

CHAPTER 202**GRANTS AND AIDS FOR AGRICULTURAL AFFAIRS, ECONOMIC DEVELOPMENT
AND ENERGY AND NATURAL RESOURCES MANAGEMENT***H.F. 638*

AN ACT relating to and appropriating from the general fund of the state and various trust funds for various operations and grants and aids to departments and agencies of the state whose responsibility relates to agricultural affairs, economic development, and energy and natural resources management.

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

Section 1. DEPARTMENT OF AGRICULTURE. There is appropriated from the general fund of the state and the trust funds indicated to the department of agriculture for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1983-1984 <u>Fiscal Year</u>
1. GENERAL ADMINISTRATION	
a. From the general fund for salaries and support of not more than fifty-nine and one-half full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$ 1,311,197
It is the intent of the general assembly that the collection of agricultural statistics under sections 3 and 4 of this Act not commence until January 1, 1984.	
b. From the fertilizer fund to be transferred to the administration division	\$ 39,216
c. From the dairy trade practice fund to be transferred to the administration division	\$ 67,685
d. From the commercial feed fund to be transferred to the administration division	\$ 39,216

The department of agriculture shall establish annual subscription fees for the regular and periodic publications of the department. Fees collected from subscribers shall be deposited in the general fund of the state.

It is the intent of the general assembly that the department of agriculture solicit funds from private sources for the support of agricultural promotion activities.

2. REGULATORY DIVISION

From the general fund for salaries and support of not more than one hundred sixty-two and twenty-eight hundredths full-time equivalent positions annually, maintenance, and miscellaneous purposes

	\$ 3,639,005
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It is a condition of the funds appropriated by this subsection that the department of agriculture is required to inspect a food service establishment only once a year, notwithstanding the provisions of section 170A.3 requiring an inspection twice a year.

3. LABORATORY DIVISION

a. From the general fund for salaries and support of not more than one hundred eight and sixty-two hundredths full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$	645,270
b. From the commercial feed fund to be transferred to the laboratory division	\$	690,223
c. From the pesticide fund to be transferred to the laboratory division	\$	418,791
d. From the fertilizer fund to be transferred to the laboratory division	\$	612,812

Sec. 2. BRUCELLOSIS INDEMNITY. There is appropriated from the general fund of the state to the department of agriculture for the fiscal year beginning July 1, 1983 and ending June 30, 1984, the sum of twenty-five thousand (25,000) dollars, or so much thereof as is necessary, to make grants to counties to pay the indemnity and the expenses of the inspection and testing of animals as provided in chapters 163A and 164. The secretary of agriculture shall not approve a grant under this section to a county unless the board of supervisors has levied the maximum levy for the county brucellosis eradication fund under section 331.421, subsection 5, for the fiscal year beginning July 1, 1983 and ending June 30, 1984 and all funds in the county brucellosis eradication fund including all unobligated funds transferred from the county tuberculosis eradication fund, have been expended. However, no individual claimant, in a single county, shall receive more than five thousand (5,000) dollars in the fiscal year.

Sec. 3. Section 159.11, Code 1983, is amended to read as follows:

159.11 ASSESSOR AGRICULTURAL STATISTICS. Agricultural statistics shall be collected each even-numbered year by the assessors under the supervision of the department, which shall design and distribute blank forms and instructions surveys, collect data and publish county estimates of agricultural items. The department may make public announcements of the information collected and may provide copies without fee to vocational agricultural schools, state agricultural extension service and libraries. The department shall establish subscription fees for access by other parties to the information collected under this section. The fees shall be deposited in the general fund of the state. Production and acreage data collected under this section and provided by the department to the department of revenue shall not be adjusted for accuracy by the department of revenue.

Sec. 4. Section 159.12, Code 1983, is amended to read as follows:

159.12 RETURNS BY ASSESSOR. The assessor department shall require each person whose property is listed, requested to make answers to such inquiries as may be necessary to allow the return of the statistics, carefully footed and summarized, to the department on or before the fifteenth day of April of each even-numbered year.

Sec. 5. STATE CONSERVATION COMMISSION. There is appropriated from the general fund of the state and the funds indicated to the state conservation commission and its divisions for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the following amounts, or so much thereof as may be necessary, to be used for the purposes designated:

1983-1984
Fiscal Year

1. DIVISION OF LANDS AND WATERS

a. For deposit in the state conservation fund from the general fund of the state for salaries and support of not more than two hundred

fifty-nine and eighty-four hundredths full-time equivalent positions annually, maintenance, equipment, and miscellaneous purposes and for maintenance of state parks, waters, and forests, and including not more than one million five hundred thousand four hundred thirty (1,500,430) dollars during the fiscal year beginning July 1, 1983 which shall be available for the administration fund from the state conservation fund in compliance with the provisions of section 107.17

\$ 6,654,464

b. From fees deposited under section 321G.7 for the development and maintenance of snowmobile facilities on lands under the jurisdiction of the commission

\$ 100,000

2. DIVISION OF FISH AND GAME

a. From the state fish and game protection fund for salaries and support of not more than two hundred ninety-four and sixty-eight hundredths full-time equivalent positions annually, maintenance, equipment, and miscellaneous purposes including not more than one million eight hundred seventy-one thousand two hundred eighty (1,871,280) dollars during the fiscal year beginning on July 1, 1983 which shall be available each fiscal year from the state fish and game protection fund for the administration fund in compliance with the provisions of section 107.17

\$ 11,575,852

b. From the fees deposited under section 321G.7 to the fish and game protection fund for enforcement of snowmobile laws as part of the state snowmobile program

\$ 48,286

c. From the fees deposited under section 106.52 to the fish and game protection fund for administration and enforcement of navigation laws and water safety

\$ 726,608

d. Funds remaining in the fish and game protection fund during the fiscal year 1983-1984 which are not specifically appropriated by this section are appropriated and may be used for capital projects and contingencies arising during the fiscal year beginning July 1, 1983. A contingency shall not include any purpose or project which was presented to the general assembly by way of a bill or a proposed bill and which failed to be enacted into law. For the purpose of this subsection, a necessity of additional operating funds may be construed as a contingency. Before any of the funds authorized to be expended by this subsection are allocated for contingencies, it shall be determined by the executive council, in consultation with the chairpersons and ranking members of the appropriation subcommittees on natural resources, that a contingency exists and that the contingency was not existent while the general assembly was in session and that the proposed allocation shall be for the best interests

of the state. If a contingency arises or could reasonably be foreseen during the time the general assembly is in session, expenditures for the contingency must be authorized by the general assembly.

3. STATE ADVISORY BOARD FOR PRESERVES

From the general fund of the state for salaries and support of not more than one full-time equivalent position annually, maintenance, and miscellaneous purposes for carrying out the duties of the board \$ 50,495

4. GREEN THUMB PROGRAM

From the general fund for deposit in the green thumb fund for the employment of not more than twelve full-time equivalent positions annually under the green thumb program established pursuant to chapter 601H \$ 148,830

Sec. 6. MARINE FUEL TAX FUND. There is appropriated from the marine fuel tax fund to the state conservation commission and its divisions for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

		1983-1984 <u>Fiscal Year</u>
1. For deposit in the state conservation fund for maintenance and development of boating facilities and access to public waters	\$	293,326
2. For deposit in the state fish and game protection fund for the administration and enforcement of navigation laws and boat safety	\$	166,496

The balance of the amounts computed as provided in section 324.84 for the fiscal year beginning July 1, 1983 and ending June 30, 1984 is appropriated for the purposes provided in section 324.79, subsections 1, 2, 3 and 5. The unencumbered or unobligated balances of funds specifically allocated for such projects for the fiscal year ending June 30, 1984, shall revert on June 30, 1986 to the fund from which appropriated.

Sec. 7. ADMINISTRATION FUND.

1. The transfer of funds from the state conservation fund and the state fish and game protection fund to the administration funds shall not exceed the amounts specified in subsections 1 and 2 of section 5 of this Act. Such funds shall be used for salaries and support of not more than one hundred thirteen and ninety-four hundredths full-time equivalent positions annually.

2. All receipts and refunds and reimbursements related to activities funded by the administration fund are appropriated to the administration fund. All refunds and reimbursements relating to activities of the state fish and game protection fund shall be credited to the state fish and game protection fund.

3. The state conservation commission shall establish a priority list of watersheds above publicly-owned lakes and areas within those watersheds which are of highest importance based on soil loss to be used for the allocation of funds set aside in subsection 4 of section 15 of this Act for permanent soil conservation practices on watersheds above publicly-owned lakes.

4. It is the intent of the general assembly that members of the state conservation commission shall be limited to the normal mileage reimbursement for travel to commission meetings. Except for out-of-state trips authorized by the executive council, state aircraft shall not be used to transport commissioners to meetings unless the individual commissioner reimburses the state for costs exceeding the amount the commissioner would have been reimbursed for mileage.

Sec. 8. OPEN SPACES SCHOOL TAX PAYMENT. There is appropriated from the general fund of the state to the state conservation commission the amount of forty thousand (40,000) dollars to pay school taxes for the fiscal year beginning July 1, 1983 on the lands acquired under the open spaces acquisition program, commenced in Acts of the Sixty-fifth General Assembly, 1973 Session, chapter 74, which would otherwise be subject to the levy of school taxes. The assessed value of the open spaces land shall be that determined pursuant to section 427.1, subsection 31, and the commission may protest the assessed value in the manner provided by law for any property owner to protest an assessment. For the purposes of chapter 442, the assessed value of the open spaces land shall be included in the valuation base of the school district and the payments made pursuant to this section shall be considered as property tax revenues and not as miscellaneous income. The county treasurer shall certify the taxes due to the commission. If the total amount of taxes due certified to the commission exceeds the amount appropriated, the taxes due shall be reduced proportionately so that the total amount equals the amount appropriated.

Sec. 9. IOWA DEVELOPMENT COMMISSION. There is appropriated from the general fund of the state to the Iowa development commission for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the following amount, or so much thereof as is necessary, to be used for the purposes designated:

1983-1984
Fiscal Year

1. For salaries and support of not more than sixty-two full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 3,006,382

2. From funds appropriated by subsection 1 the Iowa development commission shall allocate not to exceed thirty-five thousand (35,000) dollars for the seven regional tourism districts, not to exceed seven thousand (7,000) dollars per district, for each district which provides on a dollar-to-dollar matching basis funds equal to the amount allocated by the Iowa development commission.

3. It is the intent of the general assembly that the Iowa development commission shall operate international offices in Europe and Asia within the limits of the funds approved for the commission. *It is the intent of the general assembly that by July 1, 1985 at least fifty percent of the funding of the international offices be supported by sources other than the state.* The commission is authorized to seek voluntary contributions and impose charges or assessments for the services provided by the international offices.

4. It is the intent of the general assembly that the members of the Iowa development commission shall be limited to the normal mileage reimbursement for travel to commission meetings. Except for out-of-state trips authorized by the executive council, state aircraft shall not be used to transport commission members to meetings unless the individual commissioner reimburses the state for costs exceeding the amount the commissioner would have been reimbursed for mileage.

5. It is the intent of the general assembly that the Iowa development commission solicit funds from private sources for the support of promotion activities.

*Item veto; see message at end of this Act

6. It is the intent of the general assembly that the salaries allocated for the tourism and travel division of the Iowa development commission, after subtracting the salaries for the tourism information centers, not exceed twenty-four percent of the funds allocated for that division.

7. It is a condition of the funds appropriated by subsection 1 that if the governor finds that the estimated budget resources during the fiscal year beginning July 1, 1983 and ending June 30, 1984 are insufficient to pay all appropriations in full, the governor is authorized to and shall revert to the general fund the unobligated and unencumbered balance of the three hundred ninety-six thousand seven hundred nineteen (396,719) dollars appropriated by subsection 1 for advertising to promote tourism and conventions, attendance at travel shows, issuing economic impact reports, printing brochures, hosting writers and agents and for a special research project on high technology before making reductions in allotments as allowed under section 8.31.

Sec. 10. ENERGY POLICY COUNCIL. There is appropriated from the general fund of the state to the energy policy council for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

		1983-1984 <u>Fiscal Year</u>
ENERGY POLICY COUNCIL		
1. OPERATIONS		
For salaries and support of not more than eleven and six-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$	381,998
2. PUBLIC BUILDINGS ENERGY CONSERVATION ADMINISTRATION		
For salaries and support of not more than five and thirty-five hundredths full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$	105,331

Sec. 11. STATE FAIR BOARD. There is appropriated from the general fund of the state to the Iowa state fair board for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

		1983-1984 <u>Fiscal Year</u>
1. For maintenance of state fair buildings and grounds	\$	76,500
2. For premiums	\$	9,000
3. For state aid to agricultural societies (local fairs)	\$	189,000

4. The appropriation contained in subsection 3 for state aid to agricultural societies is conditional upon full compliance with all other statutes which regulate and prescribe the conditions under which the aid is available. The moneys shall not be used for other than the payment of cash premiums, and a county shall not receive more than one thousand eight hundred ninety

*Item veto; see message at end of this Act

(1,890) dollars except that in a county where there are two definitely separate county extension offices, each society shall receive state aid in the amount it would be entitled to if it were the only society in the county. In counties having more than one fair entitled to state aid, the state aid available shall be prorated to the fairs based on cash premiums paid by the fairs. If the amount appropriated does not fund all claims, the state aid shall be reduced proportionately to equal the amount appropriated.

Sec. 12. GEOLOGICAL SURVEY. There is appropriated from the general fund of the state to the Iowa geological survey for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1983-1984
	<u>Fiscal Year</u>
1. For salaries and support of not more than thirty-nine and five-tenths full-time equivalent positions annually, maintenance, a drilling equipment truck, and miscellaneous purposes for the general office	\$ 1,249,255
2. For reimbursement to federal agencies for cooperative contracts	\$ 270,775
3. It is the intent of the general assembly that fifty percent of the funds appropriated to construct monitoring wells in alluvial and unconsolidated aquifers shall be used in the Dakota aquifer.	

Sec. 13. HERBERT HOOVER BIRTHPLACE FOUNDATION. There is appropriated from the general fund of the state to the Herbert Hoover birthplace foundation for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the following amount, or so much thereof as is necessary, to be used for the purposes designated:

	1983-1984
	<u>Fiscal Year</u>
For assistance with capital improvements	\$ 1,500

Sec. 14. MISSISSIPPI RIVER PARKWAY COMMISSION. There is appropriated from the general fund of the state to the Mississippi river parkway commission for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the following amount, or so much thereof as is necessary, to be used for the purposes designated:

	1983-1984
	<u>Fiscal Year</u>
For support, maintenance, and miscellaneous purposes	\$ 15,000

Sec. 15. DEPARTMENT OF SOIL CONSERVATION. There is appropriated from the general fund of the state to the department of soil conservation for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1983-1984
	<u>Fiscal Year</u>
1. For salaries and support of not more than one hundred ninety-six and ninety-three hundredths full-time equivalent positions annually, maintenance, assistance to soil conservation districts, and miscellaneous purposes	\$ 3,800,301

2. For soil conservation grants which shall be allocated by the state soil conservation committee as follows:

- a. To conduct soil surveys in conjunction with federal, state, and local agencies in Iowa \$ 345,000
- b. To finance the state share of the small watershed program known as the Pub. L. No. 566 program \$ 25,000
- c. To provide financial incentives for soil conservation practices in accordance with the provisions of subsection 4 of this section \$ 8,494,000
- 3. For assistance to county commissions under chapter 93A \$ 99,000

4. The following requirements apply to the funds appropriated by subsection 2, paragraph c:

- a. Not more than five percent may be allocated for cost sharing to abate complaints filed under sections 467A.47 and 467A.48.
- b. Not more than ten percent may be allocated for financial incentives not exceeding seventy-five percent of the approved cost of permanent soil conservation practices under chapter 467A on watersheds above publicly-owned lakes in accordance with the priority list required in subsection 3 of section 7 of this Act.
- c. The committee may allocate funds to conduct research and demonstration projects to promote conservation tillage practices.
- d. Not more than ten percent of a district's allocation may be allocated by the soil conservation district commissioners for one-time incentive payments on the per acre basis, but not exceeding ten dollars per acre, to encourage no-till planting methods on Iowa land that is row cropped.
- e. Except for the allocations subject to paragraphs a and b, these funds shall not be used alone or in combination with other public funds to provide a financial incentive payment greater than fifty percent of the approved cost for voluntary permanent soil conservation practices and priority shall be given to family-operated farms.

5. The provisions of section 8.33 shall not apply to the funds appropriated by subsection 2. Unencumbered or unobligated funds remaining on June 30, 1987 from funds appropriated for the fiscal year beginning July 1, 1983 shall revert to the general fund on September 30, 1987.

6. The funds appropriated by subsection 3 shall be allocated at one thousand (1,000) dollars to each county commission for assistance in compiling inventories under chapter 93A. If a county commission has not compiled an inventory as required by chapter 93A, the unexpended balance of the assistance shall revert to the general fund of the state.

Sec. 16. DEPARTMENT OF WATER, AIR AND WASTE MANAGEMENT. There is appropriated from the general fund of the state to the department of water, air and waste management for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1983-1984
Fiscal Year

- 1. For salaries and support of not more than one hundred eighty-three full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 2,800,064

During the fiscal year for which funds are appropriated by this section the department of water, air and waste management shall not require the installation or use of equipment to control the emission of dust or other particulate matter on facilities for the storage of grain which are located within the ambient air quality attainment areas for suspended particulates.

2. For salaries and support of not more than one full-time equivalent position annually, maintenance, and miscellaneous purposes for the river coordinator including membership fees in the Missouri and Mississippi river basin association	\$	57,555
3. For the state's contribution to the AIDEX superfund	\$	50,000
4. For membership in a radioactive waste compact	\$	50,000
5. For payments to the governing bodies responsible for publicly-owned sewage treatment facilities which are eligible for grants under section 202 of the federal Water Pollution Control Act, 33 U.S.C. 466 et seq., as amended by the federal Clean Water Act of 1977, Pub. L. No. 95-217, in an amount equal to five percent of the amount approved as the eligible cost of the project by the water, air and waste management commission	\$	2,000,000

The provisions of section 8.33 shall not apply to the funds appropriated by this subsection. Unencumbered or unobligated funds remaining on June 30, 1987 from funds appropriated for the fiscal year beginning July 1, 1983, shall revert to the general fund on September 30, 1987.

Sec. 17. IOWA STATE WATER RESOURCES RESEARCH INSTITUTE. There is appropriated from the general fund of the state to the Iowa state water resources research institute for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the sum of one hundred thirty-five thousand (135,000) dollars or so much thereof as is necessary for research approved by the panel provided in section 18 of this Act.

Sec. 18. A panel is established to advise the Iowa state water resources research institute on the areas of research to be conducted with the funds appropriated by section 17 of this Act. The panel is composed of the administrative head of the following agencies or that person's representative: Iowa geological survey, department of air, water and waste management, department of soil conservation, energy policy council, and department of agriculture. The representative of the Iowa geological survey shall serve as the chairperson and call the meetings of the panel.

Sec. 19. All federal grants to and the federal receipts, not otherwise appropriated, of the agencies appropriated funds under this Act are appropriated for the purposes set forth in the federal grants or receipts, unless otherwise provided by the general assembly. Full-time equivalent positions funded entirely with federal funds are exempt from the limits on the number of full-time equivalent positions provided in this Act, but are approved only for the period of time for which federal funds are available for the position.

Sec. 20. The state of Iowa acting on behalf of itself, its citizens and its political subdivisions accepts any funds awarded or allocated to it, its citizens and political subdivisions as a result of

petroleum overcharge cases. These petroleum overcharge funds which are not otherwise appropriated or allocated by the general assembly shall be deposited in the general fund of the state and maintained in a separate account. Notwithstanding section 453.7, interest and earnings on investments from the funds in the separate account shall be credited to the separate account. Attorney fees incurred by the state to obtain these petroleum overcharge funds shall be paid by the comptroller from the interest and earnings on these funds, subject to the approval of the attorney general and the executive council.

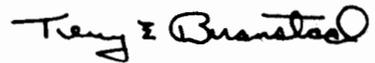
Sec. 21. There is appropriated from the funds deposited in the general fund under section 20 of this Act to the energy policy council for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the sum of thirty-one thousand eighty (31,080) dollars or so much thereof as may be necessary to be used for the administration of a program of grants to local governments for energy management programs.

Sec. 22. Section 441.21, subsection 1, paragraph e, Code 1983, is amended to read as follows:

e. The actual value of agricultural property shall be determined on the basis of productivity and net earning capacity of the property determined on the basis of its use for agricultural purposes capitalized at a rate of seven percent and applied uniformly among counties and among classes of property. Any formula or method employed to determine productivity and net earning capacity of property shall be adopted in full by rule.

Sec. 23. Section 22 becomes effective January 1, 1984.

Approved June 9, 1983, except the two items which I hereby disapprove and which are designated as that portion of Section 9, subsection 3, which is herein bracketed in ink and initialed by me; and the item designated in the act as Section 9, subsection 7 which is herein bracketed in ink and initialed by me. These are all delineated with my reasons for vetoing in the item veto message pertaining to this Act to the Secretary of State this same date, a copy of which is attached hereto.



TERRY E. BRANSTAD
Governor

The Honorable Mary Jane Odell
Secretary of State
State Capitol Building
L O C A L

Dear Madam Secretary:

I hereby transmit House File 638, an act relating to and appropriating from the general fund of the state and various trust funds for various operations and grants and aids to departments and agencies of the state whose responsibility relates to agricultural affairs, economic development, and energy and natural resources management.

House File 638 is approved June 9, 1983, with the following exceptions which I hereby disapprove:

I am unable to approve that portion of Section 9, subsection 3, which reads as follows:

It is the intent of the general assembly that by July 1, 1985 at least fifty percent of the funding of the international offices be supported by sources other than the state.

I am unable to approve the item designated in the Act as Section 9, subsection 7, which reads as follows:

7. It is a condition of the funds appropriated by subsection 1 that if the governor finds that the estimated budget resources during the fiscal year beginning July 1, 1983 and ending June 30, 1984 are insufficient to pay all appropriations in full, the governor is authorized to and shall revert to the general fund the unobligated and unencumbered balance of the three hundred ninety-six thousand seven hundred nineteen (396,719) dollars appropriated by subsection 1 for advertising to promote tourism and conventions, attendance at travel shows, issuing economic impact reports, printing brochures, hosting writers and agents and for a special research project on high technology before making reductions in allotments as allowed under section 8.31.

I commend legislators for adopting my recommendation to create an Asian Office of the Iowa Development Commission (IDC). The existing European office has helped Iowa become one of the top exporting states in the country and the developing of markets in Asia hold great potential for increased Iowa commodity and manufacturing exports. However, House File 638 also includes legislative intent language stating that at least 50 percent of the funding for both the Asian and European offices come from sources other than state by July 1, 1985. Since the bill also authorizes the IDC to seek voluntary contributions or impose service charges, the apparent intent of this provision is to have the IDC begin imposing fees on the businesses making use of the foreign offices and to require private fundraising efforts to finance the offices. I must disapprove this intent language because it would adversely affect our export marketing efforts.

The IDC has found, as a result of the operation of the European office, that in general small to medium size Iowa businesses derive the most benefit from a foreign office. For example, of the 292 Iowa companies interested in exporting for the first time, 93 percent have less than 100 employees. For the most part, these Iowa companies do not have the necessary expertise to

export or negotiate in the international market. A foreign office provides those small businesses with that expertise. In addition, a foreign office can open export doors for Iowa businesses which have no daily contacts with prospective overseas customers.

If more Iowa businesses could augment their sales by entering foreign markets, the state economy would improve and more jobs would be created. According to the U.S. Department of Commerce, over 32,000 Iowa manufacturing jobs are now directly related to exports. And, more export markets means even more Iowa jobs. Thus, maximum use of the foreign offices is in the economic interest of the state of Iowa.

However, many small Iowa companies may not be able to afford to pay fees for the use of foreign offices. Moreover, I fear that many Iowa businesses would view the fees as a disincentive to the use of the offices. Indeed, a recent survey indicated that 81 percent of the Iowa businesses involved or interested in exporting believe that there should be no user fees for foreign office services. That viewpoint is understandable considering the fact that 33 other states and localities provide overseas assistance without charge. In short, a mandatory user fee could reduce the use of the foreign offices by the businesses that need them most. And, that would hamper the job creation and economic development goals of our state.

Apparently, the intent of the bill is also to require a private fundraising effort to finance the foreign office costs. A fundraising effort could severely compromise IDC staff time, particularly during the start-up stage of the Asian office. Fundraising is labor and time intensive and every staff hour used to raise private funding for the office is one hour lost for increasing Iowa's overseas markets. Moreover, this provision sets a bad precedent for the standards to be used to judge the performance of the offices. I fear that success in obtaining private funds, rather than increased foreign market development, would be used as a performance measuring stick for these offices if this legislative intent language is allowed to become law.

Therefore, the provision of House File 638 at issue here could hamper Iowa's export development program by reducing the use of the foreign offices by small businesses while limiting the staff time that can be spent on export development. The provision disapproved here is thus contrary to the legislature's effort to increase foreign markets for Iowa companies by opening a new foreign office. Moreover, it is contrary to the economic development and job creation goals of Iowans.

Section 9, subsection 7, of House File 638 requires the Governor to revert to the general fund the unobligated, unencumbered balance of a portion of the IDC appropriation used for travel, tourism and economic development promotion. This reversion would occur only if the Governor estimated that the fiscal year 1984 budget is out of balance and it is designed to prevent an across-the-board cut.

As I indicated in a message accompanying Senate File 531 which included a similar provision, I understand the legislature's desire to avoid across-the-board budget cuts. I, too, view such a cut as one of the last resorts to balance the state budget. However, I cannot approve this subsection because it does not make good economic, budgetary or administrative sense.

This proposal inappropriately singles out the travel and tourism portion of our economic development effort for budget cuts. Iowa now appropriates fewer state funds to travel and tourism than almost any other state. However, a recent study completed for the IDC shows

that Iowa has the potential to attract a significant number of tourism dollars. According to the study, this potential can be realized only by substantially increasing the state's financial commitment to travel and tourism. Indeed, studies show that such a commitment can create jobs in the state more rapidly than almost any other state economic development effort. Therefore, I recommended a substantial increase in state appropriations for this purpose and the legislature wisely approved most of that recommendation.

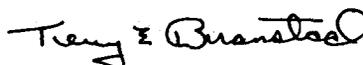
However, this proposal would place travel and tourism funds first on the budget cutting block. If a budget problem does ensue, this provision would have the state revert its new-found commitment to this growth industry. That would cost Iowa jobs and economic growth and the potential state revenue associated with them.

Moreover, it is unlikely that a \$396,719 reversion would prevent an across-the-board cut. That amount represents only .0002 percent of the state budget. A shortfall of that size could, in all probability, be made up in administrative savings without resorting to a Section 8.31 budget reduction.

Section 9, subsection 7, would also be a nightmare to administer. The legislature did not appropriate by line item the funds required to be reverted. Rather, the funds affected by this provision are but a portion of the lump sum, \$3,006,382 appropriation made to the IDC. Apparently, legislators selected \$396,719 for reversion on the basis of two budget decision packages requested by the department. However, other portions of the approved lump sum appropriation also included similar promotional advertising. And to compound the administrative confusion, a separate accounting system is not established for each decision package — the accounting system can not differentiate among decision packages. Therefore, it would not be administratively possible to separately track and thus revert the \$396,719 indicated in House File 638.

For the above reasons, I hereby disapprove this item in accordance with Amendment 4 of the Amendments of 1968 to the Constitution of the State of Iowa. All other items of House File 638 are hereby approved as of this date.

Very truly yours,



Terry E. Branstad
Governor