Law ninety-four dash sixty-three (P.L. 94-63), unless any such function or responsibility is assigned elsewhere by, or would be contrary to, the laws of this state.

e. Beginning upon the date on which the transfer of duties, functions and programs required by section fifteen (15), subsection one (1) of this Act takes effect, and continuing until otherwise provided by law, exercise any functions assigned by law to the committee on mental hygiene established by section two hundred twenty-five B point two (225B.2), Code 1977.

3. The council, with the advice and assistance of the director of the department of mental health resources and the director of the Iowa mental health authority, shall expeditiously prepare and promulgate administrative rules governing the kind and quality of services which must be offered by an alternative diagnostic facility in performing preliminary diagnostic evaluations under arrangements concluded pursuant to section twenty (20) of this Act. The objective of these rules shall be to make such evaluations at least equivalent to those performed by community mental health centers in terms of both professional quality and orientation

to the best interests of the person being evaluated and of the county.

4. The council shall consider, and may make recommendations regarding, the most desirable form of permanent organization for the unified state mental health agency, referred to in section fifteen (15), subsection one (1) of this Act.

Sec. 17. It is the policy of this state that, to the greatest extent feasible, a person shall be admitted to a state mental health institute as an inpatient only after a preliminary diagnostic evaluation by a community mental health center has confirmed that the admission is appropriate to that person's needs, and that no suitable alternative method of providing the services needed by that person in a less restrictive setting, or in or nearer to the person's home community, is currently available. The policy established by this section shall be implemented in the manner and to the extent prescribed by sections eighteen (18), nineteen (19) and twenty (20) of this Act.

Sec. 18. The board of supervisors of any county may by resolution require that the policy stated by section seventeen (17) of this Act be followed with respect to admission of persons from that county to any state mental health institute. Upon adoption of such a resolution by the board of supervisors of a county which is supporting a community mental health center, directly or in affiliation with other counties, it shall be presumed to be a part of that center's responsibilities to perform the preliminary diagnostic evaluations required by that county in order to implement the policy stated by section seventeen (17) of this Act. However, if performance of such evaluations is not covered by the agreement entered into by the county and the center under section two hundred thirty A point twelve (230A.12) of the Code, and the center's director certifies to the county board of supervisors that the center does not have the capacity to perform the needed evaluations, the board of supervisors may proceed as provided by section twenty (20) of this Act.

Sec. 19. When the board of supervisors of any county has adopted a resolution as authorized by section eighteen (18) of this Act:

1. The chief medical officer of a state mental health institute, or that officer's physician designee, shall advise any person residing in that county who applies for voluntary admission, or any person applying for the voluntary admission

of another person who resides in that county, in accordance with section two hundred twenty-nine point forty-one (229.41) of the Code that the board of supervisors has acted to implement the policy stated by section seventeen (17) of this Act, and shall advise that a preliminary diagnostic evaluation of the proposed patient be sought from the appropriate community mental health center or alternative diagnostic facility, if that has not already been done. This subsection shall not apply when voluntary admission is sought in accordance with section two hundred twenty-nine point forty-one (229.41) of the Code under circumstances which, in the opinion of the chief medical officer or that officer's physician designee, constitute a medical emergency within the meaning of section two hundred twenty-nine point two (229.2), subsection two (2), paragraph a of the Code.

2. The clerk of the district court in that county shall refer any person applying for authorization for voluntary admission, or for authorization for voluntary admission of another person, in accordance with section two hundred twenty-nine point forty-two (229.42) of the Code to the appropriate community mental health center or alternative diagnostic facility for preliminary diagnostic evaluation unless the applicant furnishes a written statement from that center or facility that such an evaluation has been performed and indicates that the person's admission to a state mental health institute is appropriate. This subsection shall not apply when authorization for voluntary admission is sought under circumstances which, in the opinion of the mental health institute's chief medical officer or that officer's physician designee, constitute a medical emergency within the meaning of section two hundred twenty-nine point two (229.2), subsection two (2), paragraph a of the Code.

3. Judges of the district court in that county, or the judicial hospitalization referee appointed for that county, as the case may be, shall so far as possible arrange for a physician on the staff of or designated by the appropriate community mental health center or alternative diagnostic facility to perform each prehearing examination of a respondent required under section two hundred twenty-nine point eight (229.8), subsection three (3), paragraph b of the Code.

4. The chief medical officer of a state mental health institute shall promptly submit to the appropriate community

mental health center or alternative diagnostic facility a report of each voluntary admission of a patient under the medical emergency clauses of subsections one (1) and two (2) of this section. The report shall explain the nature of the emergency which necessitated the admission of the patient without a preliminary diagnostic evaluation by the center or alternative facility.

5. When the proposed admission of a person to a state mental health institute, on either a voluntary or an involuntary basis, is primarily for treatment of alcoholism or drug abuse, each reference to a community mental health center or alternative diagnostic facility in subsections one (1) through four (4) of this section may be deemed a reference to a facility as defined in section one hundred twenty-five point two (125.2), subsection two (2) of the Code as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter seventy-four (74), section three (3). However, this subsection shall not be construed so as to contravene the last sentence of section one hundred twenty-five point nineteen (125.19), subsection one (1), as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter seventy-four (74), section thirty (30).

Sec. 20. If the board of supervisors of a county desires to implement the policy stated by section seventeen (17) of this Act, but the county is not served by a community mental health center having the capacity to perform the required preliminary diagnostic evaluations, the board may arrange for such evaluations to be performed by an alternative diagnostic facility. An alternative diagnostic facility may be the outpatient service of a state mental health institute or any other mental health facility or service able to furnish the requisite professional skills to properly perform preliminary diagnostic evaluation of a person whose admission to a state mental health institute is being sought or considered on either a voluntary or an involuntary basis.

Sec. 21. Chapter two hundred twenty-five B (225B) and sections two hundred seventeen point ten (217.10), two hundred seventeen point eleven (217.11) and two hundred seventeen point twelve (217.12), Code 1977, are repealed effective July 1, 1979. However, if the implementation of subsection one (1) of section fifteen (15) of this Act is delayed pursuant to subsection two (2) of that section, the division of mental

health resources of the department of social services and the Iowa mental health authority shall continue to be governed by the provisions of the statutes repealed by this section as if they were in full force and effect, until subsection one (1) of section fifteen (15) of this Act is implemented. On that date, in the absence of any prior legislative action to the contrary, the powers and duties assigned the Iowa mental health authority by chapter two hundred twenty-five B (225B), Code 1977, and by any other statutes referring to the Iowa mental health authority, and the powers and duties assigned the division of mental health of the department of social services by sections two hundred seventeen point ten (217.10), two hundred seventeen point eleven (217.11) and two hundred seventeen point twelve (217.12), Code 1977, and by any other statutes referring to that division of the department of social services, shall all be transferred to and imposed upon the unified state mental health agency established by subsection one (1) of section fifteen (15) of this Act.

Sec. 22. All federal grants to and the federal receipts of the agencies appropriated funds under this Act are appropriated for the purposes set forth in the federal grants or receipts.

Approved June 13, 1978 except the items designated as Sections 3,4,5,6,7 and 13 herein which I hereby disapprove for the reasons set forth in my veto message delivered to the Secretary of State this same date, the original of which is attached hereto.

Robert D. Ray
Governor

The Honorable Melvin D. Synhorst
Secretary of State
State Capitol Building
L O C A L

Dear Mr. Secretary:

I hereby transmit to you House File 2440, an act relating to and appropriating funds for designated health programs including substance abuse, mental health, continuing education for health practitioners and funds for autopsies of suspected victims of sudden infant death syndrome.

House File 2440 is approved June 13, 1978, with the following exceptions which I hereby disapprove.

I am unable to approve Item 3 designated as Section 3 in the Act which reads as follows:

Sec. 3. NEW SECTION. SUBSTANCE ABUSE REHABILITATION AND PREVENTION FUND CREATED. There is established in the office of the treasurer of state a fund to be known as the substance abuse rehabilitation and prevention fund. The substance abuse rehabilitation and prevention fund shall consist of revenues derived from substance abuse rehabilitation and prevention taxes imposed by sections four (4) and five (5) of this Act and any other moneys appropriated to the fund.

I am unable to approve Item 4 designated as Section 4 in the Act which reads as follows:

Sec. 4. NEW SECTION. BARREL TAX ON BEER. There shall be levied and collected from class "A" beer permittees a substance abuse rehabilitation and prevention tax on all beer manufactured for sale and sold in the state at wholesale and on all imported beer sold at wholesale in this state at the rate of one dollar for every barrel containing thirty-one gallons, and at the same rate for any other quantity or for the fractional part of a barrel. A tax shall not be levied or collected on beer shipped outside this state by a class "A" permittee or sold by one class "A" permittee to another class "A" permittee. All of the provisions of chapter one hundred twenty-three (123) of the Code relating to the administration of the barrel tax on beer shall apply to the tax imposed by this section, except that the taxes collected pursuant to this section shall be remitted to the treasurer of state and shall be deposited in the substance abuse rehabilitation and prevention fund, and except that the barrel tax rebate shall not apply to the substance abuse rehabilitation and prevention tax. The tax imposed by this section shall be in addition to any other taxes imposed by law.

I am unable to approve Item 5 designated as Section 5 in the Act which reads as follows:

Sec. 5. NEW SECTION. LIQUOR TAX

1. There is imposed upon the purchase of alcoholic beverages in this state a tax at the rate of two percent of the purchase price of such alcoholic beverages. The tax shall be collected from persons purchasing alcoholic beverages at the time of purchase of alcoholic beverages from the state. The tax imposed by this section shall be in addition to any other taxes imposed by law.

2. Notwithstanding any provision of chapter one hundred twenty-three (123) of the Code, all revenues derived from the tax imposed by this section shall be remitted monthly by the Iowa beer and liquor control department to the treasurer of state and shall be deposited in the substance abuse rehabilitation and prevention fund.

I am unable to approve Item 6 designated as Section 6 in the Act which reads as follows:

Sec. 6. NEW SECTION. ALLOCATION OF REVENUE.

1. The treasurer of state shall distribute quarterly one-half of the revenues derived pursuant to sections four (4) and five (5) of this Act to the Iowa department of substance abuse.

2. a. The treasurer of state shall allocate one-half of the revenues derived pursuant to sections four (4) and five (5) of this Act to each county treasurer in an amount determined by dividing the total population of each county by the total population of the state according to the latest certified census.

b. The board of supervisors of each county shall certify to the treasurer of state a claim for that county's allocated funds. The claim shall be based upon actual payments for substance abuse care, maintenance, and treatment made by the county to any facility as defined in section one hundred twenty-five point two (125.2) of the Code.

c. If at the end of the third quarter of each fiscal year a county does not spend all of its allocation, the balance of that allocation shall be reallocated by the treasurer of state in accordance with paragraph a of this subsection.

d. At the end of the fourth quarter of each fiscal year all moneys remaining in the substance abuse rehabilitation and prevention fund shall be reverted to the general fund of the state.

3. Any other moneys deposited in the substance abuse rehabilitation and prevention fund shall be allocated equally as provided in subsections one (1) and two (2) of this section.

4. Warrants for the payment of funds pursuant to this section shall be issued by the state controller upon certification of the treasurer of state.

I am unable to approve Item 7 designated as Section 7 in the Act which reads as follows:

Sec. 7. NEW SECTION. USE OF REVENUE

1. Revenues distributed pursuant to the provisions of section six (6), subsection one (1), of this Act shall be used, subject to the limitation contained in subsection two (2) of this section, for the following purposes:

a. The administrative expenses, excluding salaries, of the Iowa department of substance abuse.

b. Any program or service authorized under chapter one hundred twenty-five (125) of the Code.

c. The implementation of new substance abuser treatment procedures and services.

d. The matching of any other county expenses for the care, maintenance and rehabilitation of substance abusers by the Iowa department of substance abuse.

2. Moneys contained in the fund created by section three (3) of this Act except those moneys specified in section six (6), subsection two (2), of this Act, shall not be distributed or allocated for rehabilitative and preventive services or treatment, care and maintenance for substance abuse rendered by the mental health institutes under the control of the department of social services. All billings to counties from mental health institutes for such treat-

ment, care, and maintenance shall specify the exact amount billed for substance abuse treatment, prevention and detoxification.

I am unable to approve Item 13 designated as Section 13 in the Act which reads as follows:

Sec. 13. EFFECTIVE DATES.

1. The provisions of this Act, except section six (6) of this Act, shall be effective July 1, 1978.

2. The provisions of section six (6) of this Act shall be effective January 1, 1979, and on that date the treasurer of state shall allocate the moneys credited to the substance abuse rehabilitation and prevention fund during the fiscal period beginning July 1, 1978 and ending December 31, 1978 to the Iowa department of substance abuse and the counties of the state as provided in section six (6) of this Act.

On July 13, 1977, I vetoed Senate File 31 of the 67th General Assembly. This bill established an earmarked liquor tax as its primary provision, a tax which I could not approve for reasons listed in that message. Certain provisions of House File 2440 establish such a tax again, and again I disapprove it. This should be no surprise to anyone inasmuch as I stated repeatedly during the legislative session that I did not approve of this approach.

From the very beginning of our administration we have supported alcoholism and drug abuse treatment, prevention and educational programs. During my administration, we created a Drug Abuse Authority and originated the first state-supported, statewide treatment program for alcoholism. Just recently the Division on Alcoholism and the Iowa Drug Abuse Authority were merged to form the Iowa Department of Substance Abuse. Under the auspices of this new agency, we have moved to meet the needs created by substance abuse. Our budget recommendations for the next year, which were adopted by the legislature, will fund existing alcoholism and drug abuse treatment programs and allow cost-of-living increases.

There are major reasons for disapproving the earmarked tax contained in House File 2440. If this bill became law, both the Governor and the General Assembly would be precluded from budget oversight of substance abuse programs. The moneys derived from the additional tax would bypass normal channels and go directly to the Department of Substance Abuse for distribution. I believe tax funds collected by the state should be part of budget procedures. If they are not, the elected representatives of the people lose their ability to direct and contain the size of government and to maintain a watchful eye on the quality and fiscal soundness and performance of its activities.

The half of the proposed tax which would be distributed to the counties would be sent out on an arbitrary per capita basis regardless of need and prior to any budgetary planning. This approach would create a tremendous increase in spending much of which might easily be misdirected and not be responsive to demonstrated local needs. In our most heavily-populated county, Polk, the proceeds of the tax would only cover a fraction of current spending, while other counties which are currently spending nothing or very little would receive thousands of dollars more than current expenditures--without sufficient plans to use wisely the new tax money.

The new Department of Substance Abuse is in the process of establishing quality and cost controls. I believe that these controls ought to be in place and that the information they provide should be analyzed and understood before decisions are made on major changes in funding mechanisms.

The merger of the Division on Alcoholism and the Iowa Drug Abuse Authority has resulted in more efficiency and some immediate economies, with a total of ten slots being removed from the tables of organization. The quality and cost controls which are being formulated, several of which are already operational, will add to the decision-making capacity of the Department and the executive and legislative branches of government. Major elements of the fiscal controls include line item budgeting, estimates of income, monthly expenditure reports and public hearings. Quality controls being established by the Department which include licensing standards for each program, pre-license inspections of each program and review inspections will determine whether programs are assisting clients in abstaining from alcohol and drugs, what the goals and objectives of the programs are, and the success rates in achieving them.

Thus, to get a handle on how much needs to be spent in the future, several new sources of information will be available which we have never had before:

- Program line item budgets
- Income projections
- Client information and service system
- Program goals and objectives

Estimates of future needs and expenditures, then, will be made on a history of proven needs, income, and ability to meet goals and objectives. As the quality and cost data are assembled, we will continue to respond to the needs that the data indicate.

This is a far more useful and responsible way to determine spending for substance abuse programs than an earmarked tax which would distribute funds on an arbitrary basis and would not respond to thoughtful planning and programming.

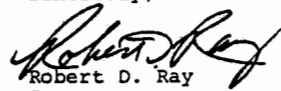
The proposed tax increase was touted as offering property tax relief since it would pay for treatment programs currently funded partially from local sources. This is a misleading argument. There is nothing in this bill which requires a reduction in the property tax. The county officers who discussed this matter with my office indicated that there were no plans to reduce property taxes upon receipt of the earmarked funds. They instead would use the increased funds for either expanded substance abuse programs or for other local expenditures.

Finally, there are possibilities of new funds for substance abuse programs, including a three-year project under which Blue Cross/Blue Shield will offer coverage for substance abusers, coverage for local treatment for eligible veterans, funds which are available to programs from Sunday beer licensee fees and the new returnable beverage container bill, and a client fee schedule.

If a new source of funds is needed in the future, there should be a mechanism to take into account the individuality of each program, the need for state funds to be appropriated through regular budget procedures, and the necessity for accountability and constraint in the use of public funds.

For the above reasons, I hereby disapprove the aforementioned six items in accordance with Amendment 4 of the Amendments of 1968 to the Constitution of the State of Iowa. All other items of House File 2440 are hereby approved as of this date.

Sincerely,


Robert D. Ray
Governor